

State of Housing 2025



EAST TENNESSEE
REALTORS®

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A Message from the President

This year, we're looking forward to the return of stability. Housing inventory is returning to the market, affordability is improving, and our members are optimistic. Following several years of challenging conditions for housing, our region is beginning to show signs of recovery.

East Tennessee continues to show remarkable resiliency and promise even in the current environment of change and evolution. As we enjoy the positives of a healthy local economy, we must also plan to accommodate that growth and ensure Knoxville remains the best place to thrive for decades to come.

In this 2025 edition of the State of Housing report, we offer a comprehensive analysis of the housing market in context to equip our members, local leaders and policymakers with the information needed to make crucial decisions and enable that bright future.

We hope the data, insights and perspective in the following pages make a broad impact. Let's work together to reach a shared vision where every resident and family, new or generational, can access the best of all our beloved region has to offer and call East Tennessee home.



Tina Collins-Hefner

2025 President

East Tennessee REALTORS®



Housing Market Overview

At the start of the year, we predicted market normalization and decelerating price growth. Price growth has slowed, and home sales recovery has been challenged by external economic pressures. The combination of remaining inventory constraints and buyer demand has kept prices but elevated at a slightly calmer rate of growth than 2023-2024.

East Tennessee's active listings inventory has finally surpassed pre-pandemic levels, slightly easing the severely constrained market and upward pressure on prices. While this is a positive trend, it puts the region at least 5 years behind the normal supply curve as many more homes are still needed in the context of nearly 50,000 new residents East Tennessee has gained in the same period.

Throughout this report, the theme of market normalization and gentle correction recurs in our data analysis as East Tennessee moves past the disruptive events of the pandemic and subsequent effects on housing, adding to an existing deficit in supply from preceding decades.

While challenges linger, we remain grateful for the resilience and stability of the region and dedicated to supporting that vibrancy through education and advocacy for smart growth policies.



Economic Conditions

The regional economy continues to enjoy moderate growth at a more sustainable pace than the post-pandemic boom, a potential sign of future stability for the overall economy and for housing.

Despite national recession fears, East Tennessee has proven to be more resilient than other markets thanks to a variety of cushioning factors that include net population gains each year, a growing technology and innovation sector, higher education and an uptick in corporate investment.

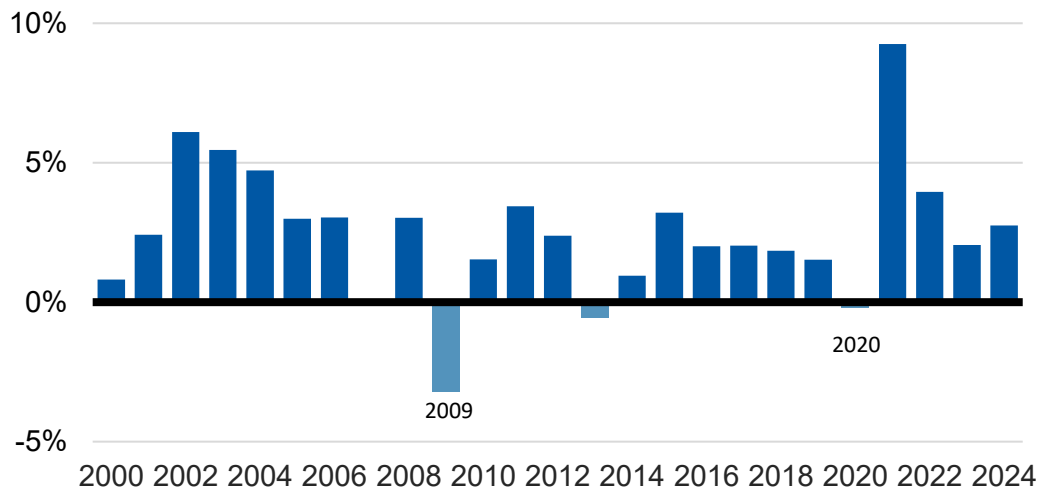
In migration has slowed slightly while remaining steadily positive. The University of Tennessee’s Boyd Center for Business and Economic Research estimates that the population of the 9-county Knoxville Metropolitan Statistical Area* has grown by more than 10,300 people in the last year, reaching 957,608 in 2024. This 1.1% growth rate was exactly that of the overall state and double the national population growth of 0.5%, reflecting East Tennessee’s outsized share of inbound movers.

Economic Output

In 2023, the Knoxville Metropolitan Statistical Area’s inflation-adjusted gross domestic product (real GDP) grew by 2.05%, a healthy, subdued pace. Down from a robust 4.14% in 2022 and 8.86% in 2021, the decelerating growth for two consecutive years may indicate normalization from the post-pandemic surge in output and population.

Economic Output

Annual Change in Real Gross Domestic Product (GDP): Knoxville, TN MSA



Source: U.S. Bureau of Economic Analysis (BEA); Moody’s Analytics Estimated

According to Moody’s Analytics estimates, Knoxville’s inflation-adjusted gross domestic product is estimated to have expanded by 2.7% in 2024. The University of Tennessee’s Boyd Center for Business and Economic Research has further predicted that the state’s economy will outpace the national economy in 2025 with GDP growth of 2.5%.

* The Knoxville, TN metropolitan statistical area (MSA) as defined by the US Office of Management and Budget includes Anderson, Blount, Campbell, Grainger, Knox, Loudon, Morgan, Roane and Union Counties.



Labor Market

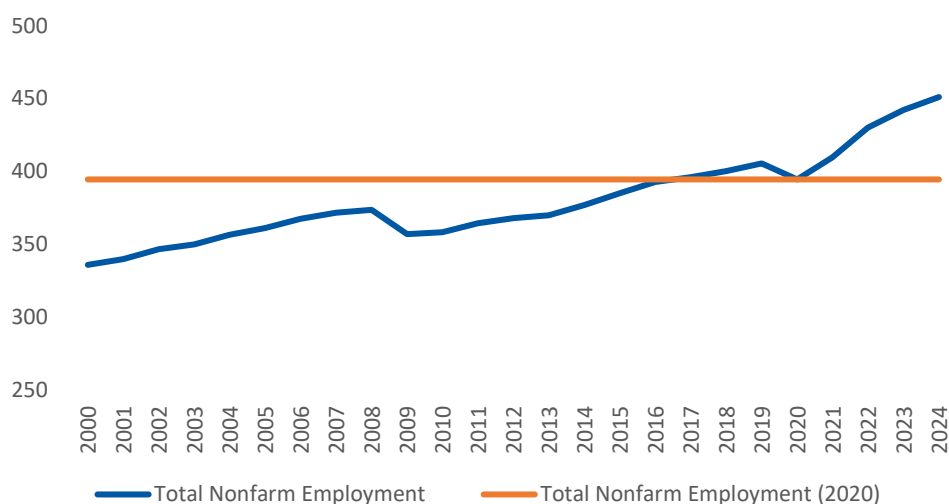
East Tennessee's labor market has been remarkably steady, showing healthy growth and consistently ranking in the top three metro areas statewide for job additions for the last five years.

Nonfarm employment in Knoxville reached 442,100 in 2023, up from 430,100 in 2022. Preliminary data for 2024 shows further gains, with total employment rising to 451,000 as of April.

The unemployment rate in April dropped to 2.6%, which is slightly higher than 2.5% last year but still significantly outperformed the state and national rates. The state unemployment rate was 2.9% in April, and the U.S. rate was 3.9%.

Labor Market

Total Employment, Thousands of Persons: Knoxville, TN MSA



Source: U.S. Bureau of Labor Statistics (data as of January 2025)

Knoxville's labor force participation has trended downward from a quarterly high near 65 percent in 1994 to around 57.5 percent in mid-2025, well below the 1990–2010 historical average of 62.7 percent. Notably, the pandemic precipitated a sharp drop to 57 percent in 2020 Q2.

Although there has been a modest rebound, the overall decline suggests structural factors such as an aging demographic and workforce mismatch are eroding the workforce depth.

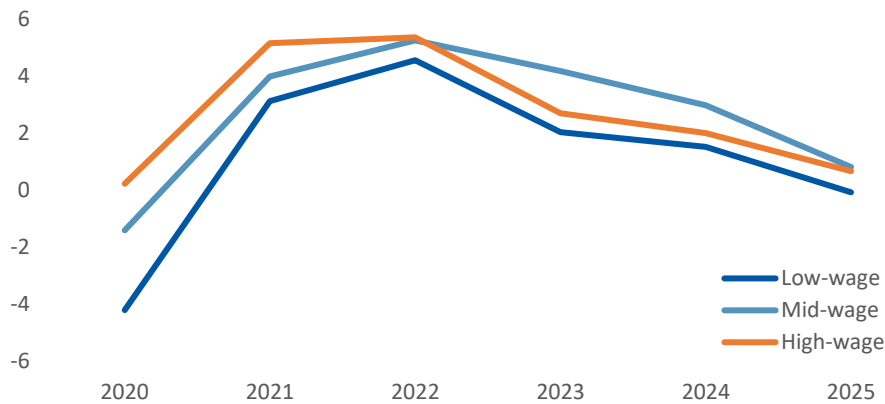
Starting in 2023, the employment distribution in Knoxville begins to show a significant increase in the share of high-wage jobs relative to mid- and low-wage shares holding relatively stable. This can be loosely tied to recent recruiting efforts by economic development groups and resulting increases in highly paid job roles.

This is an important statistic to consider when comparing median wage, family income and housing affordability.



Higher wage jobs outpace low and mid-wage jobs

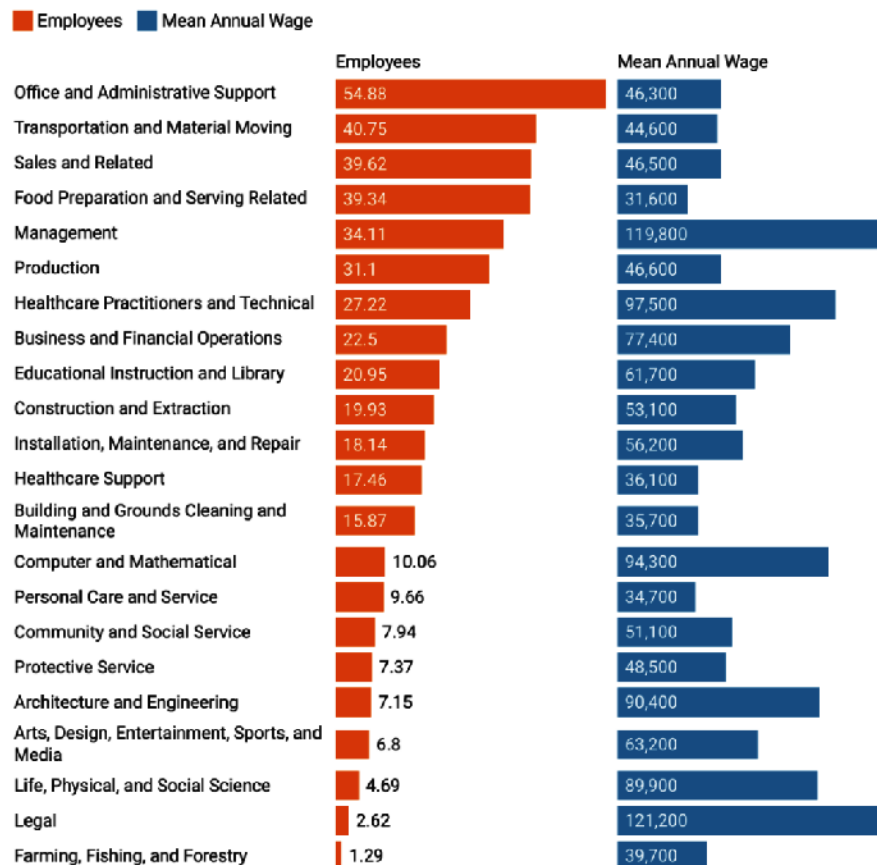
Percent change in total employment since 2020: Knoxville, TN MSA



Source: U.S. Bureau of Labor Statistics (data as of April 2025)

From 2020-2025, the fastest growing job sectors in East Tennessee were management, transportation, business & financial and healthcare. Illustrating the local labor mismatch, the highest unmet demand lies in food prep and serving, the lowest annual wage category: According to an estimate from JobsEQ, more than 8,000 more workers are needed within the next year.

Jobs by volume of employees vs. mean annual wage: East Tennessee REALTORS® footprint



Source: JobsEQ (data as of Q4 2024)

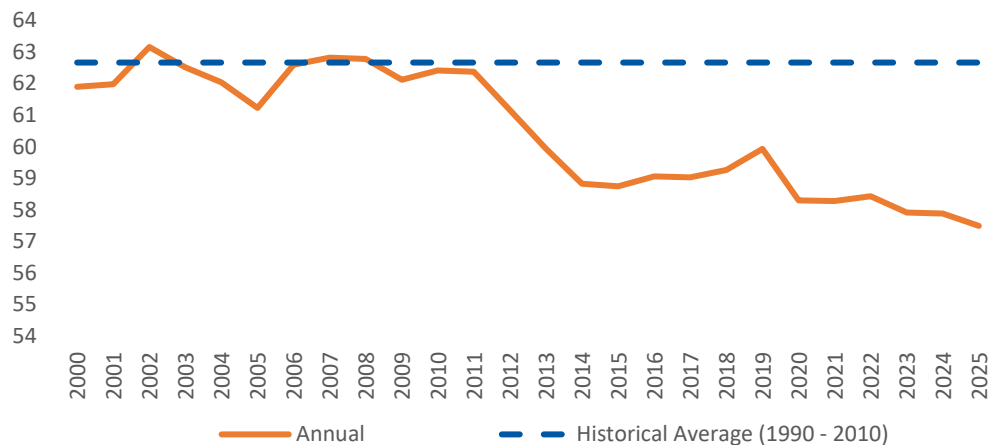


Another way to view the workforce structure is labor force participation, which calculates the share of working-age population that is working or actively seeking work. Aligned with national trends, the Knoxville MSA has continued a downward trend in the aftermath of the 2008 financial crisis.

As of 2025, Moody's Analytics estimates that only 57.5% of the working age population in the region is active in the labor market.

Labor Force Participation

Percent of labor force participating in the workforce: Knoxville, TN MSA



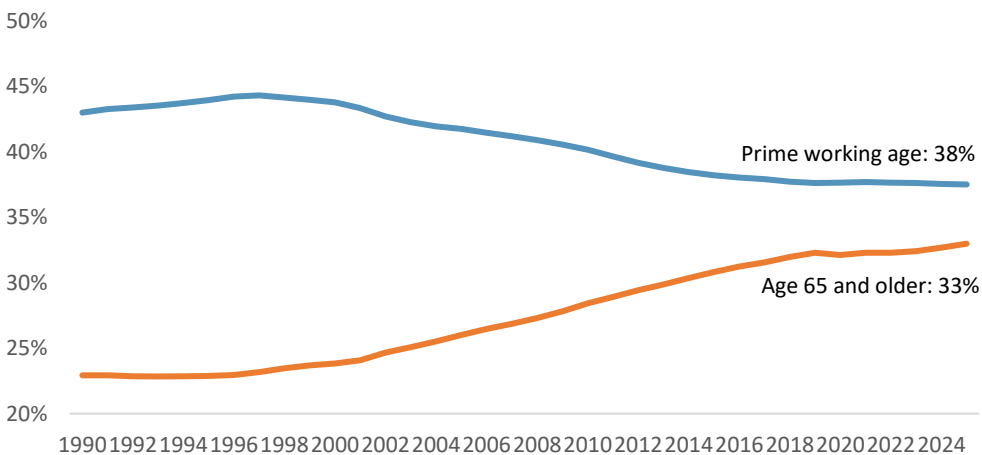
Source: U.S. Census Bureau; Moody's Analytics Estimated and Forecasted

The 25-50 year old demographic has been the slowest-growing local population sector, and an analysis by the University of Tennessee using 2023 data showed that the senior group aged 65+ is expanding at three times the rate of the prime working age. The local labor market remains tight, and this mismatch is expected to worsen as the next generation of workers transitioning into retirement has been expanded by a significant portion of retiree in-migration; workforce retention will be key.

Residents aged 65 and older are projected to reach 194,000 by 2025, underscoring a rapidly aging population and its implications for labor supply and service demand.

Labor Force Availability

Share of population by age: Knoxville, TN MSA



Source: U.S. Census Bureau; Moody's Analytics Estimated and Forecasted



East Tennessee is likely to maintain a strong and broadly diversified labor market, continuing to serve as an attractive destination for job seekers and new businesses. Strong recruitment and economic development efforts have succeeded in creating a solid economic structure that includes industries from healthcare and advanced technologies to education and manufacturing.

Moving forward, the region's labor market will increasingly favor the job seeker as the high percentage of aging residents puts pressure on the market at all wage levels and drives wages up.

Inflation

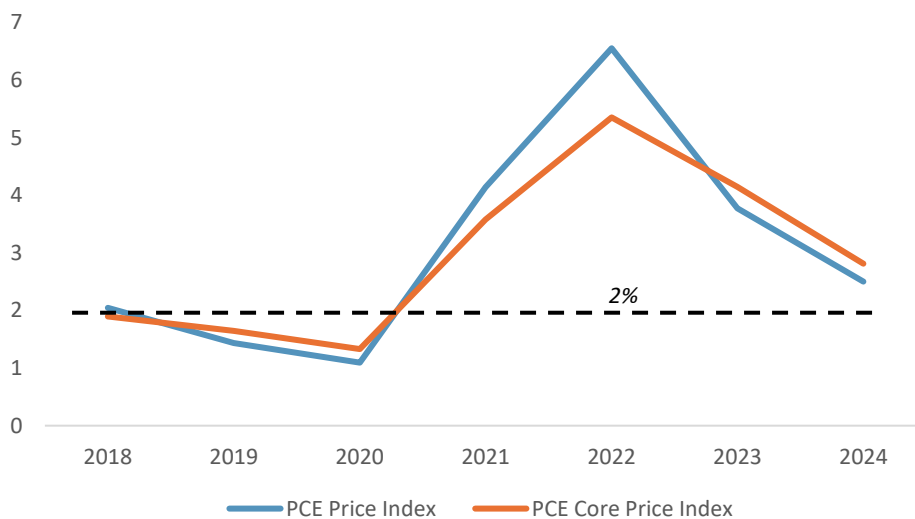
From 2020 to 2024, inflation surged following the COVID-19 pandemic. The headline PCE Price Index rose from 1.21% in 2020 to a peak of 6.55% in 2022 before declining to 2.50% in 2024. Similarly, core PCE inflation increased from 1.42% in 2020 to 5.35% in 2022, moderating to 2.81% in 2024. This trajectory reflects supply chain disruptions, stimulus-driven demand, and subsequent monetary tightening that helped restore inflation closer to target.

In a multiplier effect, the actual impact of inflation has been outsized in 2025 despite core inflation inching closer to the 2% target. Consumer fears of recession and concerns about changing economic policy persist at the national level, creating hesitancy to purchase and diminishing home sales. This upward pressure on prices has exacerbated shelter inflation, which in turn is the most influential factor driving the PCE.

While policymakers debate whether the Federal Reserve should take more proactive measures, thus far they have avoided making rate adjustments during a time of economic policy changes.

Personal Consumption Expenditures (PCE Price Index)

Percent change from one year ago



Source: U.S. Bureau of Economic Analysis, ETNR's calculations

The PCE Price Index is the Federal Reserve's preferred measure of inflation.

Core PCE Inflation, which removes volatile food and energy prices, is often seen as a better indicator of future inflation.



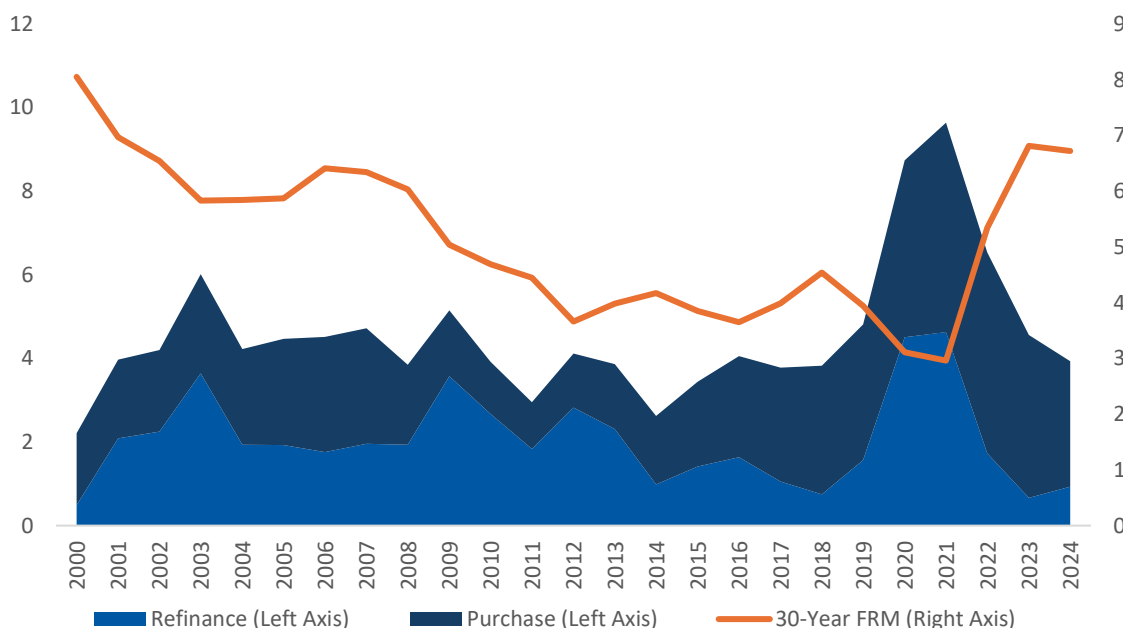
Mortgage Rates

Inflation, monetary policy and economic policy at the national level have a significant effect on mortgage rates by influencing short-term and long-term interest rates, expectations of inflation and overall economic conditions. The Federal Reserve's primary tool for implementing monetary policy is adjusting the target for the federal funds rate, which is the interest rate at which banks lend to each other.

The 30-year fixed mortgage rate dropped to historic lows in 2020 (3.11%) and 2021 (2.96%), fueling a surge in both refinance and purchase activity. Refinancing volume peaked in 2021 at more than four times its 1990 level, then collapsed by 2023 as rates rose sharply to 6.54% in 2023 and 6.72% in 2024. Purchase activity peaked in 2021 as well and softened over the following years but stabilized in 2024 and showed signs of improvement in 2025, indicating buyer adjustment to higher rates.

Mortgage Market Trends

Mortgage Originations (Bil. USD, SAAR): Knoxville, TN MSA



Source: Home Mortgage Disclosure Act; Freddie Mac; Moody's Analytics

The National Association of REALTORS® research team [noted](#) in late 2024 that we may be reaching the limit of the “mortgage rate lock-in effect.” While homeowners would prefer to stay put because their mortgage rates are more favorable than current offerings, life changes only allow this choice for a few years before the motivation of better-suited accommodations becomes more pressing than preserving the lower interest rate.



Summary of Key Economic Indicators

Knoxville's economy expanded rapidly over the last five years, with Gross Metro Product growing from \$52.6 billion in 2020 to \$71.6 billion in 2024, and projected to reach \$77.5 billion by 2026. Employment rebounded strongly, adding nearly 30,000 jobs from 2020 to 2024.

The unemployment rate fell from 7.5% in 2020 to 3.0% in 2023, with a slight increase expected through 2026. Personal income dipped in 2022 but rebounded in 2023 and is projected to grow steadily through 2026.

Knoxville, TN Metro Area	2021	2022	2023	2024	2025	2026
Gross Metro Product (Bil. Ch. 2012 USD)	56.5	62.4	67.2	70.9	74.1	77.5
% change	13.5%	10.4%	7.7%	5.5%	4.6%	4.5%
Total Employment (Ths. #)	409.7	430.1	442.1	451.0	454.1	455.7
% change	3.8%	5.0%	2.8%	2.0%	0.7%	0.4%
Unemployment Rate (%)	3.7	3.1	3.0	3.1	3.5	4.1
Personal Income Growth (%)	12.6	4.2	7.0	6.0	4.6	4.5

Source: Moody's Analytics



Housing Market

The East Tennessee housing market experienced a rapid upward trajectory after the pandemic, with two years of record-breaking growth driven by migration and low interest rates, followed by a two-year slump of significant declines.

In the first months of 2025, promising signs of returning inventory, longer days on market and higher pending sales indicate that pent-up buyer demand still exists. While higher mortgage rates contribute to consumer hesitancy to buy, the more significant drivers this year have been national economic concerns and a lack of inventory at the right price point.

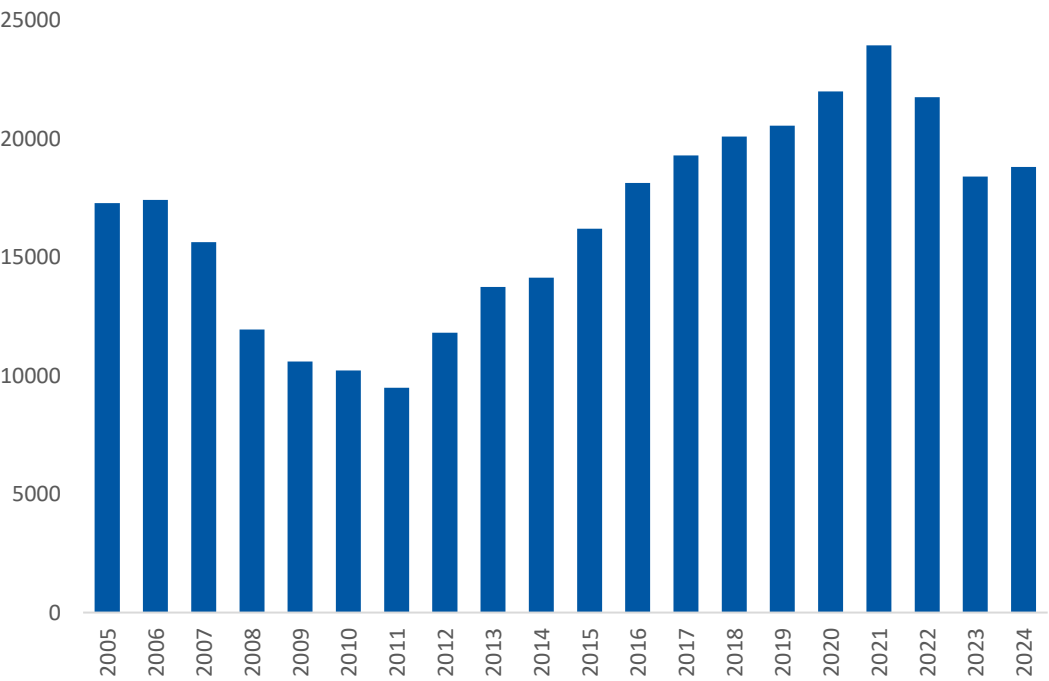
Home Sales and Prices

Home sales climbed from 18,313 in 2020 to a peak of 23,954 in 2021.

Buyer demand strained available inventory, driving prices up at the same time as mortgage rates sharply increased in 2022. Sales fell steeply by 9% in 2022 and 12% in 2023. In 2024, sales edged up slightly by just 1.8% to 18,819, signaling that the regional housing market may be stabilizing even amid higher rates and limited inventory.

Home Sales

Annual Single-Family Home Sales: East Tennessee



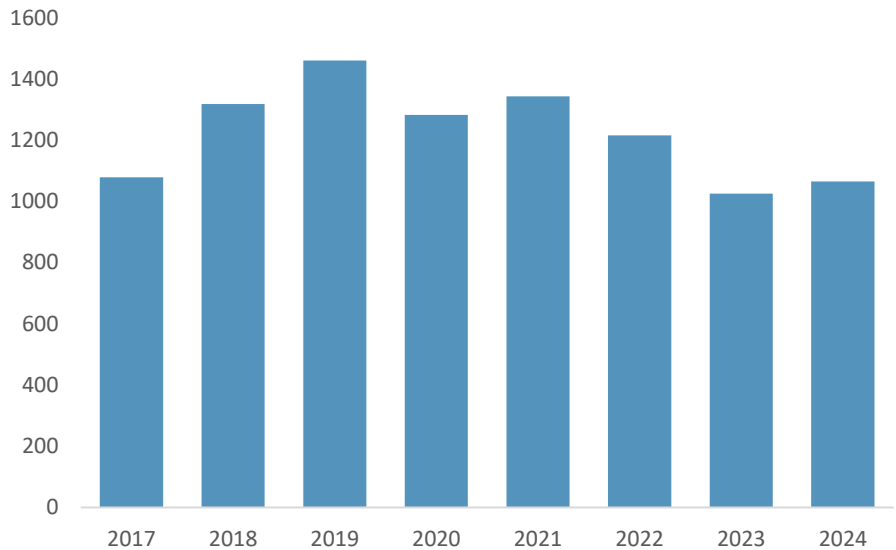
Source: East Tennessee REALTORS® Multiple Listing Service (MLS)



Condo sales in the Knoxville, TN area declined from a high of 1,343 units in 2021 to 1,026 in 2023, before modestly rebounding to 1,065 in 2024. While sales remained above pre-2015 levels, the post-pandemic peak in 2021 gave way to a cooling market, with volumes stabilizing yet remaining below the highs seen in 2018 and 2019.

Home Sales

Annual Condominium Sales: East Tennessee



Source: East Tennessee REALTORS® Multiple Listing Service (MLS)

Both Knoxville and the U.S. experienced rapid home price appreciation driven by low interest rates, strong demand, and limited inventory over the last five years, affecting the homeownership and rental markets.

Knoxville's annual home sales growth rose from 9% in early 2020 to a peak of 29% in Q1 2022, consistently outpacing national growth, which peaked at 19% the same quarter. As interest rates increased in 2022, price growth decelerated nationwide and locally, falling to 16% in Knoxville and 8% nationally by year-end.

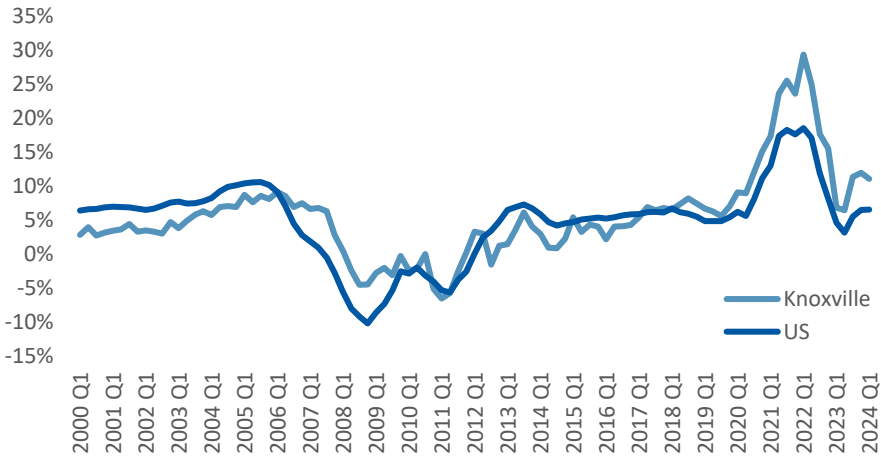
In 2023, both markets saw a further slowdown, with U.S. growth dipping to 3% in Q2 and Knoxville to 6%. However, momentum returned in the second half of 2023 into 2024, with Knoxville rebounding to 11–12% and national growth stabilizing at 6–7%, demonstrating the existence of sustained underlying demand despite tighter financial conditions.

In context beside the slow pace of home sales and limited inventory options for buyers, home prices rose at a meteoric pace across the East Tennessee region, with gains accelerating sharply during the pandemic due to low interest rates and supply shortages.



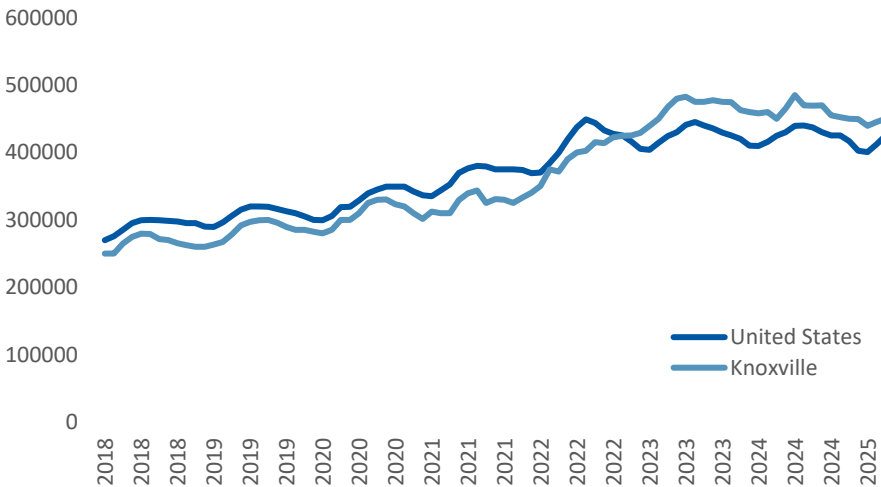
East Tennessee consistently outpaced national growth beginning in 2021, reflecting strong in-migration and local demand. After peaking, prices in both markets saw mild declines in late 2024 and early 2025, stabilizing to a median active list price of \$430,000 and a median sold price of \$375,000 by April 2025. The data shows that the local market has been more resilient than surrounding markets over the cycle, likely due to a combination of increased demand and affordability relative to national averages.

Knoxville Home Prices Outpace National Average
Annual home price growth: Knoxville, TN MSA vs. USA



Source: FHFA Purchase-Only House Price Index

Knoxville List Prices Outpace National Average
Annual list price growth: Knoxville, TN MSA vs. USA



Source: FHFA Purchase-Only House Price Index

If your East Tennessee home was valued at **\$250,000** in 2020...



It would now be worth **\$430,000** in 2025.



The peak median list price increased from \$250,000 in early 2018 to a peak of \$485,000 in early 2024, nearly doubling, while national list prices rose from \$270,000 to \$440,000. The number of days listings remained on market plummeted to single digits during this period, with a home often sold within one or two days of listing.

Listing prices tend to show more dramatic shifts than sale prices, reflecting consumer perception of value, urgency and market changes. Between Q4 2023 and Q4 2024, median listing prices began to decline modestly across most regions in Tennessee and the nation.

This reflected a slight curbing of the outsized demand and domestic migration between population centers between 2020 and 2023, possibly driven by the surge in remote work and lifestyle changes after the pandemic.

From Q4 2023 to Q4 2024, the Knoxville MSA saw a decrease of \$10,450 (-2.27%), slightly larger than the national decline of \$7,499 (-1.83%).

Median List Price
Year over year change from 2023 to 2024

County/Region	Q4 2023	Q4 2024	Change	% Change
United States	\$ 410,000	\$ 402,501	-7499	-1.83
Knoxville MSA	\$ 459,900	\$ 449,450	-10450	-2.27
Tennessee	\$ 430,000	\$ 423,900	-6100	-1.42
Anderson	\$ 383,950	\$ 339,225	-44725	-11.65
Blount	\$ 500,000	\$ 472,400	-27600	-5.52
Cumberland	\$ 366,000	\$ 389,000	23000	6.28
Knox	\$ 449,000	\$ 428,000	-21000	-4.68
Loudon	\$ 598,950	\$ 599,900	950	0.16
Roane	\$ 399,900	\$ 427,525	27625	6.91

Source: ETNR analysis of Realtor.com data
Note: Comparable data unavailable for Campbell, Fentress, Monroe, Morgan, Scott and Union counties.

Among the nine counties in the MSA, Anderson experienced the steepest drop at -11.65%, followed by Blount at -5.52% and Knox County at -4.68%. In contrast, Cumberland saw an increase of 6.28% and Roane an increase of 6.91% as both new and existing residents were driven in rising numbers to look for affordability outside of the more populated counties.

This gradual cooling and normalization of the market is ideal for both buyers and sellers rather than a sharp correction and reflects the resilience of the broader East Tennessee economy.



Supply & Production

When analyzing the region's housing supply, it is important to understand that the current shortage stems from over a decade of underbuilding starting in the wake of the 2007-2008 financial crisis.

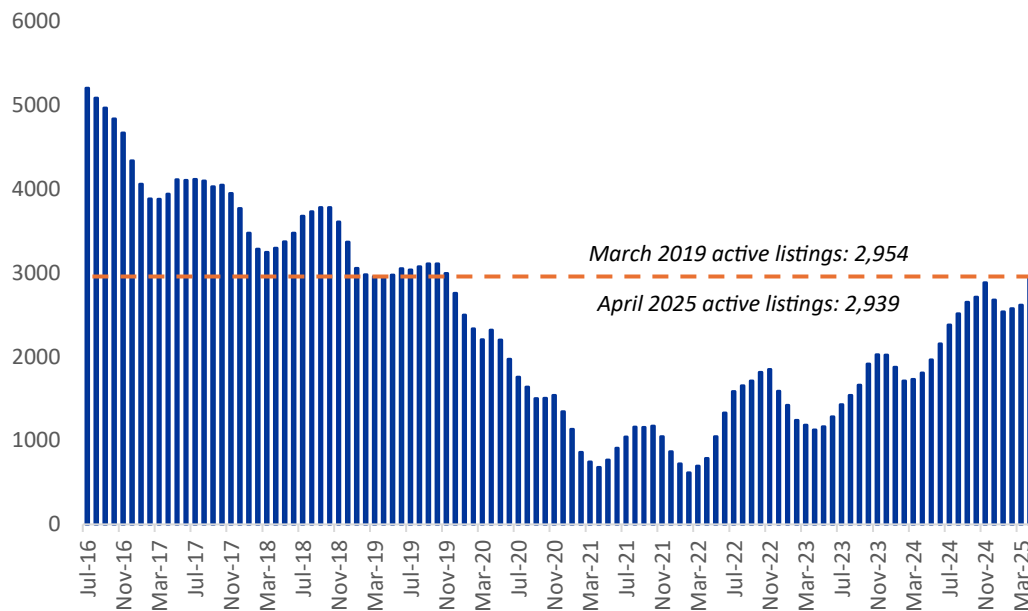
Challenges including cost of materials and labor, uncertainty around market performance and lack of financial resources for homebuyers continued to affect supply and led to a shift in the types of homes being offered; single family home sizes and prices increased to offset the cost of building.

The Knoxville MSA's active home listings declined especially steeply during the period of 2016 to 2022, reaching a crisis-level low of only 614 active listings for the entire region in February 2022. During this period, prices rose sharply alongside mortgage rates and sales declined.

This decline was followed by a gradual comeback, finally recovering to 2019 levels of inventory as of early 2025. In context of East Tennessee gaining 50,000 new residents during this time period, this visual illustrates why the region has such a severe mismatch of inventory with demand.

Housing Inventory

Active Listings: Knoxville, TN MSA



Source: Realtor.com

Active listings across Tennessee's key MSAs showed varied growth trends post-pandemic. Memphis experienced the largest increase with an 88% rise, growing from 2,017 to 3,800 active listings; this is logical when viewed in context of the area's economic challenges, with a population loss during the same time period of 20,000 in Shelby County alone.



Clarksville followed with a 77% increase, while Nashville saw a 40% growth in listings, reaching 7,743 active listings in 2024. Chattanooga and Crossville both recorded a 36% increase.

Knoxville’s active listings rose 19%, from 1,900 to 2,253, reflecting steady market expansion balanced by continued demand. Johnson City had a modest 13% increase, while Kingsport/Bristol was the only region to see a decline, dropping 7% from 733 to 683 active listings.

Comparing Metro Areas: Average monthly active listing count

MSA/Region	2020	2024	% Change 2020-2024
Chattanooga	1,315	1,795	36
Clarksville	819	1,447	77
Crossville	270	367	36
Johnson City	378	425	13
Kingsport/Bristol	733	683	-7
Knoxville	1,900	2,253	19
Memphis	2,017	3,800	88
Nashville	5,544	7,743	40

Source: ETNR analysis of Realtor.com data, April 2025 release

The “Lock-in Effect”

The mortgage rate environment is a critical determinant of housing market activity. Lower mortgage rates make borrowing more affordable, which increases the affordability of homes for potential buyers. This often leads to higher demand for housing, as more people find it financially feasible to purchase a home.

Conversely, when mortgage rates rise, the cost of borrowing increases, reducing demand as fewer people can afford the higher monthly payments.

The outlook for East Tennessee’s housing market for the second half of 2025 is greatly dependent on the trajectory of mortgage rates and whether any expected decrease in rates, even a small change, is realized.

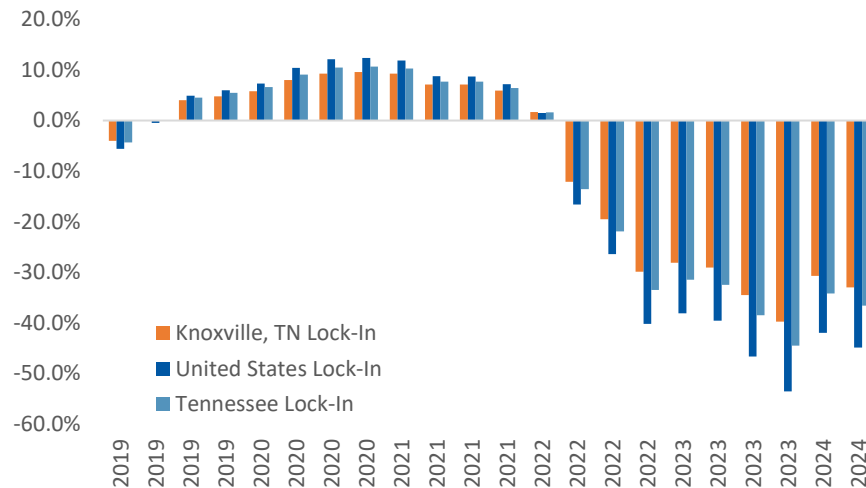
During the pandemic years, homeowners capitalized on unprecedented low-interest-rate environment, refinancing or initiating mortgages at rates significantly below the long-term average.

The subsequent rise in rates triggered the "lock-in" effect, where a sizable portion of homeowners have a financial incentive to stay in their current home because moving would require taking on a new mortgage with a higher rate and thus paying substantially more in interest costs. This effect was a daunting barrier to inventory movement for the last few years but is beginning to ease.



Lock-in Effect

FHFA Comparison: US vs. Tennessee vs. Knoxville, TN MSA



Source: Federal Housing Finance Agency (FHFA)

From 2020 Q1 to 2021 Q4, the share of mortgages at or below 4% in Tennessee surged, rising from 37.9% to 62.9%. This reflected the wave of refinancing and new borrowing during historically low interest rates.

Beginning in 2022, lock-in rates began a sharp decline across all three regions. Knoxville saw rates plunge to around -30.7% by 2024. This is good news for the housing market and has contributed to the increase in seller inventory.

Measuring the Housing Shortage

Housing completions in the MSA have fallen far behind demand. For example, the region added an estimated 9,600 new residents in 2024, and completions tallied 6,946. Single-family completions grew from 3,887 in 2020 to 4,845 in 2024, reflecting steady demand for detached homes.

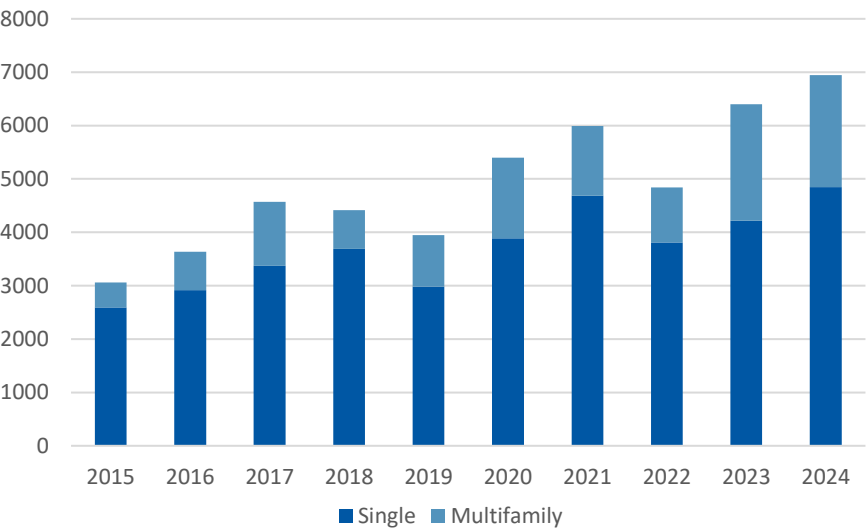
Meanwhile, multifamily completions saw a sharp rise, more than doubling from 1,029 units in 2022 to 2,183 in 2023, before slightly dipping to 2,101 in 2024. These completions were almost all rental units, added in response to affordability pressures and population growth in the region.

Despite the surge in building, multifamily units also fell short of demand; apartment occupancy remains near 97% and RealPage Analytics estimates that the annual demand in 2025 will be approximately 400 units higher than completions.



Trends in Construction

Housing Completions: Knoxville, TN MSA



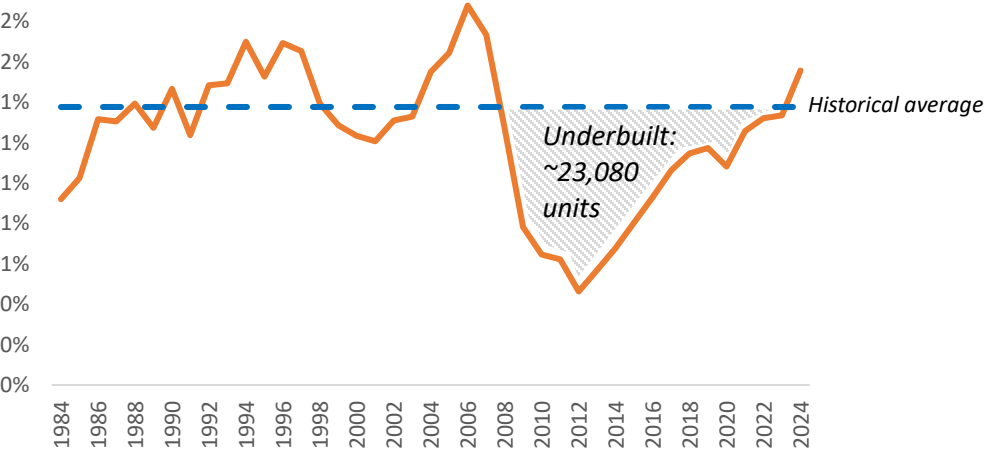
Source: U.S. Census Bureau (BOC): New Residential Construction;
Moody's Analytics Estimated and Forecasted

Housing completions as a percentage of total households fell precipitously after the 2007 financial crisis, creating a cumulative supply deficit.

As an exercise, if we use the historical average rate from 1985 to 2000 to calculate the number of units which should have been built each year, the region would have added a cumulative total of more than 23,000 additional units by the end of 2024.

Underbuilding from 2009-2024

Housing Completions as Percentage of Total Households: Knoxville, TN MSA



Source: National Association of REALTORS®: Real Estate Outlook; Census Bureau; Bureau of Economic Analysis, Moody's Analytics



This missed opportunity of more than 23,000 housing units has led to the current inventory and pricing mismatch, affordability challenges and likely is partially responsible for the glacial rate of the region's workforce-aged population growth.

Interestingly, based on this average the number of units (estimated) built in 2024 was an improved effort, at around 700 more than the historical average. This possibly reflects the joint efforts of housing advocates, municipalities, elected officials, builders and developers to ramp up supply in response to demand.

The National Association of REALTORS® recently teamed up with Realtor.com for a slightly different approach to estimating inventory need, looking solely at homes for purchase (not including rentals). The results of that study can be found [here](#) and help articulate what housing inventory is needed across income levels.

Looking at a single point in time as of March 2025, the Knoxville MSA currently needs at least 10,500 more homes for purchase now, spread across every income level but especially concentrated in the low to mid-wage categories. This does not take into account future projected population growth.

“Stuck in the middle,” Knoxville is making progress but not quickly enough
Housing units missing now for nearly every income level

	Less than \$15K	\$25K	\$35K	\$50K	\$75K	\$100K	\$125K	\$150K	\$200K	\$250K	\$500K	\$500K+
Albany-Schenectady-Troy, NY	-163	-272	-361	-483	-532	-387	-346	-297	-196	-83	-6	0
Albuquerque, NM	-346	-615	-863	-1,221	-1,455	-892	-424	-231	-83	-31	26	0
Allentown-Bethlehem-Easton, PA-NJ	-134	-248	-365	-516	-580	-468	-279	-169	-64	2	10	0
Atlanta-Sandy Springs-Alpharetta, GA	-2,746	-4,820	-6,977	-10,031	-10,875	-8,085	-4,171	-2,624	-969	-143	420	0
Austin-Round Rock-Georgetown, TX	-961	-1,546	-2,268	-3,468	-5,336	-5,435	-4,172	-3,204	-2,153	-1,542	-253	0
Bakersfield, CA	-323	-589	-871	-1,224	-1,378	-1,071	-589	-208	10	47	30	0
Bridgeport-Stamford-Norwalk, CT	-168	-271	-385	-540	-695	-776	-811	-767	-641	-511	-266	0
Cape Coral-Fort Myers, FL	-1,549	-2,779	-4,071	-5,826	-7,727	-7,019	-5,092	-3,950	-2,834	-1,942	-569	0
Charleston-North Charleston, SC	-383	-670	-971	-1,439	-1,961	-1,763	-1,261	-1,071	-928	-753	-419	0
Charlotte-Concord-Gastonia, NC-SC	-978	-1,757	-2,641	-3,939	-4,715	-3,421	-1,937	-1,337	-465	-97	63	0
Chattanooga, TN-GA	-267	-506	-740	-1,025	-1,135	-856	-574	-378	-150	-58	20	0
Colorado Springs, CO	-282	-505	-782	-1,233	-1,824	-1,937	-1,386	-815	-297	-112	22	0
Dallas-Fort Worth-Arlington, TX	-2,802	-4,837	-7,254	-10,986	-14,902	-13,580	-9,271	-6,382	-3,262	-1,669	-28	0
Deltona-Daytona Beach-Ormond Beach, FL	-728	-1,348	-2,052	-2,859	-3,578	-2,482	-1,488	-989	-515	-342	-69	0
Denver-Aurora-Lakewood, CO	-921	-1,607	-2,361	-3,508	-4,830	-5,304	-4,973	-3,711	-1,391	-599	214	0
Durham-Chapel Hill, NC	-186	-351	-507	-707	-772	-503	-277	-196	-108	-42	31	0
El Paso, TX	-568	-998	-1,388	-1,903	-2,215	-1,036	-250	-55	14	31	21	0
Houston-The Woodlands-Sugar Land, TX	-3,710	-6,406	-9,303	-12,833	-15,656	-10,817	-5,660	-3,112	-954	-288	359	0
Jacksonville, FL	-1,047	-1,874	-2,588	-3,422	-3,525	-2,721	-1,898	-1,624	-977	-628	-137	0
Knoxville, TN	-440	-814	-1,167	-1,696	-2,007	-1,663	-1,158	-893	-445	-221	-32	0
Lakeland-Winter Haven, FL	-795	-1,425	-2,113	-2,941	-3,515	-1,620	-388	-57	35	33	29	0
Las Vegas-Henderson-Paradise, NV	-1,077	-1,832	-2,702	-3,791	-4,666	-4,677	-3,288	-2,310	-1,284	-863	-384	0
Madison, WI	-120	-223	-331	-472	-570	-511	-275	-105	-6	18	29	0
McAllen-Edinburg-Mission, TX	-537	-976	-1,312	-1,605	-1,537	-767	-315	-156	-61	-25	0	0
Nashville-Davidson--Murfreesboro--Franklin, TN	-928	-1,653	-2,489	-4,055	-5,864	-5,651	-4,329	-3,473	-2,280	-1,598	-560	0

Source: National Association of REALTORS® data as of March 2025



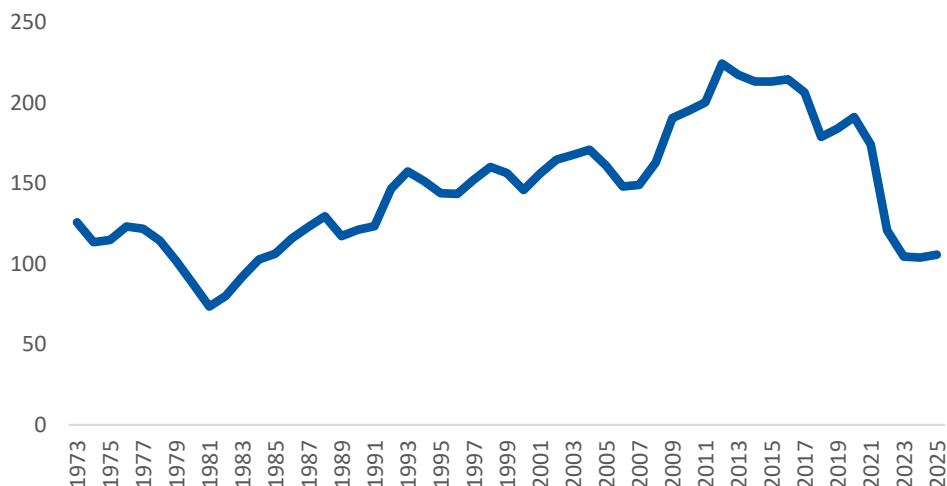
Housing Affordability

The gap between incomes and home prices is also illustrated in the monthly housing price-to-income ratio, with a sharp rise from 2020 to 2024 – more than a 45% increase in less than 5 years.

The acceleration began in earnest in mid-2021 and remained elevated through 2023 and 2024, with only modest fluctuations, highlighting persistent cost challenges for buyers in the region.

Housing affordability reaches a 40-year low in 2024

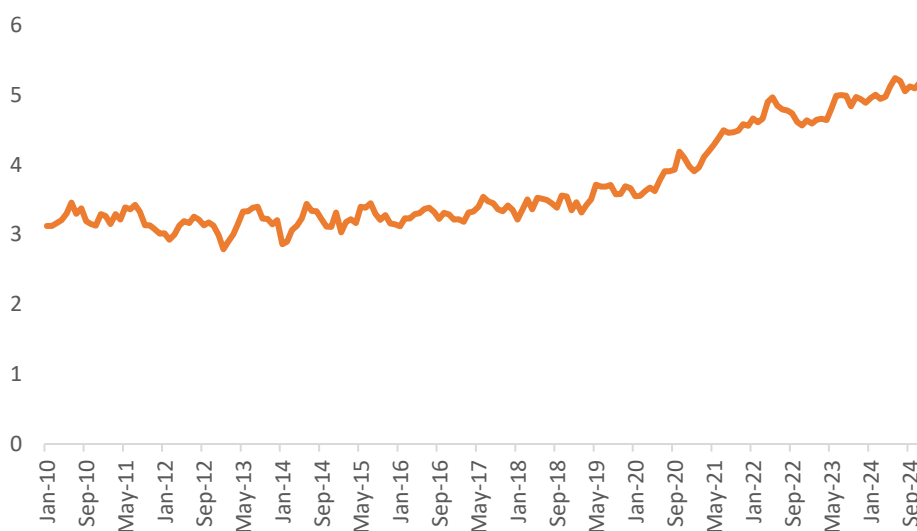
Housing Affordability Index: Knoxville, TN MSA



Source: National Association of REALTORS®: Real Estate Outlook; Census Bureau; Bureau of Economic Analysis, Moody's Analytics

Home prices relative to income

Housing price-to-income ratio: Knoxville, TN MSA



Source: ETNR tabulation of Moody's Analytics data; ETNR Multiple Listing Service (MLS)



Housing affordability in Knoxville worsened across every key metric from 2023 to 2024. Interest rates edged up from 6.61% to 6.85%, while the median sales price grew by \$27,370 to \$364,803.

This price increase, combined with higher borrowing costs, raised the average down payment and closing costs by \$3,558. As a result, monthly principal and interest payments jumped by \$210, pushing total monthly owner costs up by \$242. The annual income needed to afford a home rose by \$9,671 year-over-year, reaching \$103,093 in 2024.

Housing affordability of the median priced home

Housing affordability change from 2023 to 2024

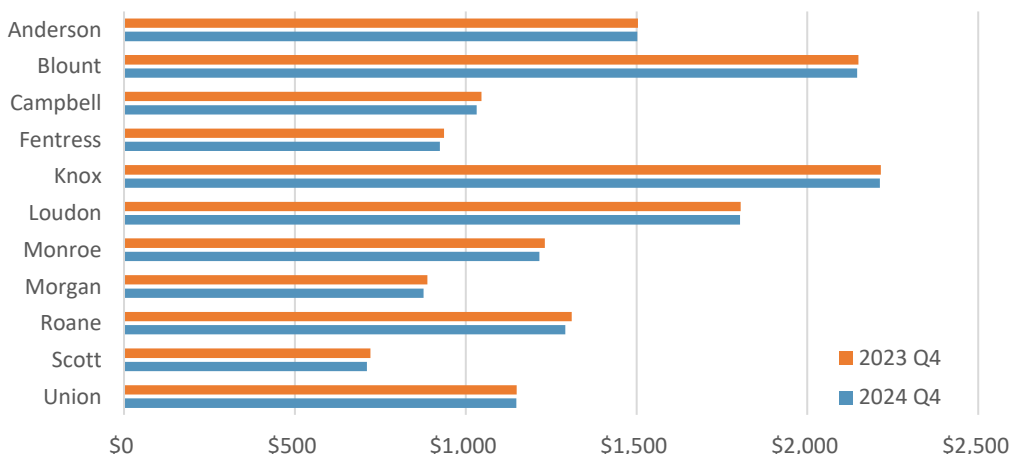
COLUMNS	2023	2024	CHANGE 2023-2024
Interest rates	6.61%	6.85%	0.24%
Median sales price	337,433	364,803	+27,370
Down payment & closing costs	43,866	47,424	3,558
Monthly principal & interest payment	1,941	2,151	210
Total monthly owner costs	\$ 2,336	\$ 2,577	\$ 242
Annual income needed	\$ 93,423	\$ 103,093	\$ 9,671

Source: Federal Home Loan Mortgage Corporation, Federal Housing Finance Agency, ETNR, Federal Reserve Bank of Atlanta, Author's calculations. Estimates assume a 10% down payment on a 30-year fixed-rate loan with zero points, 3% closing costs, 0.5% property taxes, 0.4% property insurance, 0.558 private mortgage insurance, maximum 30% debt to income ratio

Between Q4 2023 and Q4 2024, monthly mortgage payments decreased slightly across all 12 counties in East Tennessee REALTORS® jurisdiction. The largest dollar decline occurred in Roane County, smaller decreases were seen in counties like Campbell, Fentress and Monroe. Even in more affordable counties like Scott and Union, payments dipped by \$10 and \$1, respectively. These marginal declines suggest relatively stable housing costs and also reflect the small fluctuations in mortgage rate during this time.

Housing affordability by county

Change in cost of the typical mortgage payment from 2023 to 2024



Source: NAR tabulations of American Community Survey (ACS); data from FHFA



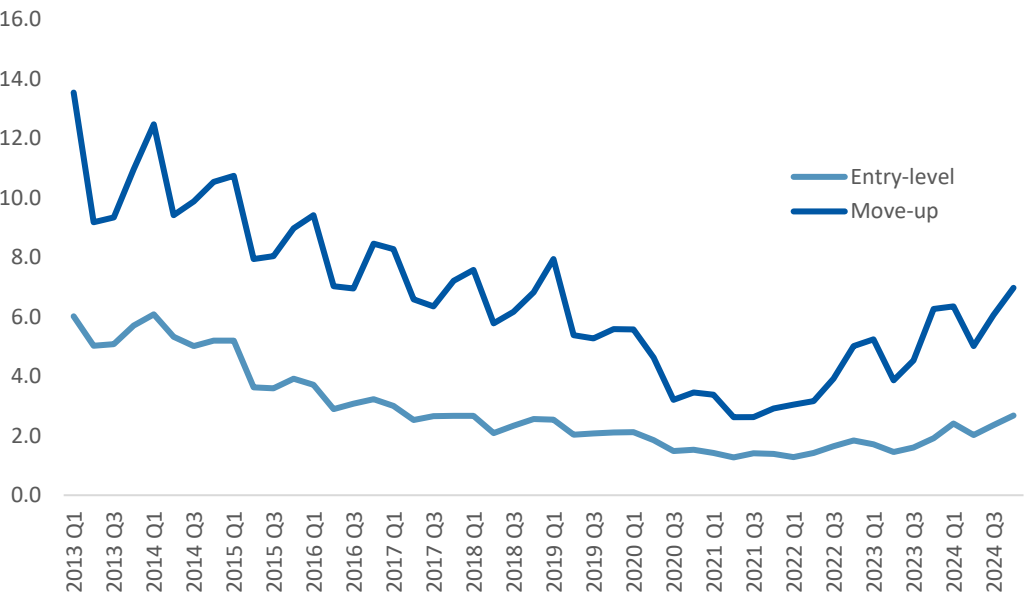
Affordability is further affected by supply, particularly the diversity of supply (or lack thereof) and the overall cumulative shortages across existing homes, new homes and rentals.

Traditionally, 6 months of housing supply is considered to be a balanced amount of available inventory. In the Knoxville MSA, inventory levels have risen steadily into 2025. This marks a welcome shift from prior consecutive years of extreme quantity constraints.

Overall supply dropped to an historically low 2.1 months in 2021 Q1 before gradually climbing to 4.2 months by 2024 Q4. The move-up segment, which had fallen to just 2.6 months in 2021, rebounded more sharply to 7.0 months by 2024 Q4, reflecting a greater buildup of mid-tier listings.

Housing Inventory

Month's supply by market segment: Knoxville, TN MSA



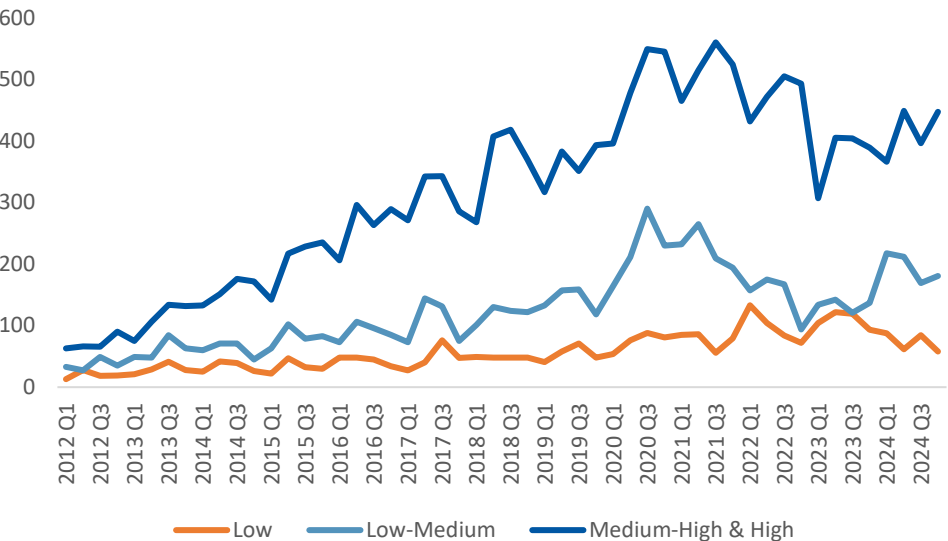
Source: AEI Housing Center



New construction sales have shifted notably across price tiers over the last few years. Entry-level home sales peaked in 2021 Q2 at 86 units but declined to 58 by 2024 Q4, while the more expensive homes consistently dominated the market, peaking at 560 units in 2021 Q3 and maintaining strong volumes through 2024, ending the year with 447 sales.

Housing Inventory

New construction sales by price tier: Knoxville TN MSA

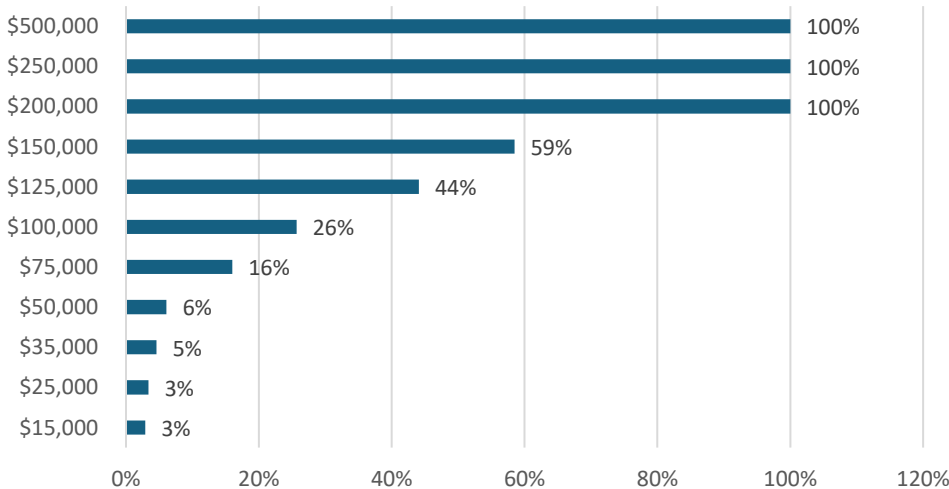


Source: AEI Housing Center

Mismatched inventory and demand continue to be an issue; active inventory skews toward larger single-family homes at higher price points, where most residents cannot afford these listings and are competing for a 10-17% share of the available homes at the lower price points.

Most residents can only afford a small share of active listings

Share of listings that are affordable by income level; Knoxville TN MSA



Source: ETNR data. Estimates assume a 5% down payment on a 30-year fixed-rate loan with zero points, 3% closing costs, 0.5% property taxes, 0.4% property insurance, 0.558 private mortgage insurance, maximum 30% debt to income ratio



As of May 2025 in Knoxville, housing affordability remains highly segmented by income. Households earning under \$50,000 face a sharply limited market, with only 6% or fewer listings deemed affordable.

Affordability improves gradually with income, reaching 26% at \$100,000 and 59% at \$150,000. Full market access, where 100% of listings are affordable, only begins at \$200,000 and above, underscoring significant barriers to homeownership for middle to lower-income buyers.

Based on the region's median household income of \$70,000, the maximum affordable home price is \$229,977.

Families making this amount could afford only 15% of active listings.

To afford just half of all homes for sale in the area, a family would need to earn more than \$136,450 annually, twice the median household income in the region.

A family earning the median household income of \$69,734 wanting to spend the maximum affordable home price would find that fewer than one in ten listings are within reach. To afford half of the homes for sale in the area, a household would need to earn over \$136,450 annually, nearly double the regional median.

Housing remains far less affordable than in recent years. The majority of available homes are inaccessible to middle- and lower-income buyers, who are often being cornered out of even their own bracket of attainable listings by buyers with more disposable funds.

Investor Activity

In Knoxville, investor activity in the housing market has moderated following a peak in 2022. Investor purchases accounted for 8.8% of home sales in 2024, down from 14% in 2022 and closer to pre-pandemic levels seen in 2019. This suggests a retreat from the heightened speculative activity that marked the pandemic-era housing boom, where large companies identified Knoxville as an opportunity market for quick turnaround profits.

The sharp drop from 2022 may reflect tighter financing conditions, higher borrowing costs, or diminished profit margins amid elevated home prices. Meanwhile, the share of homes purchased with cash has remained elevated, reaching 20.5% in 2024, signaling continued demand from equity-rich buyers, retirees, second-home purchasers, or institutional actors.

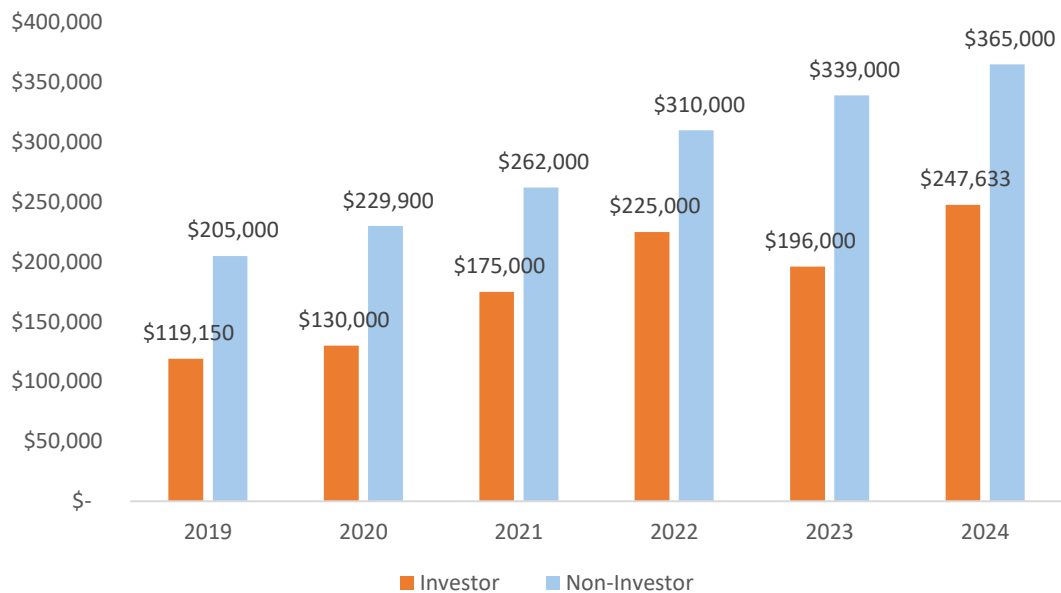
While these data provide a snapshot of investor presence, they likely overstate the true impact on housing supply, as they do not separate long-term investors from buyers who quickly resell properties. Investor impact on the market is minimal so far.



Investor market share estimates are based on ETNR's analysis of public records data provided by the Knox County Register of Deeds Office. For the analysis, investor purchases are defined as county sale records where the grantee's name includes at least one of the following terms: LLC, Inc, Trust, Corp, Partners, Homes, and/or Acquisition.

Investor Market Share and Cash Sales

Share of home sales purchased by an investor vs. purchased in cash; Knox County



Source: ETNR analysis of public records

As a result, this data could overlook investor purchases made by independent investors using their own name to purchase the property or include home purchases made through a family trust for personal use. Properties with sales prices of less than \$25,000 or more than \$1,000,000 are excluded. This methodology is based on a similar analysis conducted by Redfin, a national real estate brokerage.

From 2019 to 2024, the median purchase price for investor-bought homes in Knox County more than doubled, rising 108% from \$119,150 to \$247,633, outpacing the 78% increase among non-investor purchases over the same period. This acceleration suggests a notable shift in investor strategy, with investors increasingly targeting higher-priced properties.

While investors historically focused on lower-value homes, often those in need of repair, the upward trajectory in median investor purchase prices, especially the sharp year-over-year increase in 2024, implies growing competition between investors and traditional homebuyers for mid-tier housing. Despite this shift, non-investor purchases still command a consistently higher median price, indicating that investors may remain concentrated in more affordable segments but are stretching upward in price range in response to limited inventory and evolving market dynamics.



Rental Housing

East Tennessee’s rental market experienced a continuous growth trajectory since 2020, with the region consistently ranked among the top U.S. markets for both rent growth and occupancy.

Rapid price appreciation and constrained inventory inflated rent steeply during this period. As of the fourth quarter of 2024, effective rents in Knoxville MSA rose 62% – or \$577 – since the beginning of 2020. According to the most recent available data from the U.S. Bureau of Labor Statistics, as of Q4 2023 average wages in the area had only risen by 15% since 2020.

After several years of flat rental price growth thanks to rapid supply increase, occupancy has tightened again to nearly 97%. Due to the re-emerging imbalance of demand and supply, rent is expected to grow around 3% in 2025.

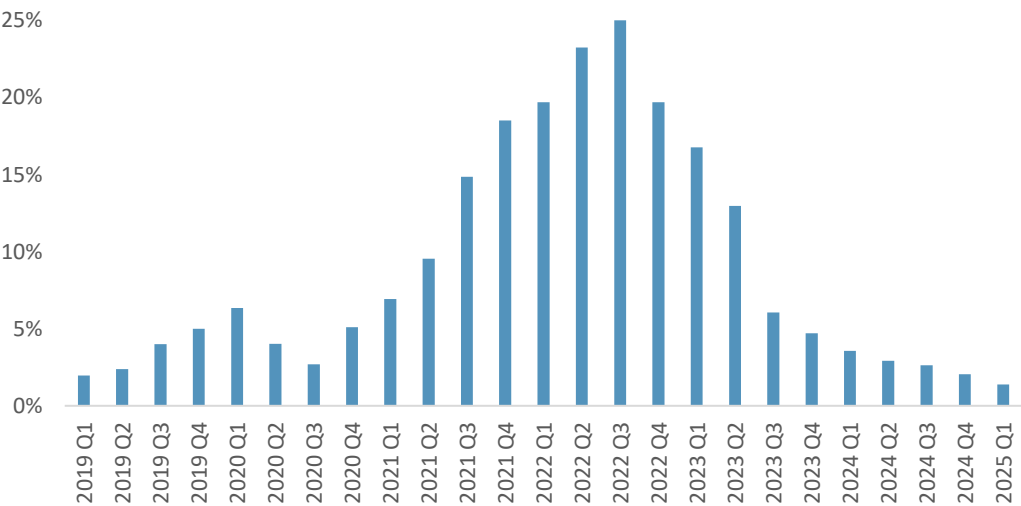
Rents

The apartment market has experienced significant fluctuations in year-over-year (YOY) effective rent changes over the past several years, according to RealPage Analytics. From modest increases in 2019, with rents rising between 2% and 5%, the market saw accelerating growth through the pandemic period, peaking in 2022 with a high of 25% YOY rent growth in Q3.

This rapid escalation began to taper in 2023, with rent growth slowing steadily each quarter—from 17% in Q1 to just 5% by year-end. The deceleration has continued into 2024 and early 2025, with YOY rent changes dropping to just 1% in Q1 2025, indicating a sharp market normalization following the unprecedented rent hikes of the previous years.

Annual Rent Growth

Year over year same-store Effective Rent Change: Knoxville TN MSA



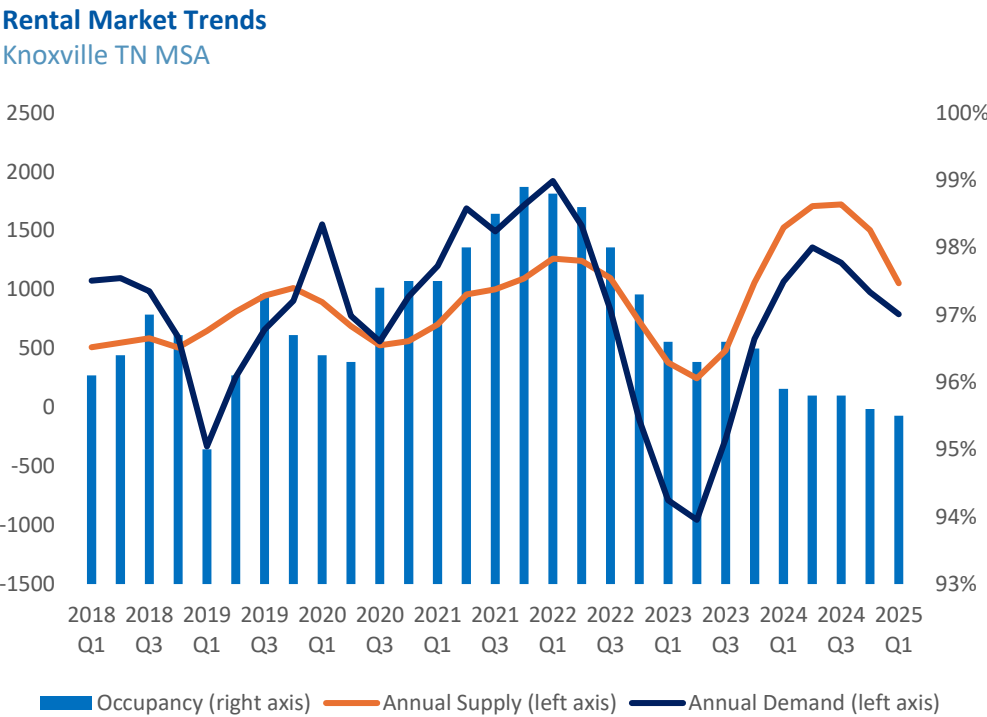
Source: RealPage Analytics



Supply and Production

The rental market in the Knoxville, TN metro area has shown notable shifts in occupancy, supply, and demand over recent years. Occupancy remained strong and stable from 2018 through 2022, peaking at 99% during much of 2021 and early 2022 as demand consistently outpaced or closely matched new supply. Conventional wisdom would indicate that a healthy market occupancy is around 93-93%.

Responding to demand, developers ramped up construction in 2024, delivering a high volume of new units across all four quarters and averaging over 1,600 units per quarter. Yet, occupancy remained steady at 96%, suggesting the market has thus far managed to absorb the new supply without a dramatic drop in overall occupancy.



Despite having the largest population of the MSA, between 2019 and 2023 multifamily housing production in Knox County continued to trail behind Tennessee’s larger urban peers, with just 5,251 units permitted, equivalent to 108 units per 10,000 residents. While this marks a modest improvement over the prior five-year rate of 89 units per 10,000, Knox still significantly lags behind Davidson County, which permitted over 47,000 units at a rate of 663 units per 10,000 residents.

Even Hamilton County, with a smaller population, outpaced Knox on per capita production across 5 years. This disparity underscores the ongoing underproduction of multifamily housing in the Knoxville area, which worsens affordability challenges and constrains the region’s capacity to meet growing demand.



Multifamily housing production trends by county

Davidson	47096	663 units per 10k
Hamilton	4082	110 units per 10k
Knox	5251	108 units per 10k
Rutherford	2656	76 units per 10k
Shelby	3959	43 units per 10k

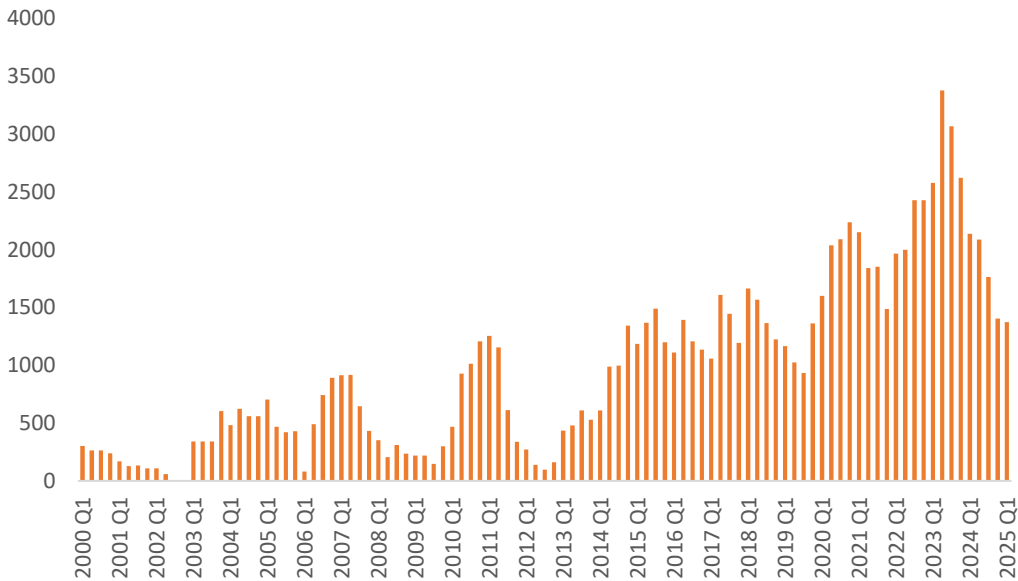
Source: RealPage Analytics

From 2020 to 2025, Knoxville, TN saw a surge in apartment construction activity, with units under construction peaking at over 3,300 in mid-2023. Annual unit starts rose sharply in 2020 and 2022, with significant spikes in Q2 2023 (1,606 units).

However, new construction slowed in 2024 and early 2025, with annual starts declining steadily. By Q1 2025 units under construction dropped to 1,374, aligning with building headwinds and other external economic concerns. As a result, the forecast for 2025 includes a rent increase due to the slight imbalance of demand and supply.

Pace of multifamily permitting and completions has slowed

Apartment units under construction: Knoxville, TN MSA



Source: RealPage Analytics



Rental Affordability

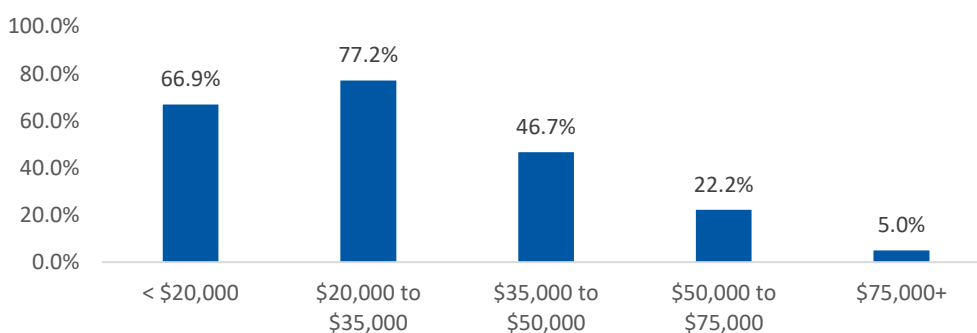
Cost burdens among renter households vary significantly by income level in East Tennessee, highlighting housing affordability challenges for lower income residents.

According to Census Bureau data, an overwhelming 77.2% of renters earning between \$20,000 and \$35,000 are cost-burdened, spending more than 30% of their income on rent. The burden decreases as income rises, with only 22.2% of renters earning \$50,000 to \$75,000 and just 5.0% of those earning above \$75,000 considered cost-burdened.

This disparity underscores the disproportionate impact of housing costs on Knoxville's lowest-income renters; as the largest portion of the rental market, the overall effect is that more than half of the region's renters are cost-burdened and about 25% of renters are extremely cost-burdened, meaning that they spend more than half of their gross monthly income on rent.

Cost burdened renter households

Share of cost burdened renter households by income: Knoxville, TN MSA

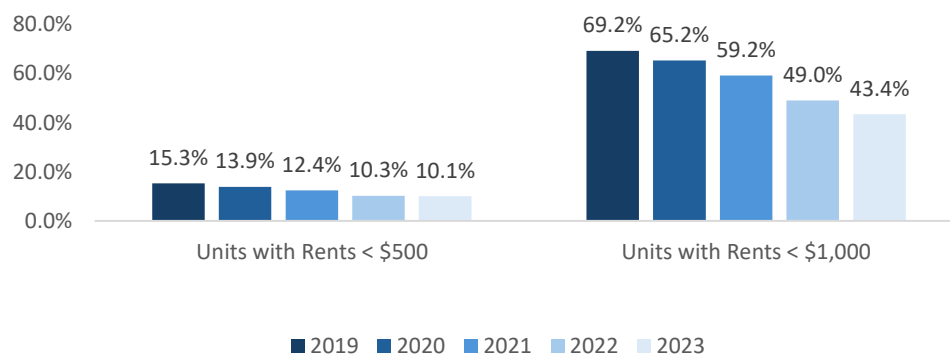


Source: U.S. Census Bureau

The share of housing stock with lower rents in the Knoxville, TN metro area declined steadily between 2019 and 2023, reflecting rising rent levels across the region. Units with rents under \$500 dropped from 15.3% in 2019 to just 10.1% by 2023, while the proportion of units renting for less than \$1,000 fell more dramatically—from 69.2% to 43.4% over the same period. This trend highlights a shrinking supply of affordable rental housing, and a growing supply of premium rentals; pricier Class A units were the main driver of rent growth in the region.

Supply of low-cost rental units

Share of housing stock with low rents: Knoxville, TN MSA

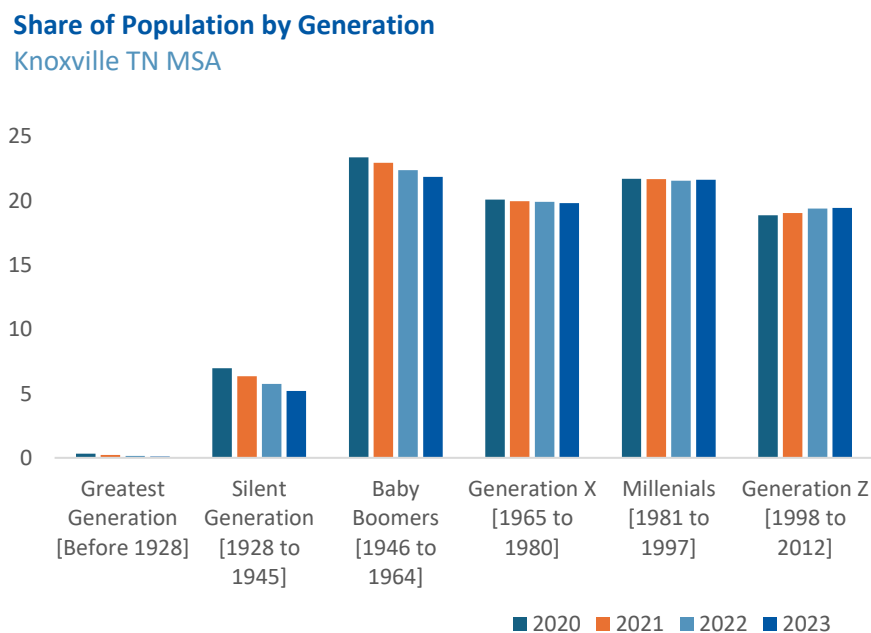


Source: Census Bureau



Demographic Trends

From 2020 to 2023, the generational makeup of the Knoxville, TN metro area showed clear demographic trends. Millennials remained the largest generational group, holding steady around 21.6%, while Generation Z steadily grew from 18.9% to 19.4%, reflecting their continued emergence into adulthood. Baby Boomers, though still significant, declined slightly from 23.4% to 21.9% as the population aged. Generation X maintained a stable presence around 20%, while older generations, including the Silent and Greatest Generations, continued to shrink, making up a very small share by 2023.



Source: East Tennessee REALTORS® Multiple Listing Service (MLS)

Notably, first-time homebuying age is older than ever: mid to late thirties. Millennials are now in their prime home buying years, and Baby Boomers are beginning to look to downsize. Between the two groups, this is a significant portion of the local market exploring the same category of listings.

National trends will also affect the smaller local market, such as declining marriage and birth growth rates, aging in place because of affordability, living alone and remote work.

The Knoxville, TN metro area experienced a notable gap between death and birth rates, reflecting broader demographic pressures from 2020 to 2024. Deaths per 1,000 population rose sharply in 2020 and peaked at 13.1 in 2022, influenced in part by the COVID-19 pandemic and an aging population.

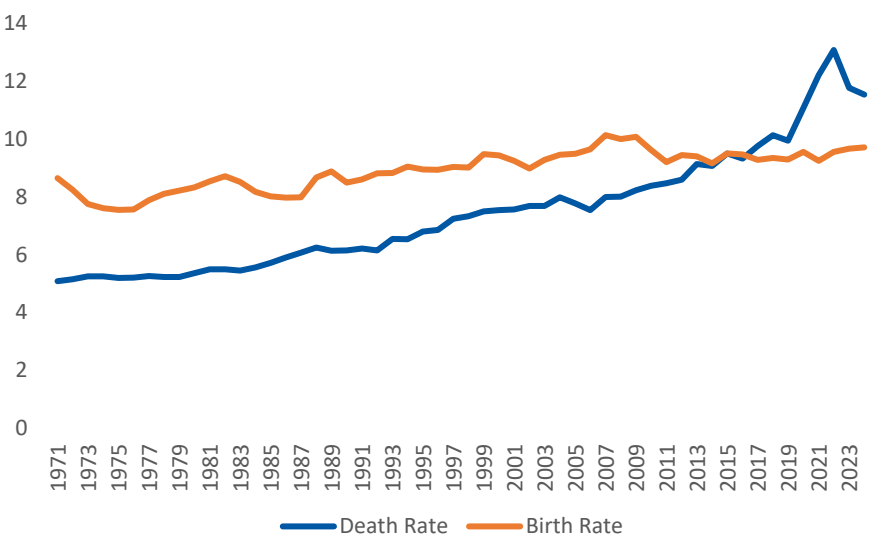
Although the death rate began to decline slightly in 2023 and 2024, it remained significantly elevated compared to pre-2020 levels. In contrast, the birth rate remained relatively stable, hovering between 9.2



and 9.7 births per 1,000 population throughout the period. The forecast for 2025 suggests a continued trend, with deaths (11.8) still outpacing births (9.8), indicating potential long-term implications for a growing aging population.

Population Changes

Deaths and births per 1,000 population: Knoxville TN MSA



Source: East Tennessee REALTORS® Multiple Listing Service (MLS)

Net Migration

Recent data indicates that the Knoxville, TN metro area continues to experience positive net migration, though the pace has slowed following a pandemic-era surge. Net migration peaked at 19,700 in 2022, driven by heightened mobility and relocation trends. It declined to 15,500 in 2023 and is estimated to have dropped further to around 12,100 in 2024.

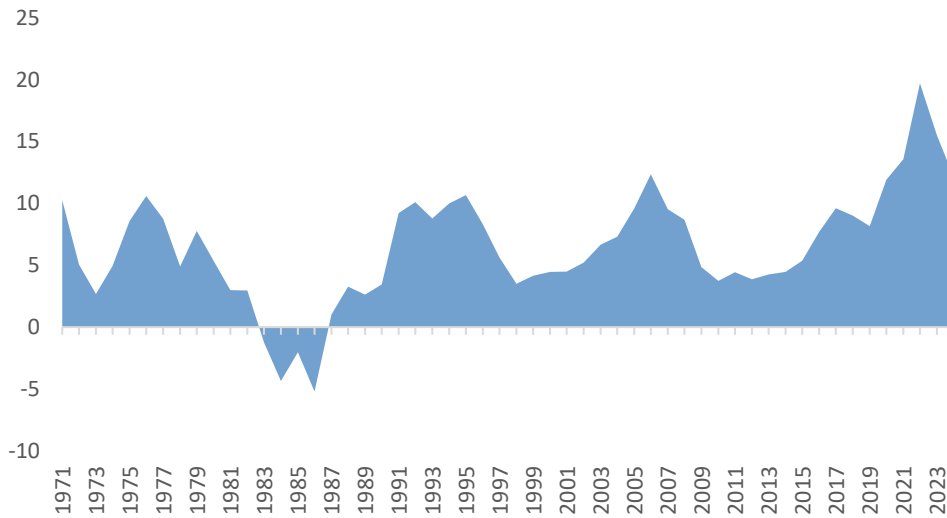
Looking ahead, the forecast for 2025 projects net migration at 10,900, suggesting continued in-migration but at a more tempered rate as population movement normalizes post-pandemic.

Nationally, homebuyers and renters are considering long-distance moves at a higher rate than previous years. Knoxville is an attractive destination and continues to benefit from strong migration.



Population Changes

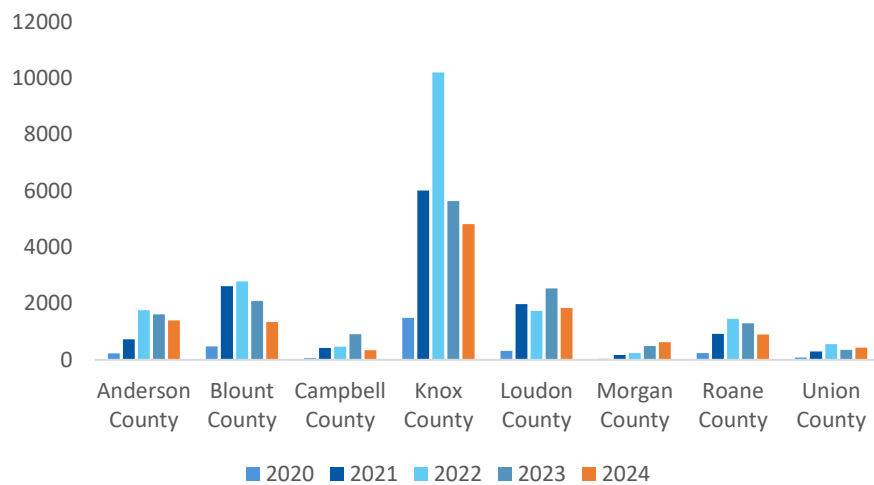
Deaths and births per 1,000 population: Knoxville TN MSA



Source: Moody's Analytics

Most counties saw a peak around 2022 followed by a gradual decline. Knox County led the region. Surrounding counties like Blount and Loudon also experienced strong in-migration in 2022, before easing in subsequent years. Smaller counties such as Morgan and Union saw more modest but steady growth, with Morgan County notably increasing each year. These patterns suggest that while the region's pandemic-driven migration boom has cooled, the area continues to attract new residents, with growth spreading beyond urban centers into more rural counties.

Demographic Trends



Source: Census Bureau



Household Composition

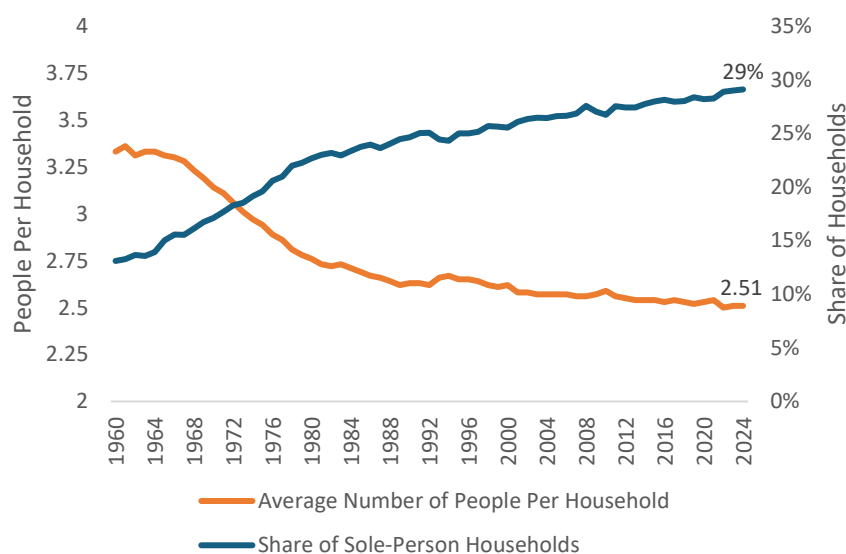
An increase in the number of households, such as more people moving/living independently or even getting married directly affects the home sales market. As of 2024, the share of sole-person households in the U.S. has reached a record high of 29%, reflecting a steady increase over recent decades. At the same time, the average number of people per household has declined to 2.51, continuing a long-term trend toward smaller household sizes.

These figures highlight shifting living arrangements, with more individuals choosing or needing to live alone or in smaller accommodations, contributing to the gradual decrease in household size across the country.

An interesting note is that the number of sole-person households has increased significantly in recent years. Whether driven by work or fun, people are considering living alone rather than with a roommate or family.

Demographic Trends

Average number of people per household and sole households



Source: Census Bureau, Current population Survey

This demographic change has begun to exert pressure on the housing market already in the form of additional demand for smaller, more manageable homes. Smaller household sizes will also increase demand even as the population growth slows over time.



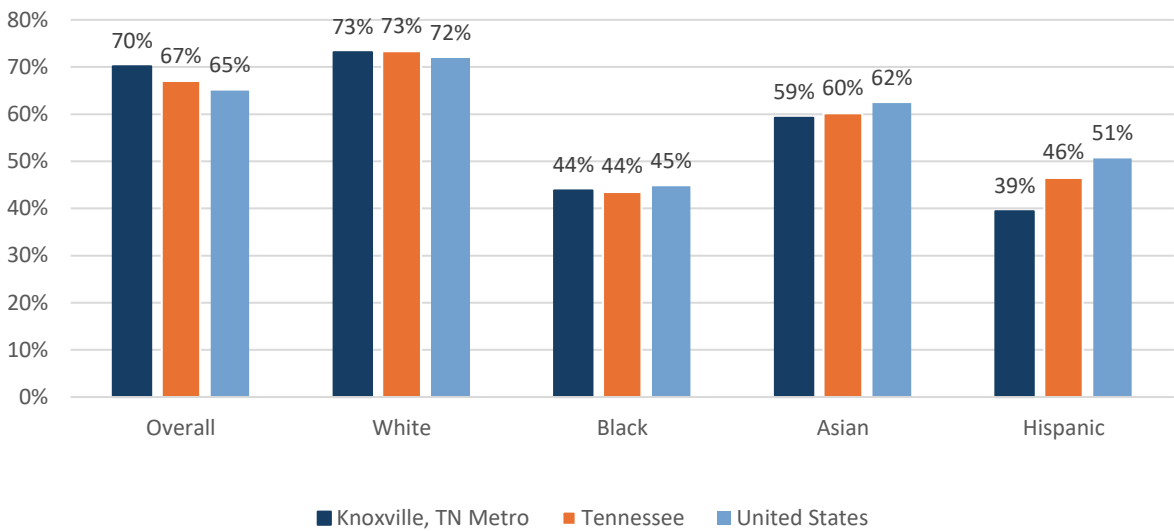
Housing Challenges

Housing Disparities

As of May 2025, racial disparities in housing affordability remain stark across East Tennessee counties, with the share of active listings affordable to households earning the median income differing widely by race. In Knox County, for example, only 0.1% of listings were affordable to Black households, compared to 1.3% for Hispanic/Latino households, 8.4% for White households, and 18.5% for Asian households.

Ownership trends

Homeownership rate by ethnicity



Source: Census Bureau, 2023 ACS 5-year estimates

This pattern of disparity is echoed throughout the region. In Blount County, just 2.2% of listings were affordable to both Black and Hispanic/Latino households, while over 32% were accessible to Asian households.

In some counties, such as Loudon and Monroe, affordability for Asian households reached 49.1% and 0.3%, respectively, highlighting large inter-county and intra-racial variations. These figures underscore the uneven distribution of affordable housing opportunities by race, pointing to broader structural inequities that may limit homeownership access and upward mobility for communities of color.



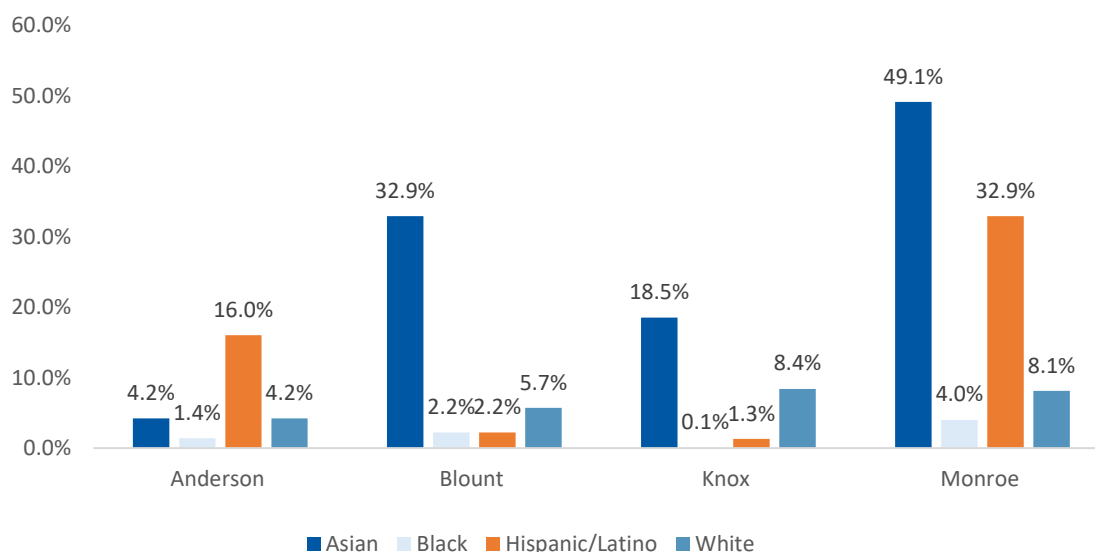
In May 2025, the maximum affordable home price varied widely by race across East Tennessee counties, reflecting significant income disparities that shape housing access. In Knox County, for instance, the maximum home price affordable to Black households was just \$138,198, barely half that of Asian households at \$312,709, and well below the \$252,936 level for White households.

Similar gaps appear in other counties: in Blount County, Asian households could afford homes priced up to \$440,869, compared to \$195,325 for Black households and \$210,941 for Hispanic/Latino households.

In Monroe County, the difference between Hispanic/Latino households (\$301,164) and Black households (\$151,115) was particularly stark. These figures illustrate how racial income disparities translate directly into differences in housing purchasing power, compounding historical inequities and posing ongoing challenges for equitable access to homeownership.

Ownership trends

Share of active listings affordable to median household income by race



Source: U.S. Census Bureau American Community Survey and ETNR

Note: Data as of May 2025. Assumes a 5% downpayment on a 30-year fixed-rate loan with zero points, 3% closing costs, 0.5% property taxes, 0.4% property insurance, 0.558% private mortgage insur

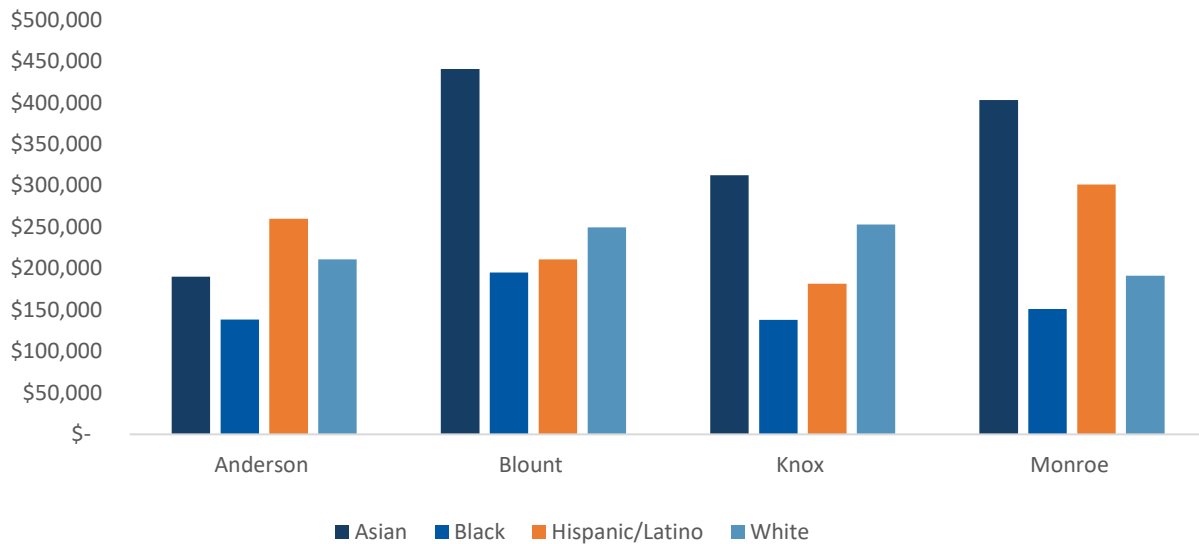
In Knox County, recent data on mortgage applications reveals stark contrasts by race and ethnicity across neighborhood income levels. Black applicants are disproportionately represented in low-income neighborhoods, with 33.2% of applications coming from areas below 80% of the area median income (AMI), but only 3.5% from high-income neighborhoods above 200% AMI.

Hispanic applicants also show a higher concentration in low-income areas at 18.9%, compared to just 7.1% in high-income areas. In contrast, Asian applicants submit more applications in high-income neighborhoods (18.4%) than in low-income ones (9%), while White applicants show a more balanced distribution, 13% in low-income and 10.2% in high-income areas. This pattern highlights significant racial and economic divides in access to mortgage opportunities across the county.



Ownership trends

Maximum affordable home price by race



Source: U.S. Census Bureau American Community Survey and ETNR

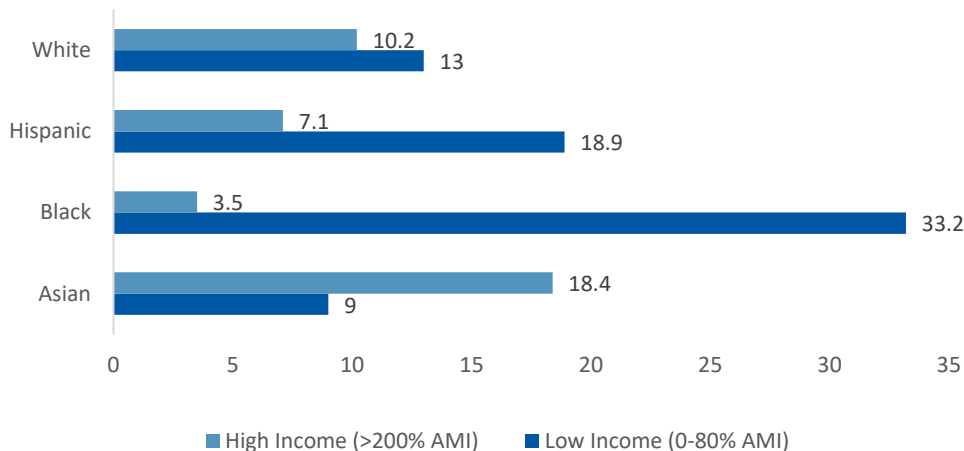
Note: Data as of May 2025. Assumes a 5% downpayment on a 30-year fixed-rate loan with zero points, 3% closing costs, 0.5% property taxes, 0.4% property insurance, 0.558% private mortgage insurance.

From 2018 to 2023, average mortgage denial rates in Knox County reveal persistent disparities by race and ethnicity. Black applicants faced the highest denial rate at 27.6%, followed by Hispanic applicants at 22.2% and Asian applicants at 17.8%.

These rates all exceed the overall average of 16.7%, with White applicants experiencing the lowest denial rate at 16%. This data underscores ongoing inequities in mortgage lending outcomes, particularly for Black and Hispanic borrowers.

Ownership trends

Distribution of mortgage applications by neighborhood income level

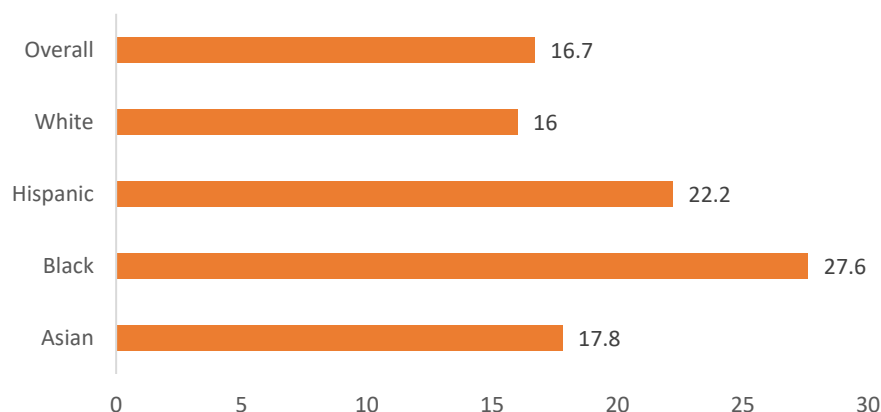


Source: ETNR analysis of HMDA data for Knox County, TN



Ownership trends

Mortgage denial rates comparison, average denial rate

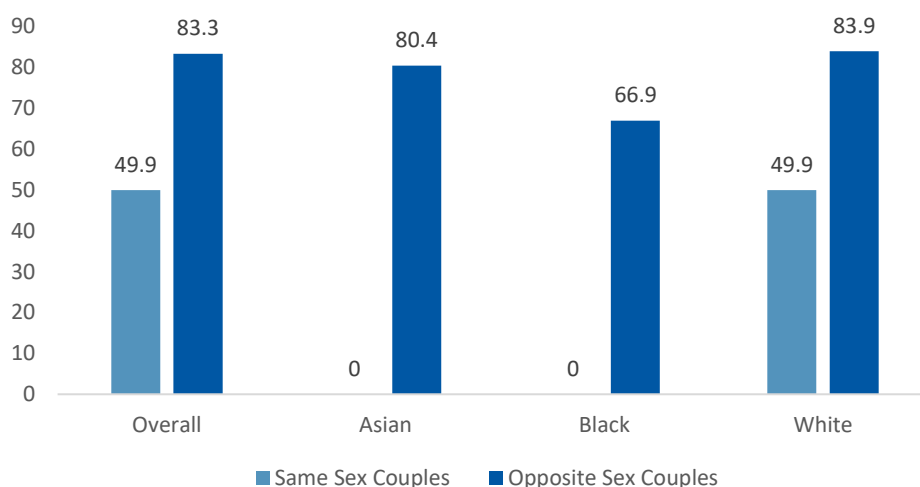


Source: ETNR analysis of HMDA data for Knox County, TN

Homeownership rates also differ significantly based on both race and sexual orientation. While 83.3% of opposite-sex couples own their homes overall, only 49.9% of same-sex couples do. This gap is especially pronounced among racial groups: White opposite-sex couples have the highest rate at 83.9%, compared to just 49.9% for White same-sex couples. Black and Asian same-sex couples report a 0% homeownership rate, in stark contrast to 66.9% and 80.4%, respectively, for their opposite-sex counterparts.

Ownership trends

Homeownership rate by race and sexual orientation: Knox County TN



Source: U.S. Census Bureau, 2023 ACS 5-Year Estimates Public Use Microdata Sample
Note: Non-couple households are excluded

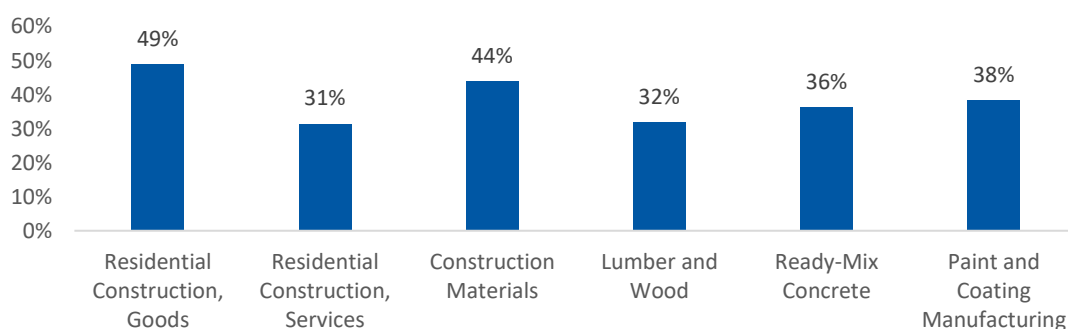


Higher Construction Costs

As of April 2025, the Producer Price Index data shows substantial price increases across the residential construction sector since the onset of the pandemic. Overall, prices for residential construction goods have surged by 49%, while services have risen by 31%. Key materials have seen a 44% rise in general construction, 36% for ready-mix concrete, and 38% for paint and coating manufacturing. Lumber and wood products, which saw extreme volatility earlier in the pandemic, have increased by 32%. These sustained cost escalations continue to put upward pressure on housing prices and construction budgets.

Building material prices remain expensive

Change in price since the pandemic (April 2025)



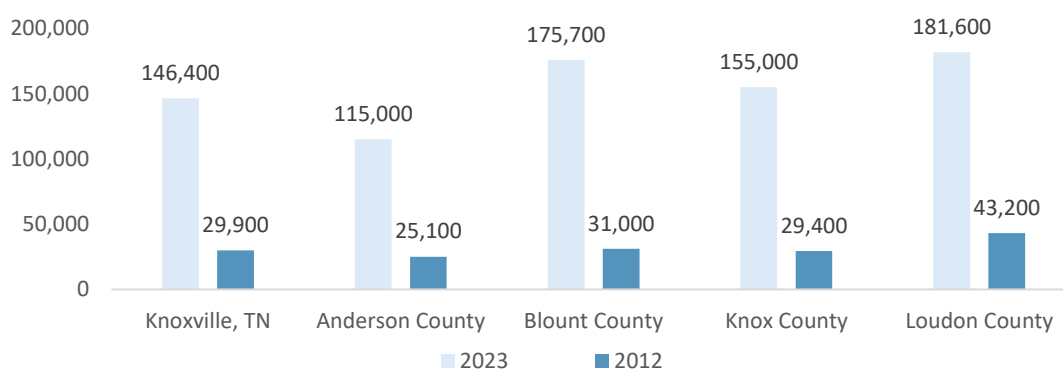
Source: Producer Price Index, Bureau of Labor Statistics

Between 2012 and 2023, the average value of a standardized 1/4-acre lot has increased dramatically across East Tennessee, reflecting sharp land appreciation over the past decade. In Knoxville, the average lot value rose nearly fivefold from \$29,900 to \$146,400.

Similar trends are seen in surrounding counties: Anderson County jumped from \$25,100 to \$115,000, Blount from \$31,000 to \$175,700, Knox from \$29,400 to \$155,000, and Loudon saw the steepest climb, from \$43,200 to \$181,600. These surges underscore a rapidly tightening land market, driven by increasing demand and constrained supply in both urban and suburban areas.

Land costs have appreciated steeply, making building more expensive

Average value of ¼ acre lot (Standardized)



Source: AEI Housing Center



Updated Market Forecast

The return to more historically normal market indicators has been a welcome change during the first half of 2025. Despite many headwinds challenging affordability and slowing sales through the spring, East Tennessee's housing market is poised for growth and recovery.

The market currently stands at a promising tipping point. If advocates, neighbors, elected officials, policymakers and community leaders can work together to reduce barriers and increase housing supply and diversity, the region could reach a healthy balance of inventory and improve affordability in as little as five to ten years.

The outlook for the remainder of 2025 has been significantly impacted by national economic drivers as well as local constraints. The East Tennessee REALTORS® initial sales forecast was based partially on the expectation (aligned with national experts) of 30-year mortgage rates to drop toward 6%, and there is still a possibility for some movement in the remainder of the year. Any change that boosts affordability and consumer morale, even a slight drop in mortgage rates, could release pent-up demand for homes.

Home prices are forecasted to grow modestly in 2025, at an annual increase of 2.9%.

Single family home price growth decelerated in 2024 but remains above both the area historic average and national averages. Home prices in the Knoxville metropolitan statistical area¹ rose 6.5% year over year in the third quarter of 2024, according to the FHFA House Price Index (HPI), down from 11.3% in the previous year. Price growth will be offset by loosened inventory and demand.

Revised: Total home sales in 2025 are forecasted to increase 6.1% from 2024.

Over the previous three years, seasonally adjusted year-over-year home sales dropped steeply by 9% in 2022 and 15% in 2023 before recovering at a positive 1.8% growth in 2024. Inventory and demand increased significantly in 2025 but are tempered by consumer hesitancy surrounding national events.

Apartment rent growth in 2025 is forecasted to stay steady around 3.5%.

Rent growth slowed in 2024; rents in the area rose only 0.5% from the previous year in Q4 2024. While apartment stock has increased and helped to slow price growth, demand is still outpacing supply. The apartment occupancy rate declined throughout 2024, landing at 95.6% in Q4 2024 but remaining among the nation's highest. Occupancy is expected to stay steady in 2025 at 96.7%.



About the Report

Published annually by East Tennessee REALTORS®, the State of Housing Report offers a high-level analysis of the latest housing and economic data and forecasts trends for the region's housing market to help REALTORS®, industry stakeholders, and policymakers better understand what to expect in the year ahead.

The content and insights presented in this report are for informational purposes only and are not intended to constitute investment advice.

About East Tennessee REALTORS®

Founded in 1912 and evolving from the Knoxville Area Association of REALTORS®, East Tennessee REALTORS® has been serving the real estate interest of its members and the public for more than 100 years. The association comprises 12 counties in the region: Anderson, Blount, Campbell, Cumberland, Fentress, Knox, Loudon, Monroe, Morgan, Roane, Scott and Union. The purpose of East Tennessee REALTORS® is to unite and serve its members and to enhance the ability and opportunity of its members to conduct their business ethically, professionally and successfully and to promote the preservation of the right to own, transfer and use real property.

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