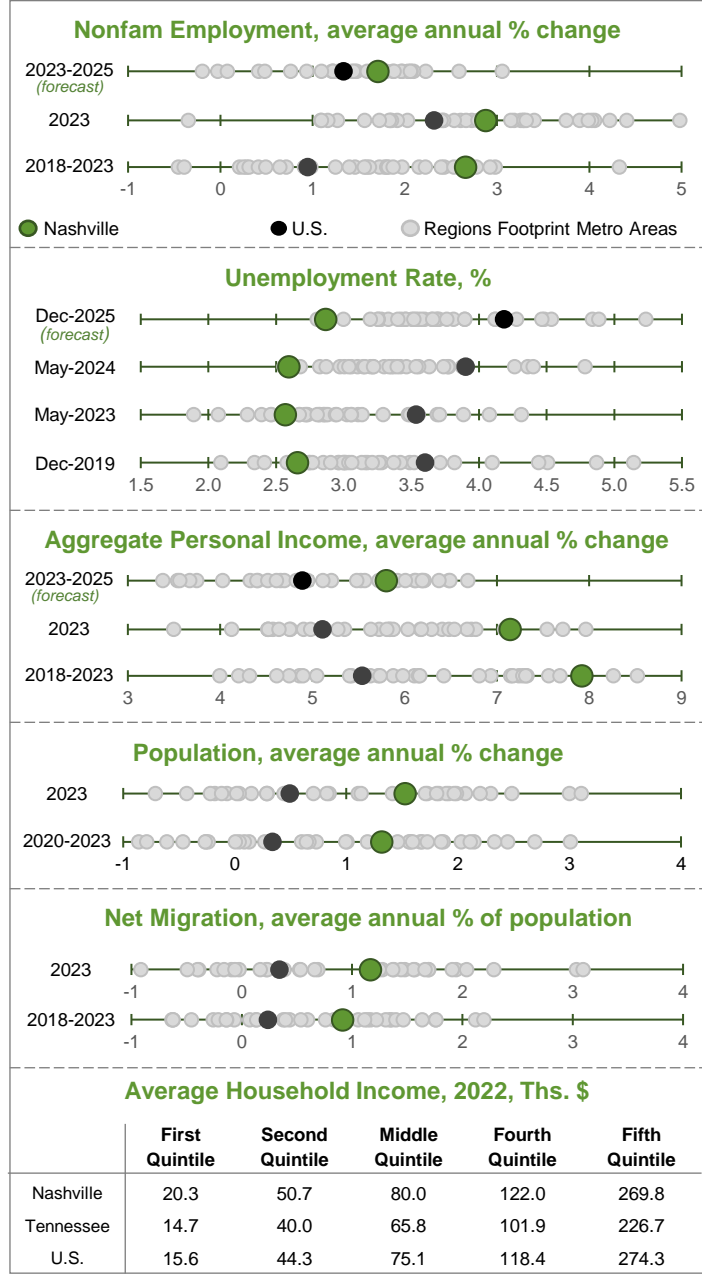


**Overview:** Economic growth in the Nashville metro area accelerated sharply over the last decade, with the pace of job gains, business formation, and residential construction each ranking in the top five among U.S. metro areas with population greater than one million. Nashville also experienced rapid house price appreciation over this period, which has stretched housing affordability and left the local housing market especially vulnerable to higher mortgage interest rates. While we expect continued outperformance from Nashville's labor market, we look for more modest gains in house prices should interest rates remain elevated.

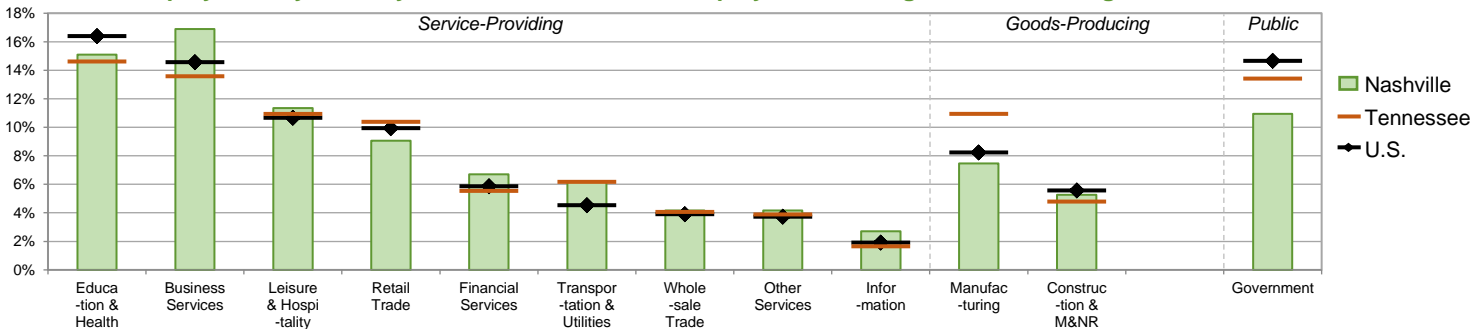
**Labor Market:** Building on solid momentum over the prior decade, Nashville's labor market quickly rebounded through the pandemic, with payrolls returning to the pre-pandemic peak in August, 2021 – nearly a full year before the U.S. The metro area has added more than 100,000 jobs since then, achieving a cumulative gain of 9.8 percent over the prior peak that overshadows the 4.1 percent increase on the national level. Just over one third of Nashville's job gains have been rooted in health care, business services, and information technology. As home to Vanderbilt University Medical Center, HCA Healthcare, and Community Health Systems – three of the metro area's top ten employers – Nashville has become a leader within the health care industry, fostering partnerships focused on improving patient experience and provider efficiency. This year, software giant Oracle announced plans to bring its global headquarters to Nashville, moving closer to prominent clients and tapping into the local talent pool as the company, following its acquisition of Cerner Corporation, leans into the healthcare space. The move is expected to create more than 8,500 high-paying jobs in the metro area, which should propel the median income, at \$80,034 in 2022, further above the national median of \$74,755.

Outside of health care, Nashville's recent wins include the relocation of AllianceBernstein's global headquarters from New York and the opening of Amazon's Operations Center of Excellence in Nashville Yards. A key draw for the metro area is a highly-skilled workforce, with 41.5 percent of the working-age population having earned a bachelor's degree or higher, above the national average of 35.8 percent. Nashville also advertises low property tax rates with no state and local taxes on individual wage income to promote migration from more expensive states, a strategy that has gained traction as remote work provides greater opportunity to move outside the traditional finance and tech hubs. In 2023, net migration added 1.1 percent to Nashville's population, boosted by heavy inflows from Illinois, New York, and several markets along the West coast. Attracting jobs



3-month moving average for Unemployment Rate; Annual totals for all others  
 continued . . .

### Employment by industry, share of total nonfarm employment, trailing 12-month average

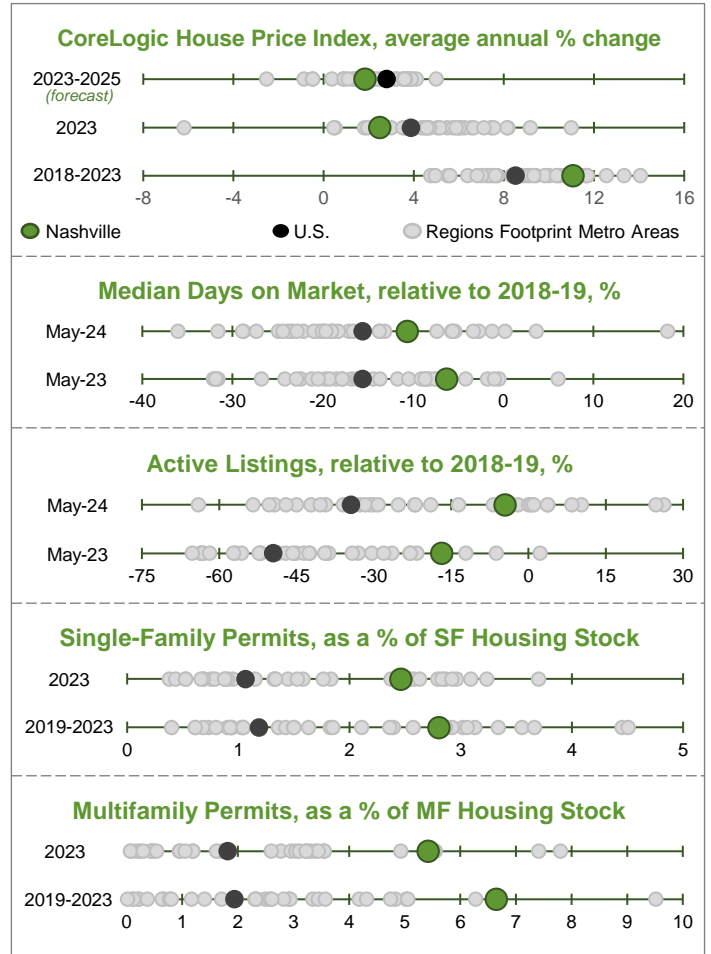


Employment data for the Construction, Mining, and Natural Resources industries are published only as a combined total for the Nashville metro area.  
 Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; U.S. Census Bureau; Regions Financial Economics Division. Forecast as of July, 2024.

such as these brings significant income and investment to the area, sustaining growth across other parts of the economy, including construction, retail trade, and leisure and hospitality. Going forward, we look for job growth in Nashville to outperform most major U.S. markets, supported by continued business and household migration.

**Housing:** Nashville's labor market performance naturally attracted homebuilders to the region. Since 2018, single-family permits averaged 2.8 percent of the existing single-family housing stock, eclipsing the U.S. average of 1.2 percent and closely tracking local household growth. Despite the healthy pace of new supply, house prices still steadily beat the national average in the years leading up to the pandemic, supported by robust income growth and a greater share of the population in their prime homebuying years. When mortgage interest rates dipped to all-time lows, this gap widened substantially, with house prices in Nashville rising 53.0 percent between June 2020 and June 2022, compared to 35.7 percent nationally. With housing affordability stretched further than other markets, the rapid rise in interest rates weighed heavily on Nashville's housing market, which experienced a more pronounced deceleration in sales rates and a steeper decline in investor interest. For the first time in nearly a decade, house prices underperformed the national average last year, which is likely to persist should interest rates remain elevated. We anticipate that Nashville's housing market will regain momentum once this pressure subsides, supported by continued job gains and favorable demographics.

Apartment developers have also trained their focus on the Nashville market, with multifamily permits averaging 6.6 percent of the existing multifamily housing stock over the past five years, more than triple the national average and twice the pace of local household growth. But with more than 19,000 multifamily units currently under construction, equal to 11.4 percent of the existing market and concentrated among high-end units, property managers have already begun offering months of free rent at signing, with further concessions likely to follow.



3-month moving average for Median Days and Active Listings; Annual totals for all others

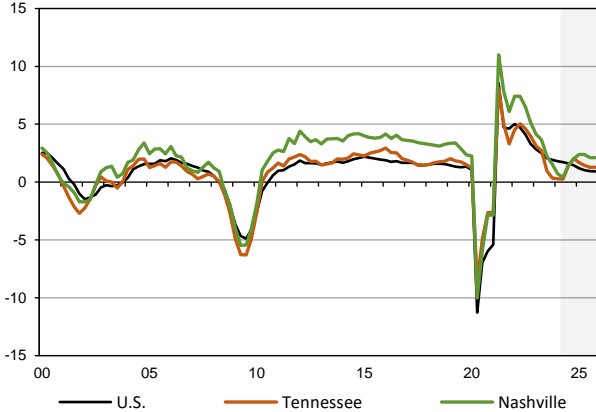
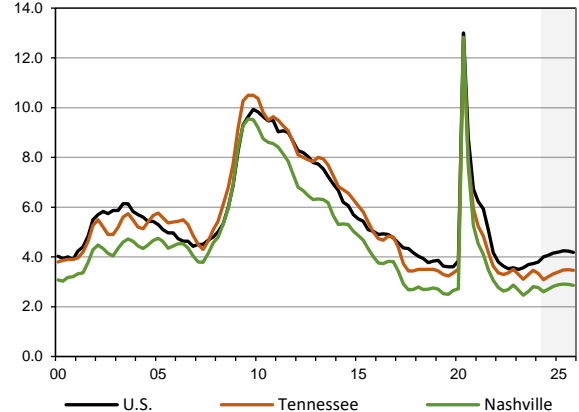
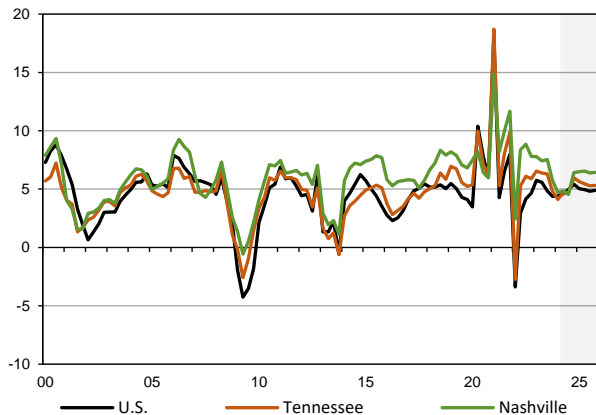
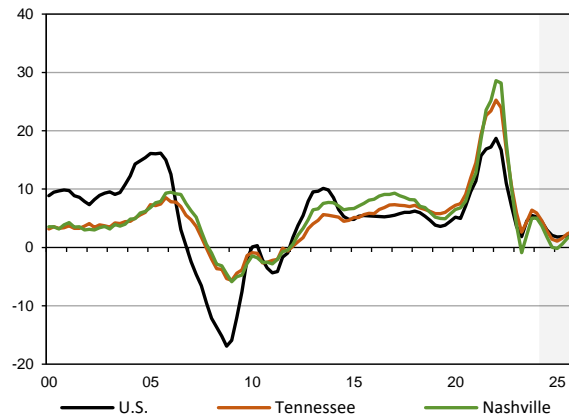
Residential Sales and Construction	2017	2018	2019	2020	2021	2022	2023	2023 ytd*	2024 ytd*
Existing Home Sales, ths. units	46.6	44.7	46.5	46.6	51.1	42.2	32.9	9.9	9.6
New Home Sales, ths. units	8.8	8.7	9.8	11.4	11.2	10.3	8.4	2.8	1.9
Single-Family Permits, ths. units	13.6	13.4	14.5	15.5	17.4	15.5	13.8	5.9	6.3
Multifamily Permits, ths. units	7.0	5.7	8.2	11.6	14.8	12.8	9.7	5.3	2.9

	Nashville			Tennessee			U.S.		
Housing Characteristics	2009	2016	2022	2009	2016	2022	2009	2016	2022
<b>Occupied Housing Units, mil.</b>	<b>0.610</b>	<b>0.668</b>	<b>0.772</b>	<b>2.413</b>	<b>2.522</b>	<b>2.714</b>	<b>112.611</b>	<b>117.716</b>	<b>125.736</b>
Homeownership rate, %	68.8	65.2	65.9	69.7	66.3	67.1	66.9	63.6	64.8
<b>Occupied Single-Family Units, mil.</b>	<b>0.446</b>	<b>0.482</b>	<b>0.563</b>	<b>1.772</b>	<b>1.850</b>	<b>2.005</b>	<b>77.643</b>	<b>80.973</b>	<b>86.522</b>
% renter-occupied	13.4	16.4	15.1	15.7	19.0	17.8	15.2	18.4	16.6
<b>Occupied Multifamily Units, mil.</b>	<b>0.132</b>	<b>0.155</b>	<b>0.179</b>	<b>0.408</b>	<b>0.449</b>	<b>0.494</b>	<b>27.884</b>	<b>29.929</b>	<b>32.528</b>
% of total occupied units	21.6	23.2	23.2	16.9	17.8	18.2	24.8	25.4	25.9
Demographics	2003	2013	2023	2003	2013	2023	2003	2013	2023
<b>Population, mil.</b>	<b>1.427</b>	<b>1.736</b>	<b>2.077</b>	<b>5.848</b>	<b>6.497</b>	<b>7.126</b>	<b>290.108</b>	<b>316.060</b>	<b>334.915</b>
10-year cumulative growth, %	25.4	21.7	19.6	15.8	11.1	9.7	13.1	8.9	6.0
15-24 age cohort share, %	14.1	13.5	13.2	13.8	13.6	12.9	14.3	13.9	13.1
25-44 age cohort share, %	31.1	28.7	29.6	28.7	26.0	26.7	28.7	26.4	26.8
45-64 age cohort share, %	23.8	25.9	24.3	24.8	26.7	25.0	23.7	26.3	24.5
65+ age cohort share, %	10.2	11.8	14.5	12.4	14.6	17.4	12.4	14.1	17.7

Shading relative to U.S.

\* Year-to-date through April for home sales; year-to-date through May for building permits.

Sources: CoreLogic; Realtor.com® Economic Research; U.S. Census Bureau; Regions Financial Economics Division.

**Total Nonfarm Employment, % change year ago**

**Unemployment Rate, %**

**Total Personal Income, % change year ago**

**CoreLogic House Price Index, % change year ago**


Key Economic Indicators	2017	2018	2019	2020	2021	2022	2023	2024 (F)	2025 (F)
<b>Total Employment, ths.</b>	<b>984.0</b>	<b>1,015.6</b>	<b>1,045.9</b>	<b>1,002.6</b>	<b>1,055.8</b>	<b>1,125.4</b>	<b>1,157.7</b>	<b>1,171.2</b>	<b>1,197.5</b>
Annual % change	3.5	3.2	3.0	-4.1	5.3	6.6	2.9	1.2	2.2
Tennessee, annual % change	1.6	1.7	1.8	-3.8	3.3	4.5	1.8	1.0	1.4
U.S., annual % change	1.6	1.6	1.3	-5.8	2.9	4.3	2.3	1.6	1.0
<b>Unemployment Rate, %</b>	<b>2.9</b>	<b>2.7</b>	<b>2.6</b>	<b>7.1</b>	<b>3.8</b>	<b>2.7</b>	<b>2.6</b>	<b>2.7</b>	<b>2.9</b>
Tennessee, %	3.8	3.5	3.3	7.5	4.5	3.4	3.3	3.2	3.5
U.S., %	4.4	3.9	3.7	8.1	5.4	3.6	3.6	4.0	4.2
<b>Personal Income, \$ bil.</b>	<b>103.9</b>	<b>111.7</b>	<b>120.1</b>	<b>128.5</b>	<b>142.9</b>	<b>152.6</b>	<b>163.5</b>	<b>171.9</b>	<b>183.0</b>
Annual % change	5.6	7.5	7.5	7.0	11.2	6.8	7.1	5.1	6.5
Tennessee, annual % change	4.5	5.6	6.1	7.2	10.4	3.5	6.0	4.9	5.4
U.S., annual % change	4.9	5.2	4.7	6.9	9.1	2.0	5.1	4.9	4.9
<b>CoreLogic HPI, annual % change</b>	<b>8.7</b>	<b>7.0</b>	<b>5.2</b>	<b>8.0</b>	<b>20.1</b>	<b>20.7</b>	<b>2.5</b>	<b>2.6</b>	<b>1.1</b>
Tennessee, annual % change	7.2	6.7	6.1	9.0	20.1	18.8	4.8	3.7	1.9
U.S., annual % change	5.8	5.5	3.9	6.7	15.4	13.2	3.9	3.7	1.9

Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; CoreLogic; Regions Financial Economics Division. Forecast as of July, 2024.

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