Market Pulse

By East Tennessee Realtors®

STATE OF

HOUSING

Where do we stand?

The East Tennessee housing market has momentum in 2026. Market activity has reset to a "new normal," and buyers are returning. Now, we must take proactive steps to create space for affordability.

STATE OF HOUSING

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Labor Market
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Housing Market
Rental Housing
Housing Challenges
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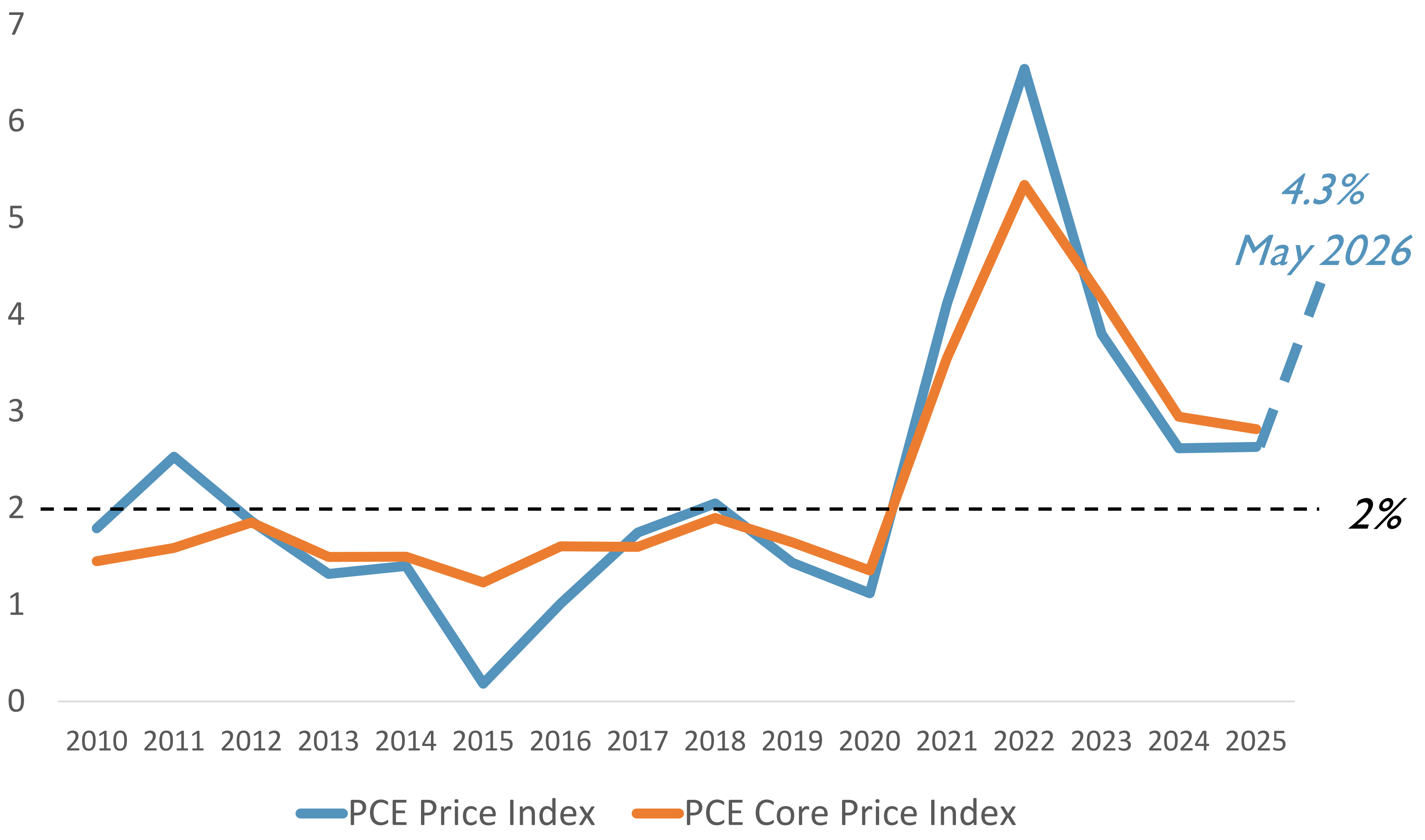
Regional Definitions

East Tennessee REALTORS® vs Knoxville Metropolitan Statistical Area (MSA)

Inflation Cooling Toward Fed Target

PCE Price Index: Change From One Year Ago



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

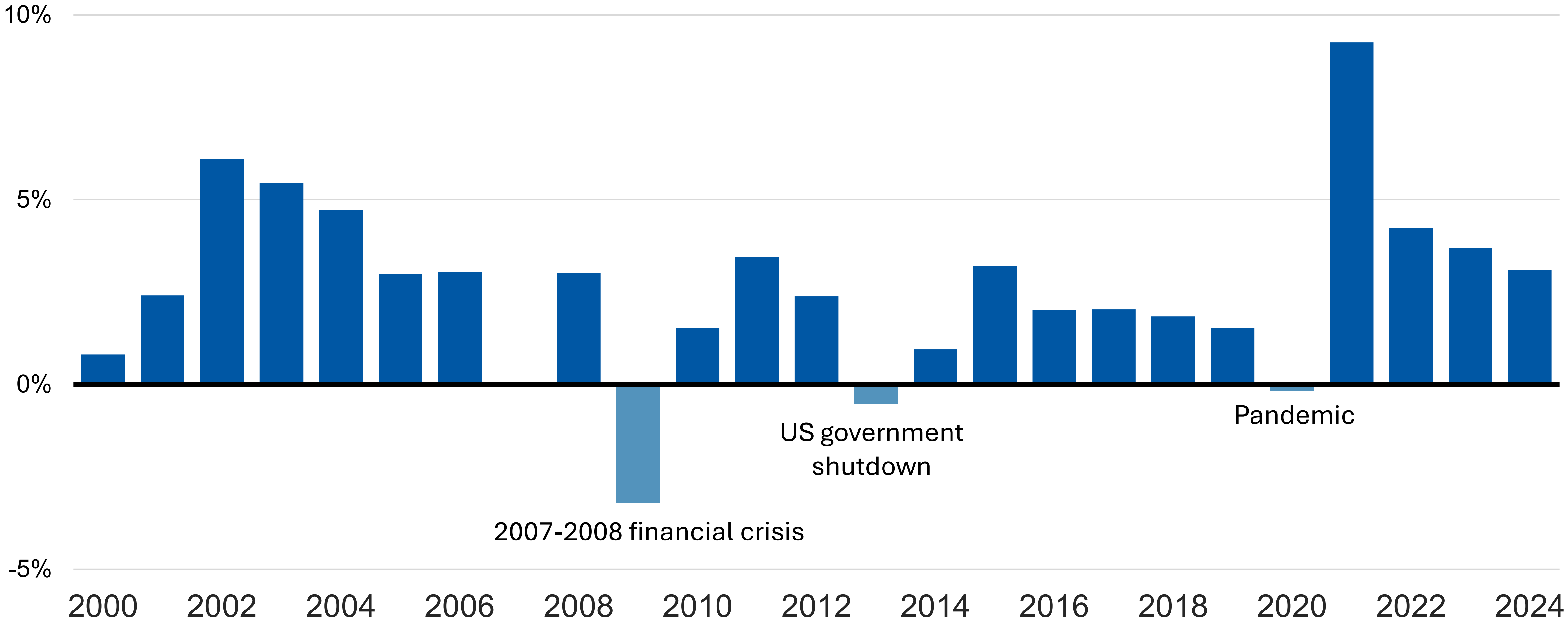
The PCE Price Index is the Federal Reserve's preferred measure of inflation.

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

While 2026 numbers may be adjusted slightly at the end of the year, the May snapshot illustrates the change in inflation since last year.

Inflation-Adjusted Economic Output

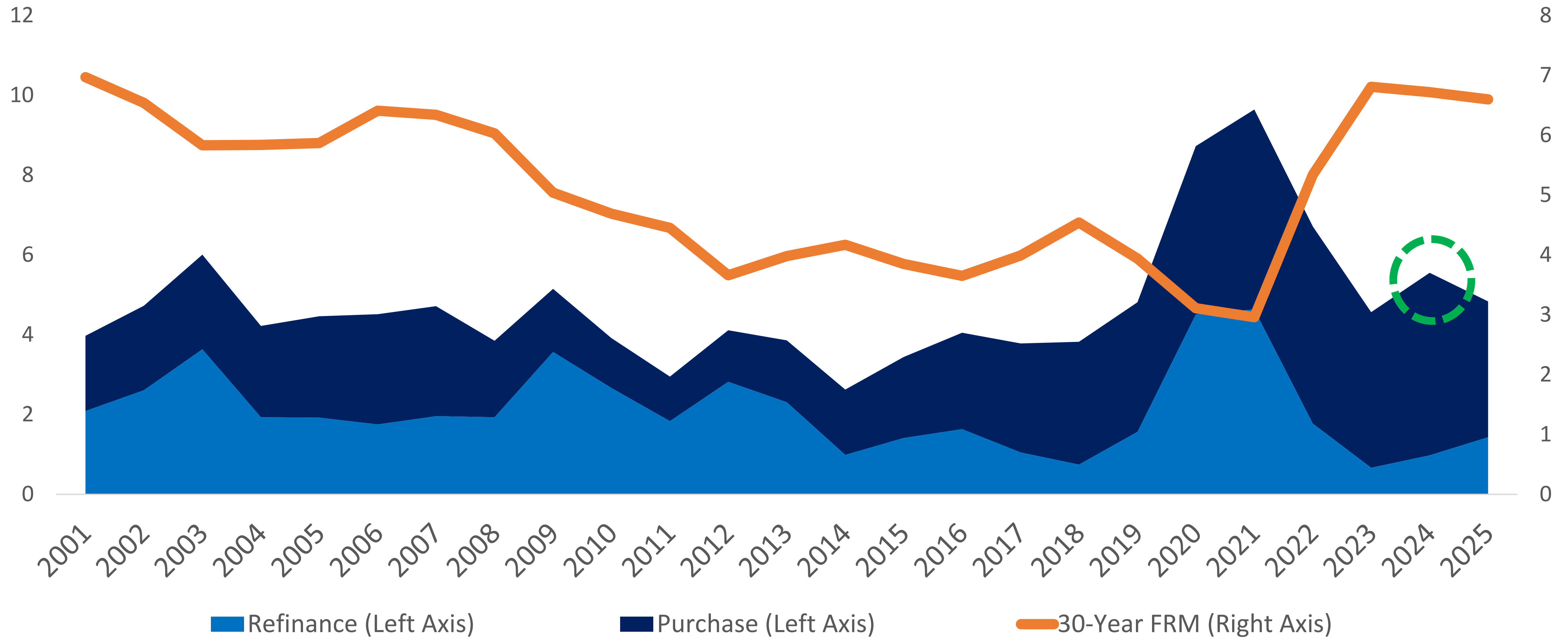
Annual Change in Real Gross Domestic Product (GDP): Knoxville, TN Metro



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

Lending & Mortgage Trends

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



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

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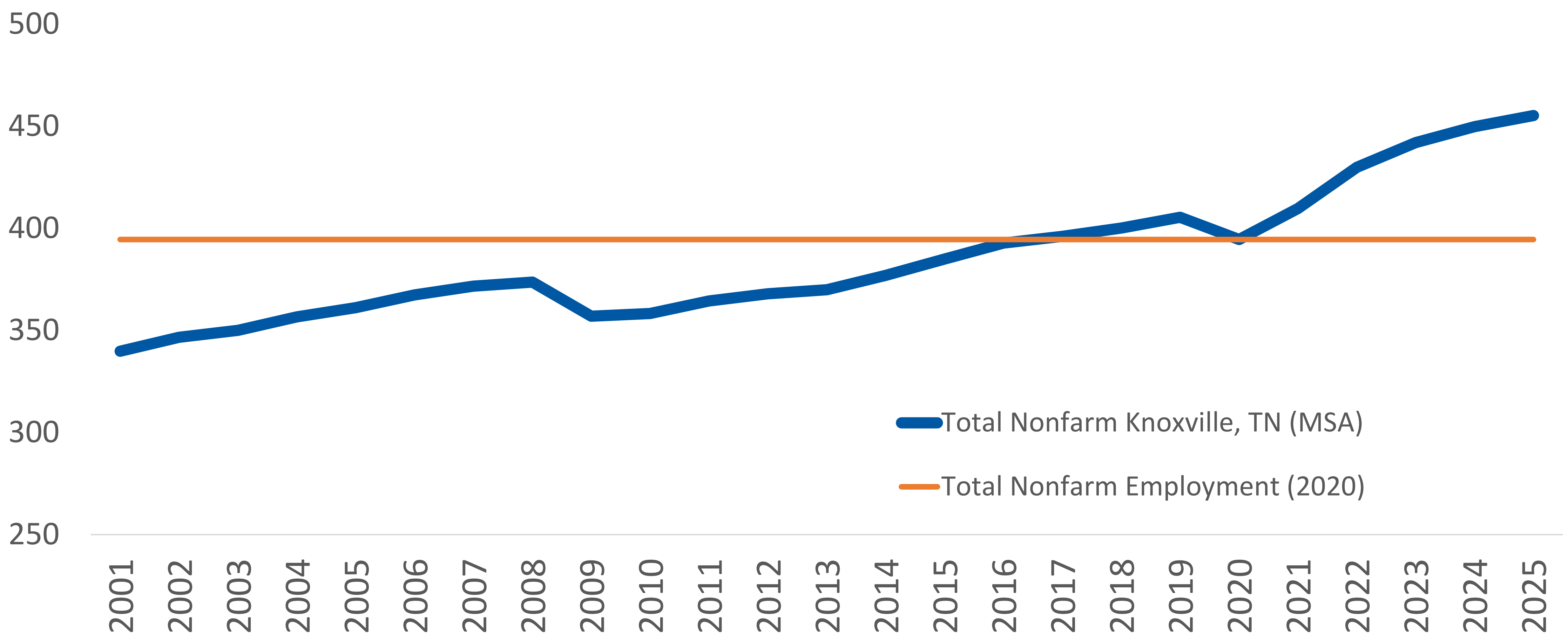
Labor Market Continues to Grow

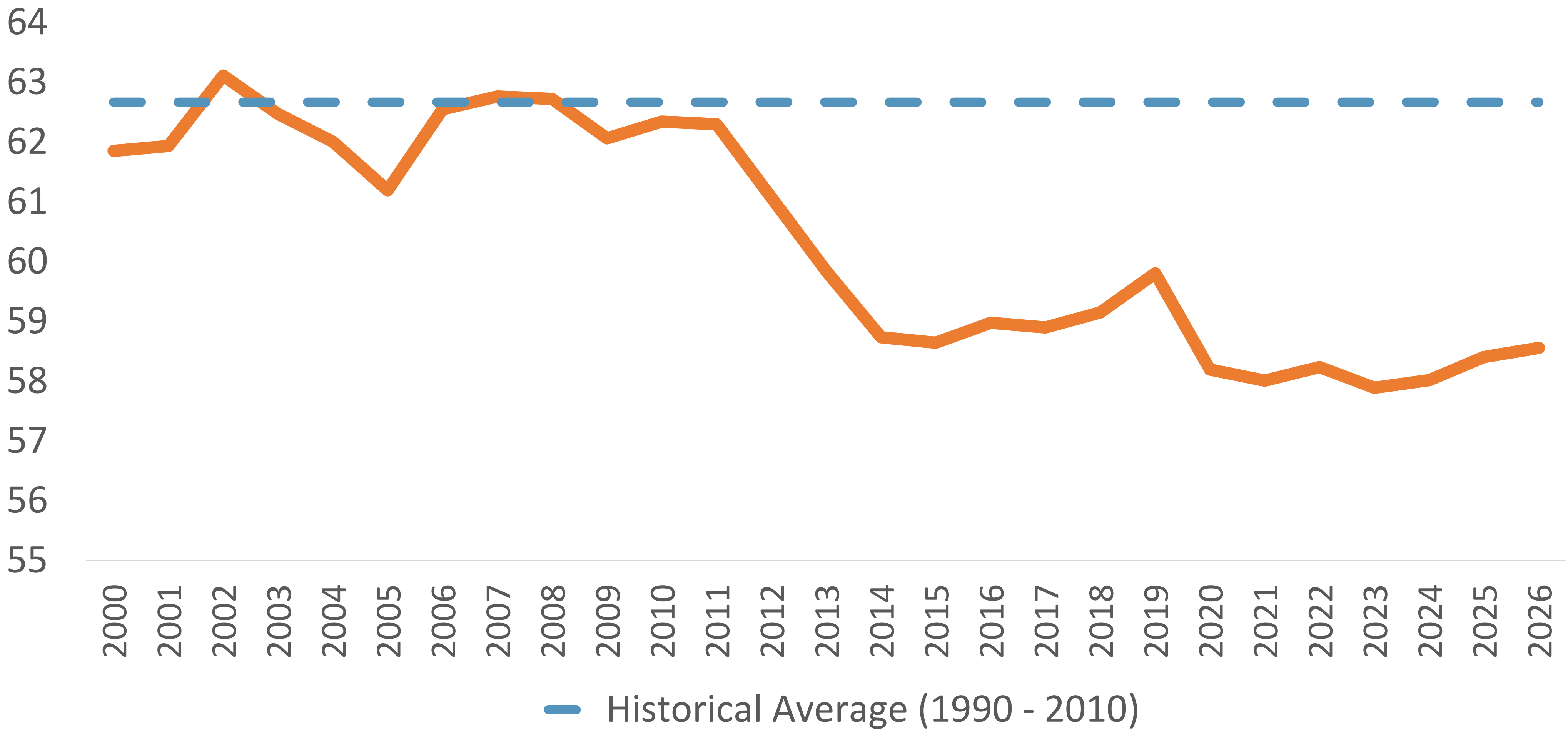
Total Employment, Thousands of Persons: Knoxville, TN MSA



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

Workforce Participation Well Below Historic Norm

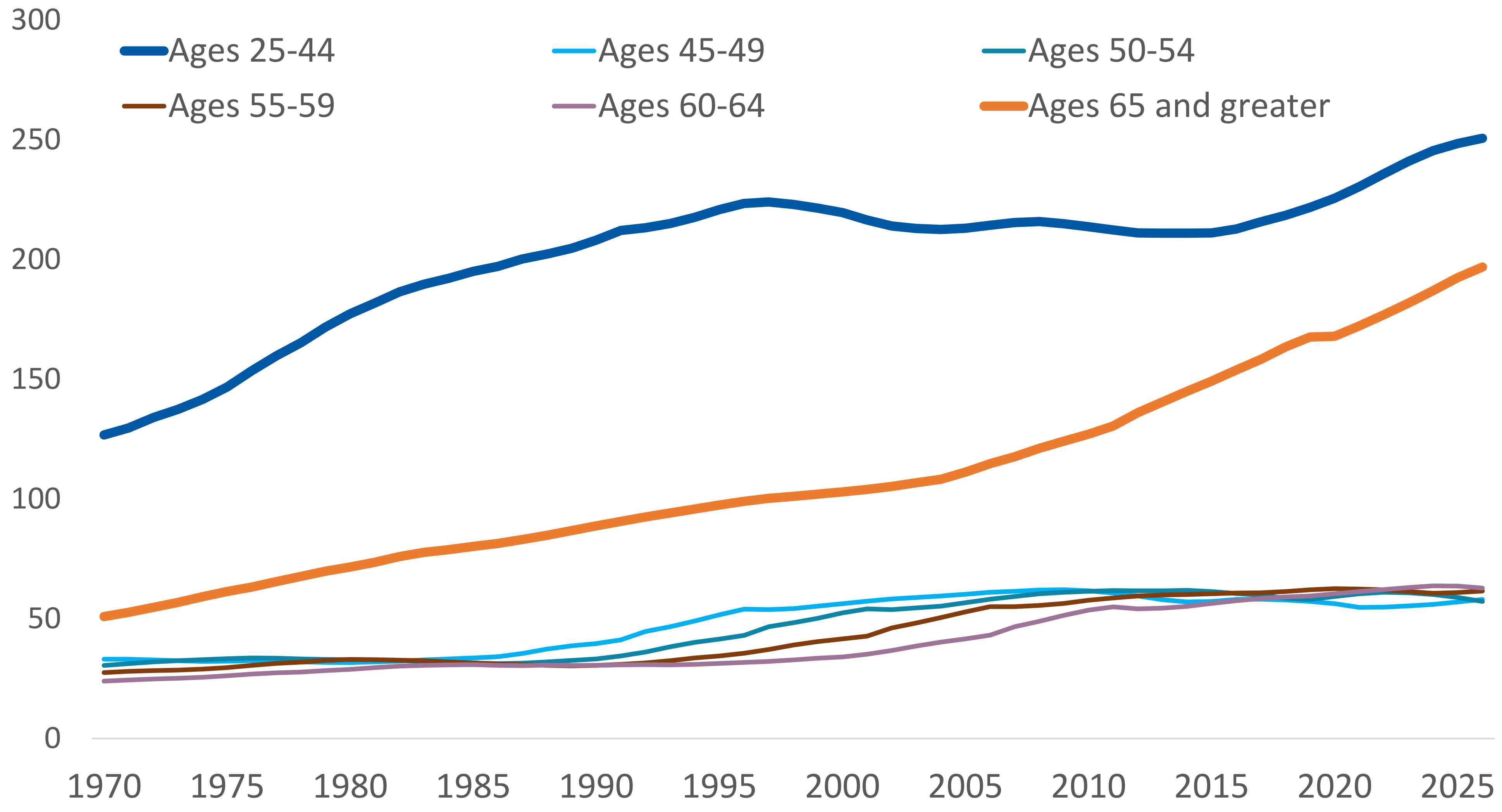
Percent of labor force participating in the workforce: Knoxville, TN MSA



Source: U.S. Bureau of Labor Statistics (BLS): CPS Household Survey; U.S. Census Bureau (BOC); U.S. Bureau of Economic Analysis (BEA); Moody's Analytics Estimated and Forecasted

Labor Force Availability

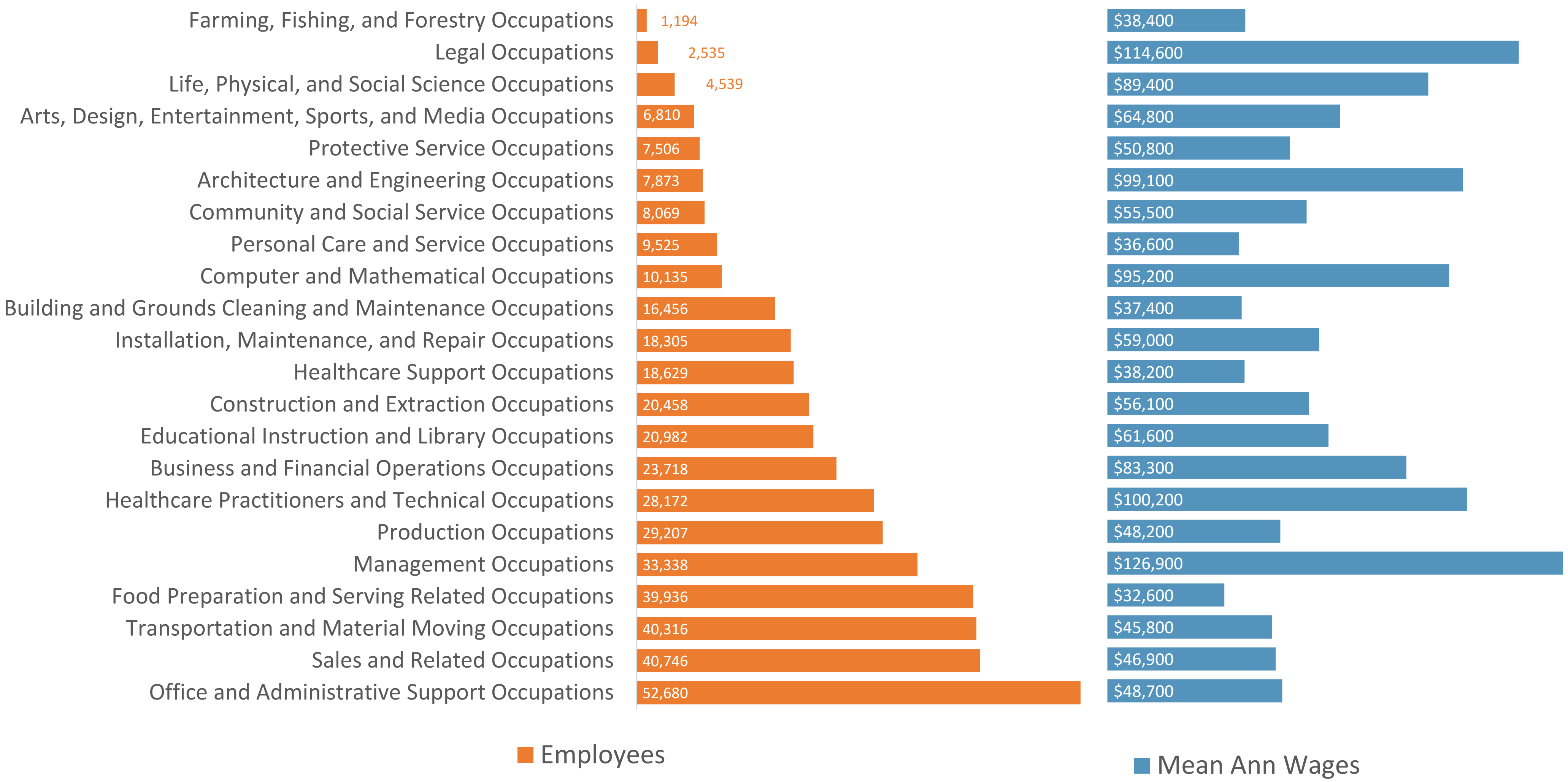
Share of population by age: Knoxville, TN MSA



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

Jobs and Earnings by Category

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



Source: Knoxville Chamber, JobsEQ (data as of Q4 2025)

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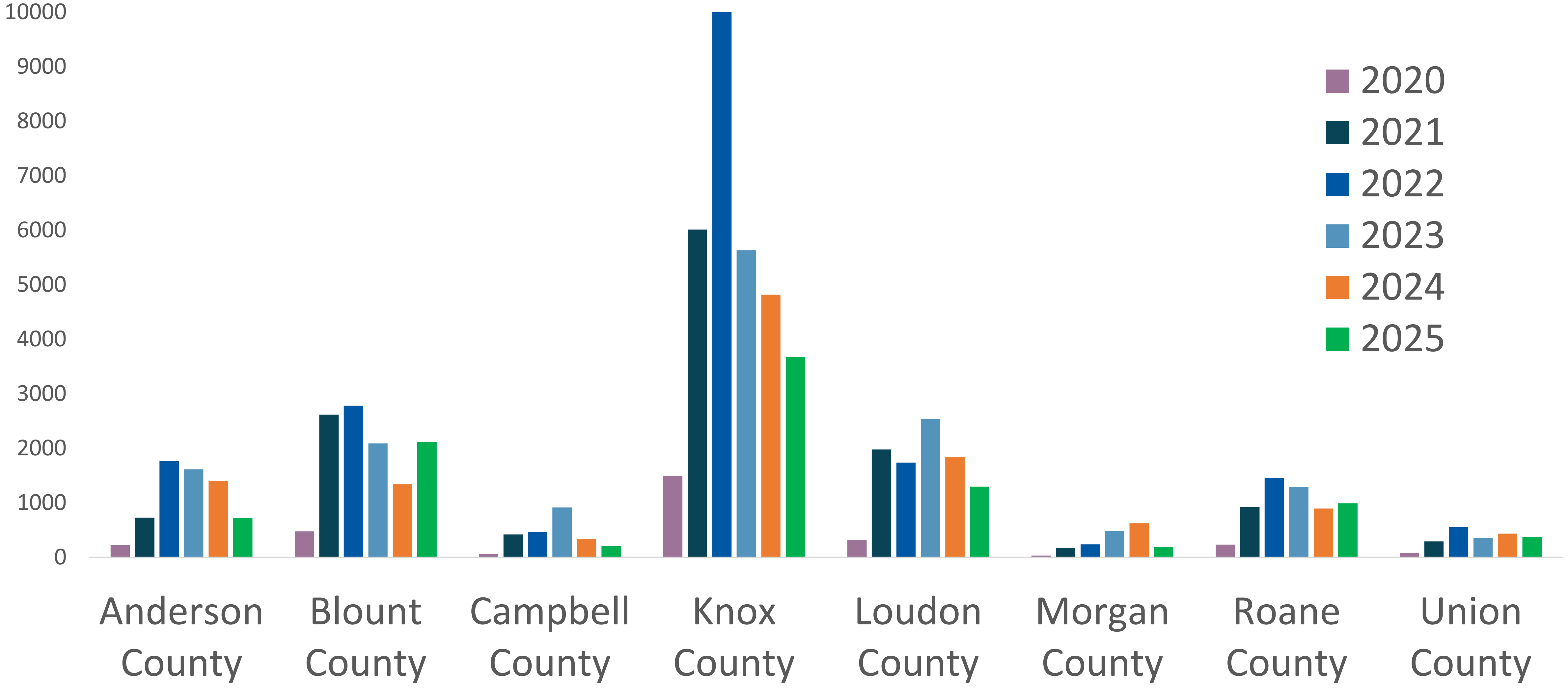
Demographic Trends by County

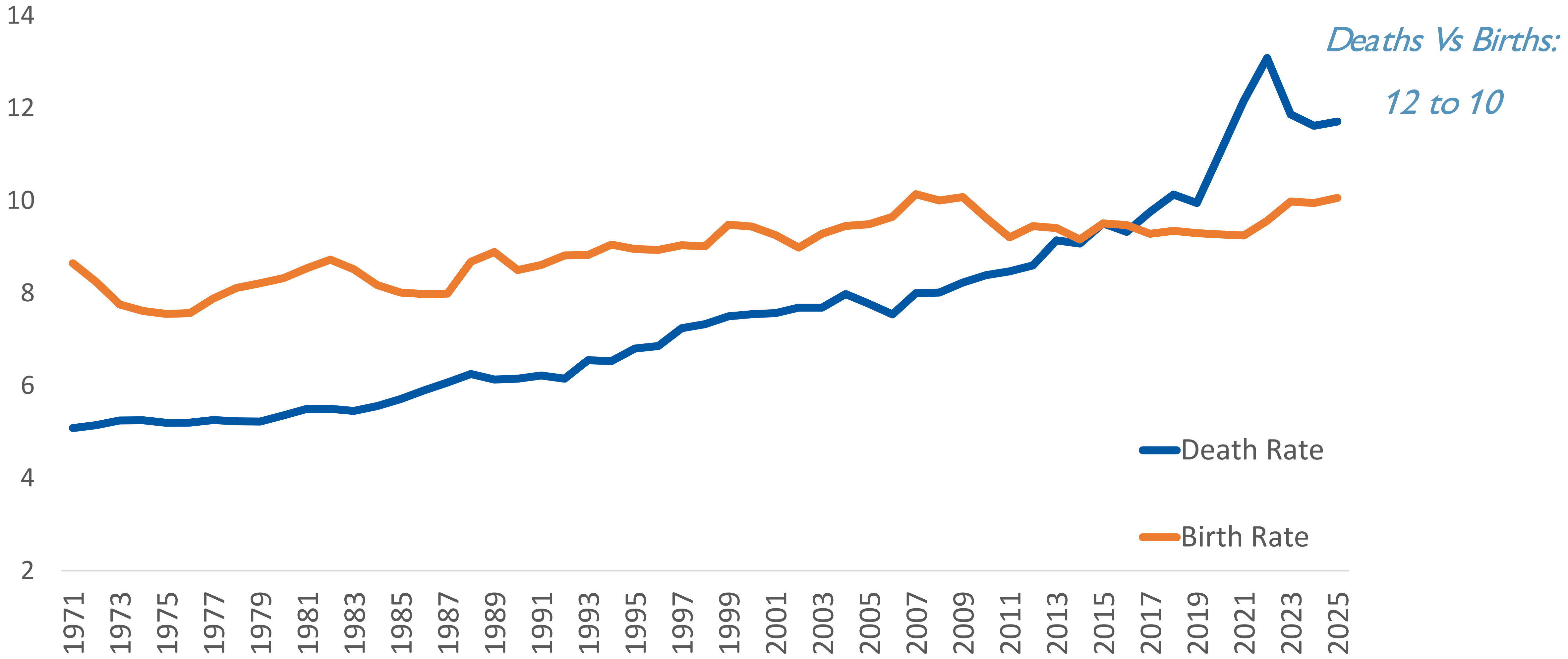
Net migration by year and county



Source: Knoxville Chamber, JobsEQ (data as of Q4 2025)

Deaths Continue to Outpace Births

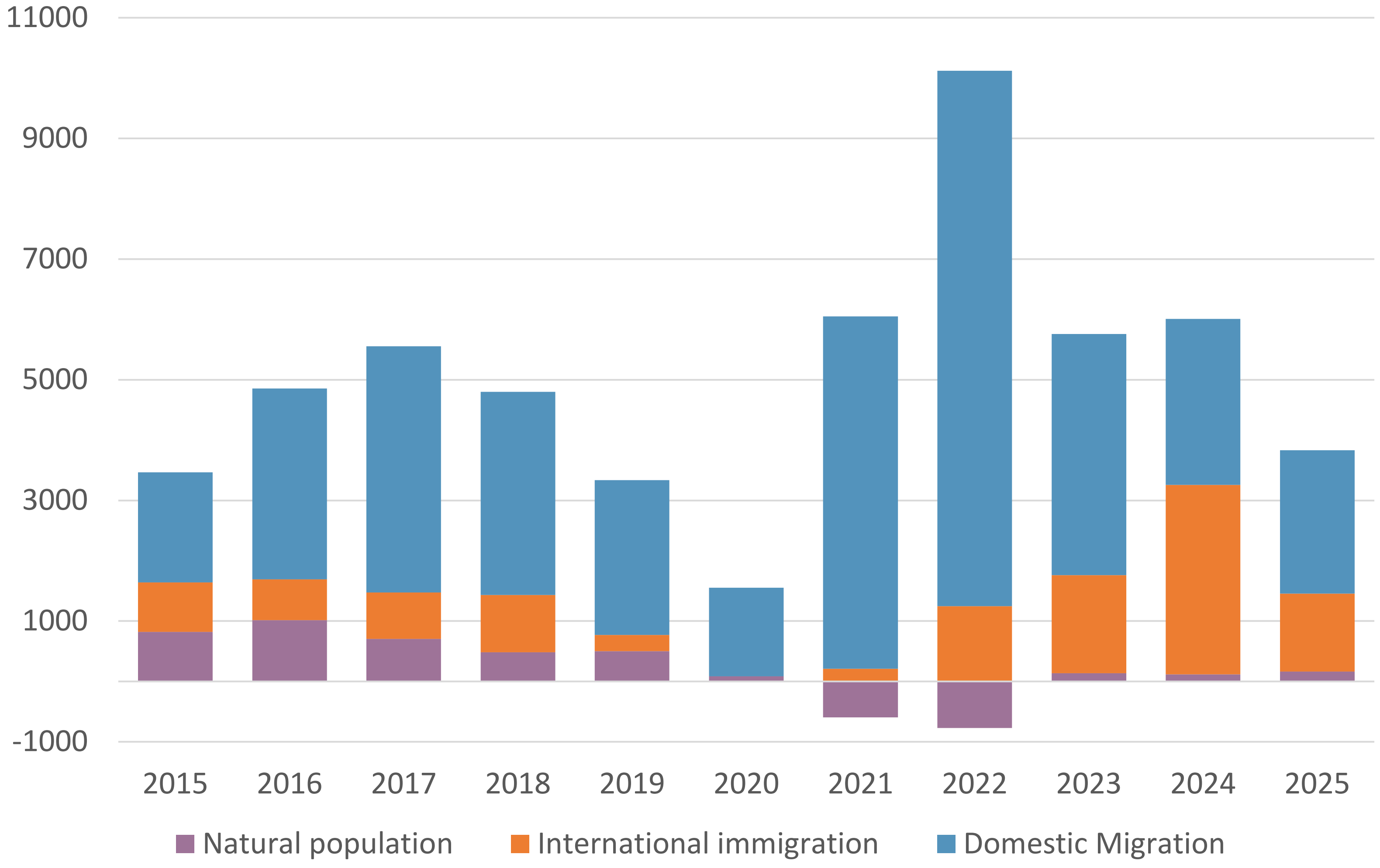
Deaths and births per 1,000 population: Knoxville TN MSA



Source: Moody's Analytics

Natural population rate dropping

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

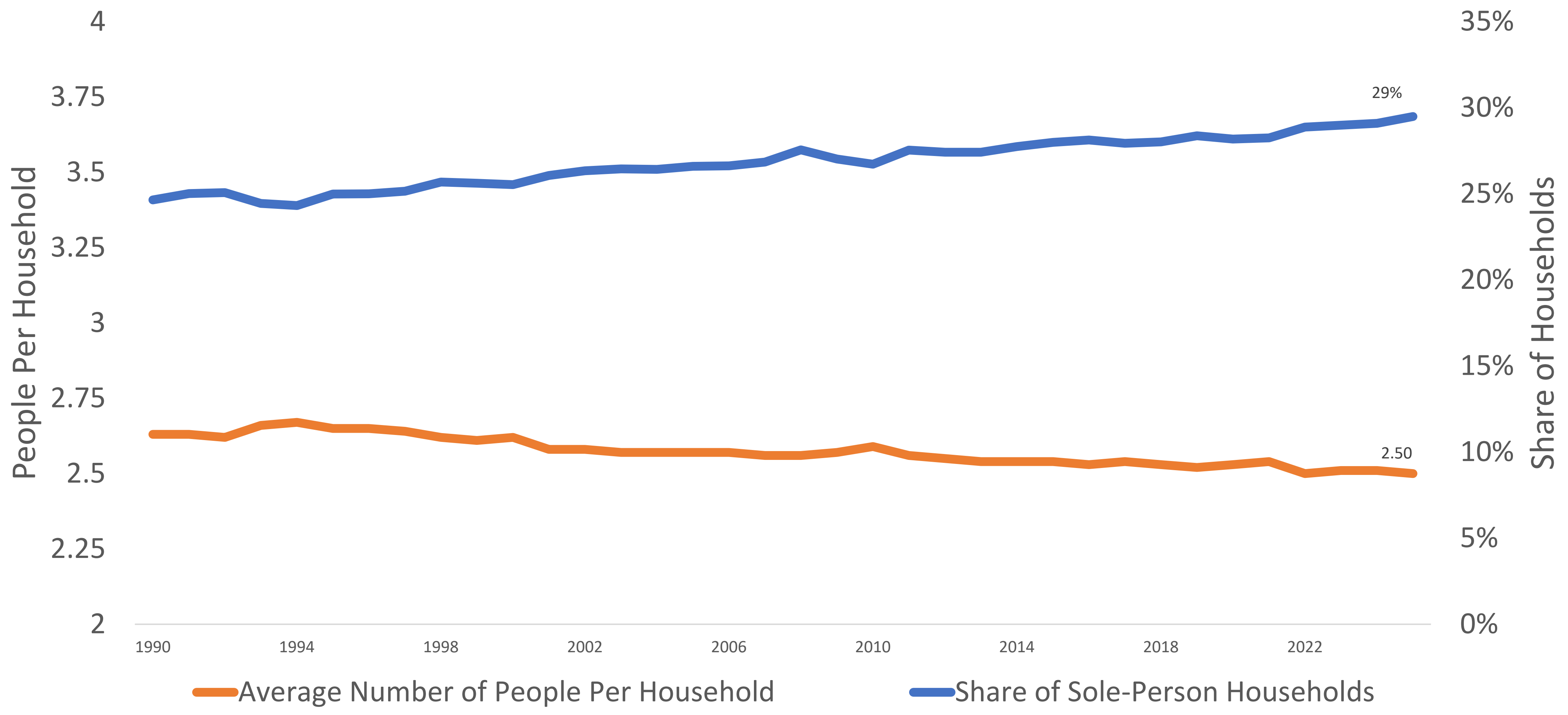


Source: U.S. Census Bureau

H1B visa recipients moving into the region have been on average a higher income category than existing residents, aligning with data that shows increased job opportunities in tech, innovation, management and healthcare practitioner fields.

Household Sizes Still Trending Smaller

Average number of people per household and sole households, data as of Q4 2025



Source: U.S. Census Bureau

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Housing Market Recap

2007-2009	Market crash
2010-2013	Building is frozen
2013-2019	Slow recovery
2020	ETN IS DISCOVERED!!!
2020-2022	Growth skyrockets
2025-2026	Market recovery

What Happened in 2025?

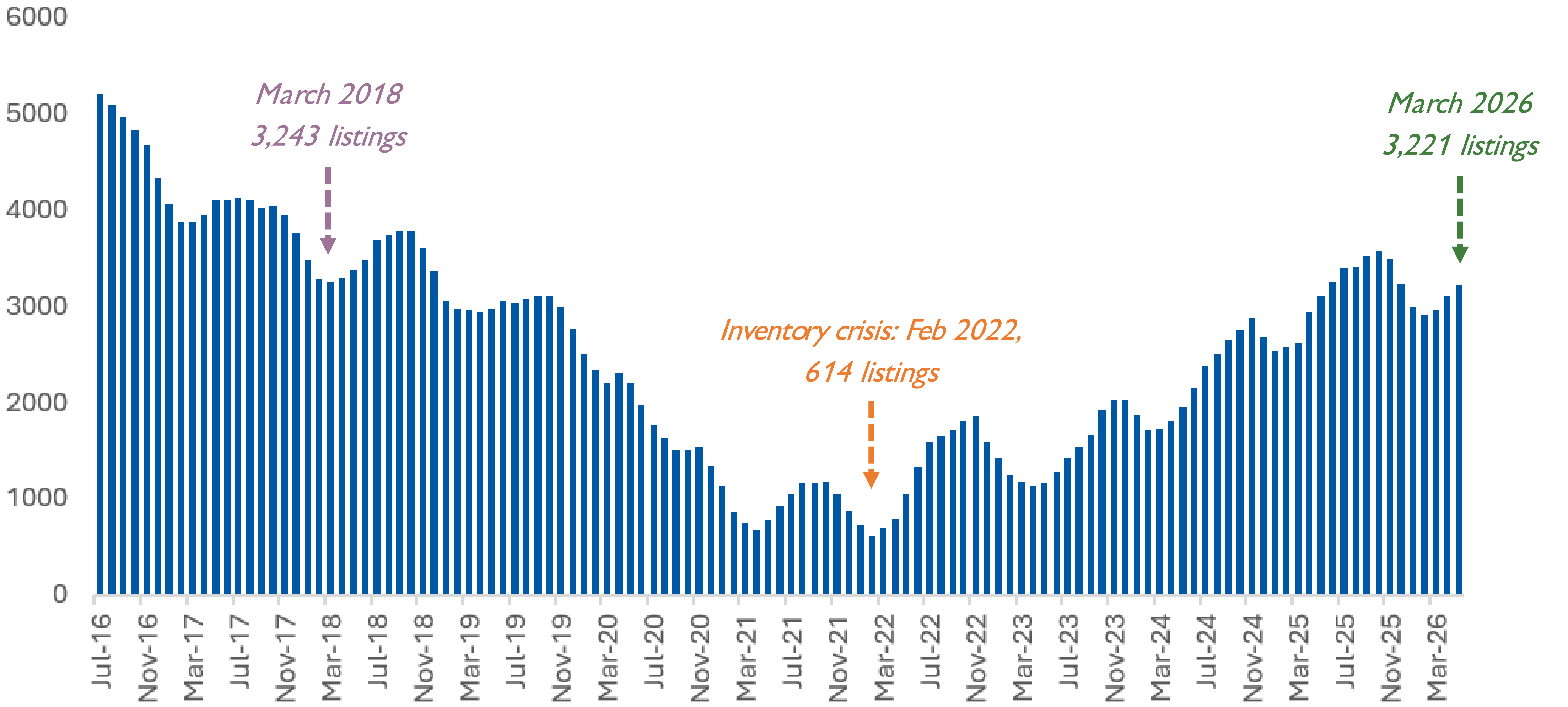
Total residential home sales increased substantially over 2024, with 4.7% growth.

Home prices increased only 2% in 2025, with the steepest increases varying by county.

Active inventory began to trend upward, before end-of-year enthusiasm exhausted much of the affordable listings.

Housing Inventory Continues to Recover

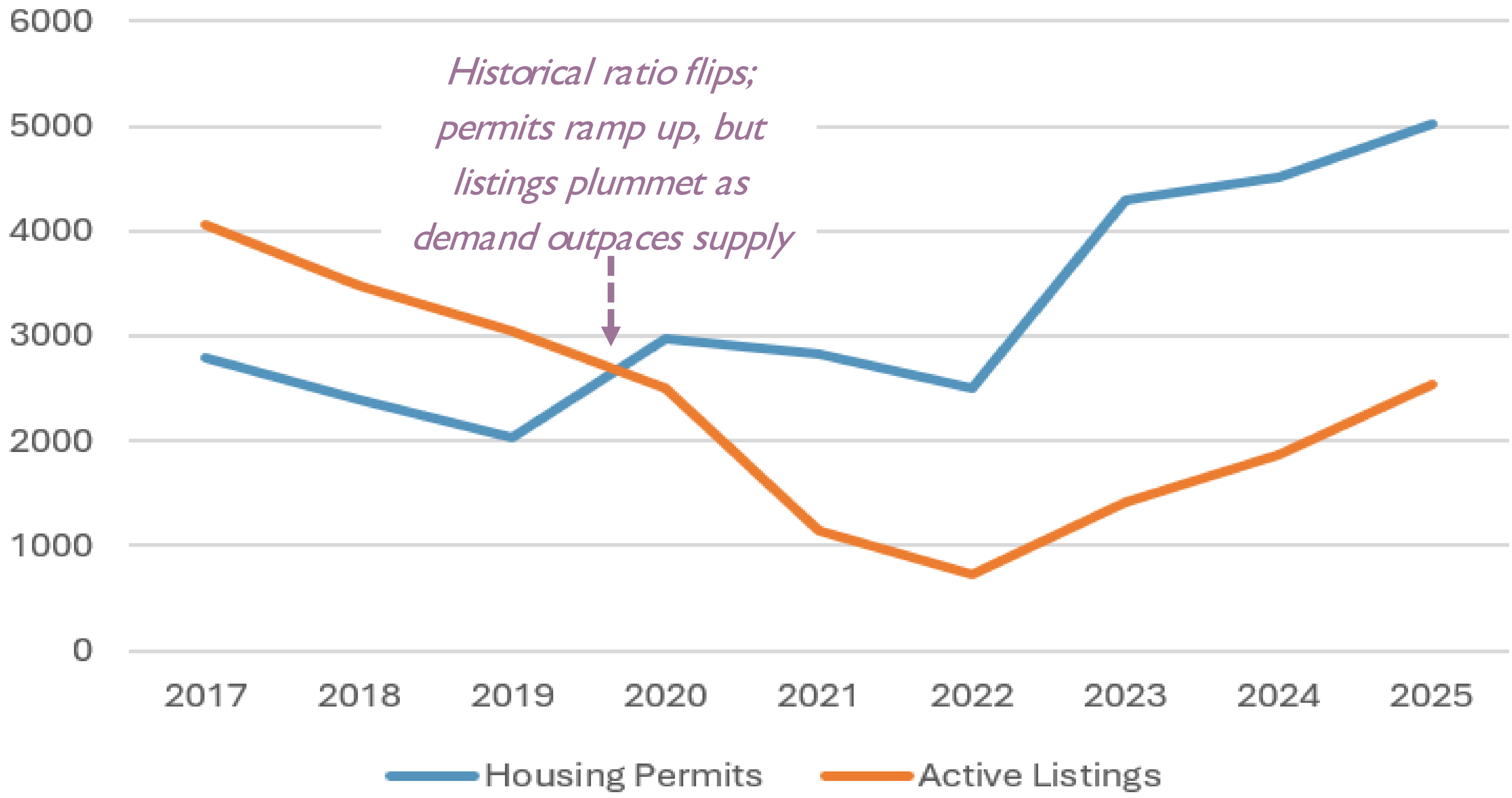
Active Listings: Knoxville, TN MSA



Source: *East Tennessee REALTORS® analysis of Realtor.com data*

Housing Starts and Inventory

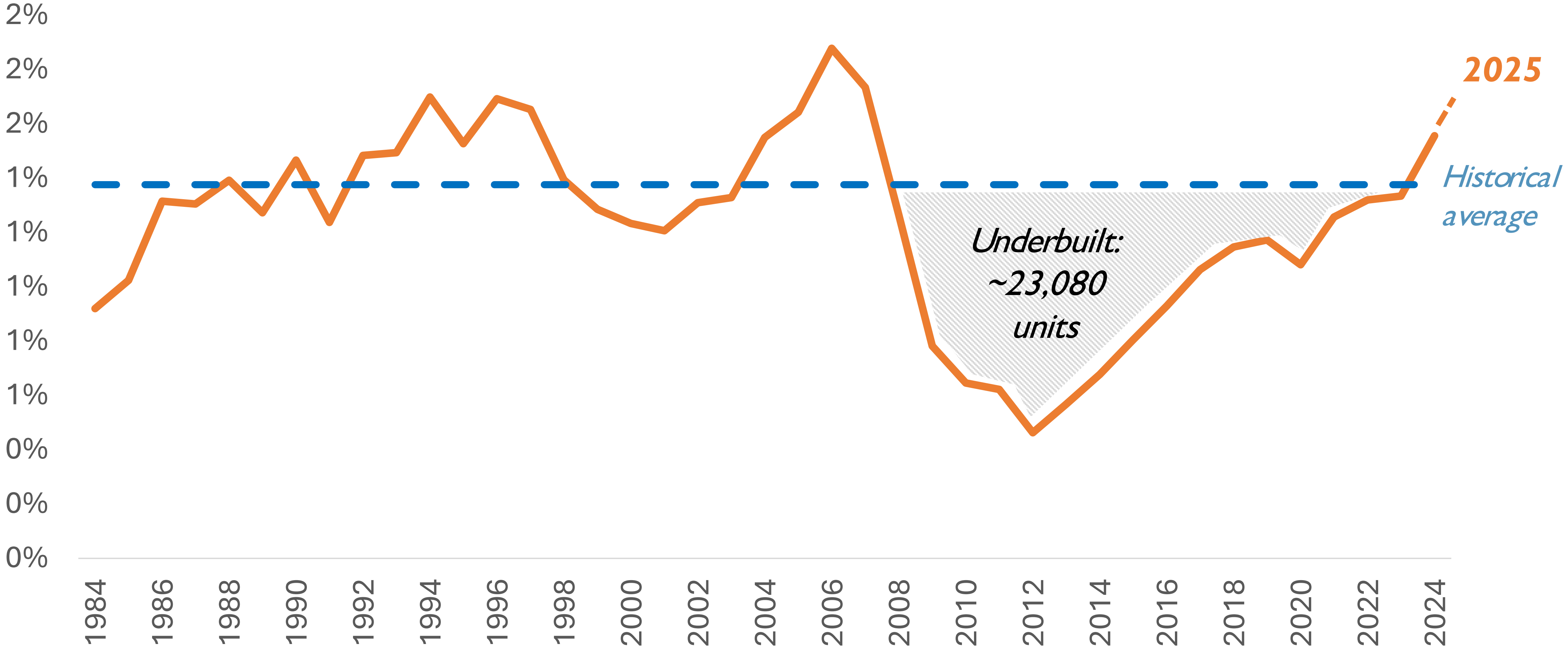
Housing Units Authorized by Building Permits vs. Active Listings: Knoxville, TN MSA



Source: *U.S. Census Bureau*

Underbuilding from 2009-2025

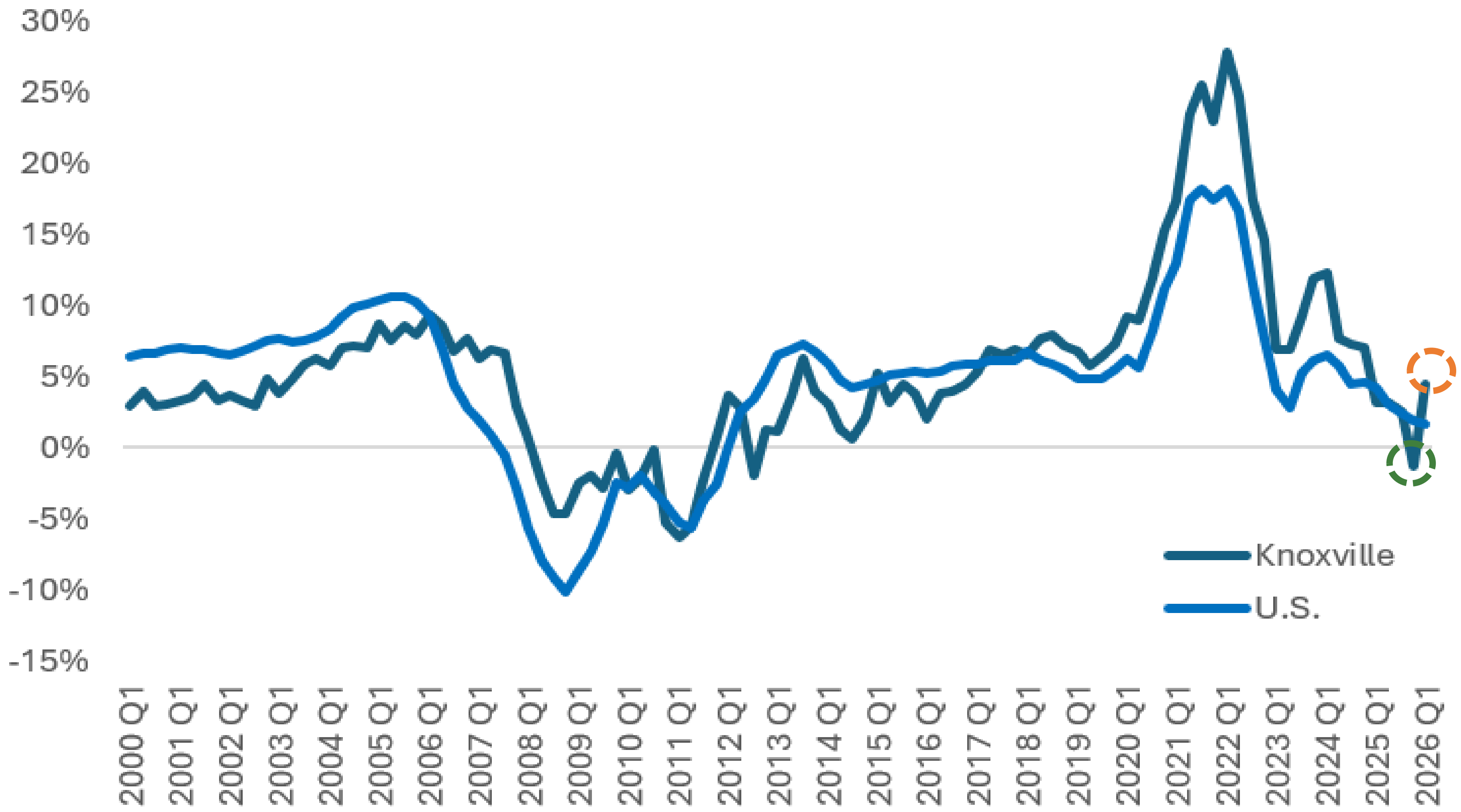
Housing completions as percentage of total households: Knoxville MSA



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

Home Prices and List Prices Outpace National Average

Active Listings: Knoxville, TN MSA



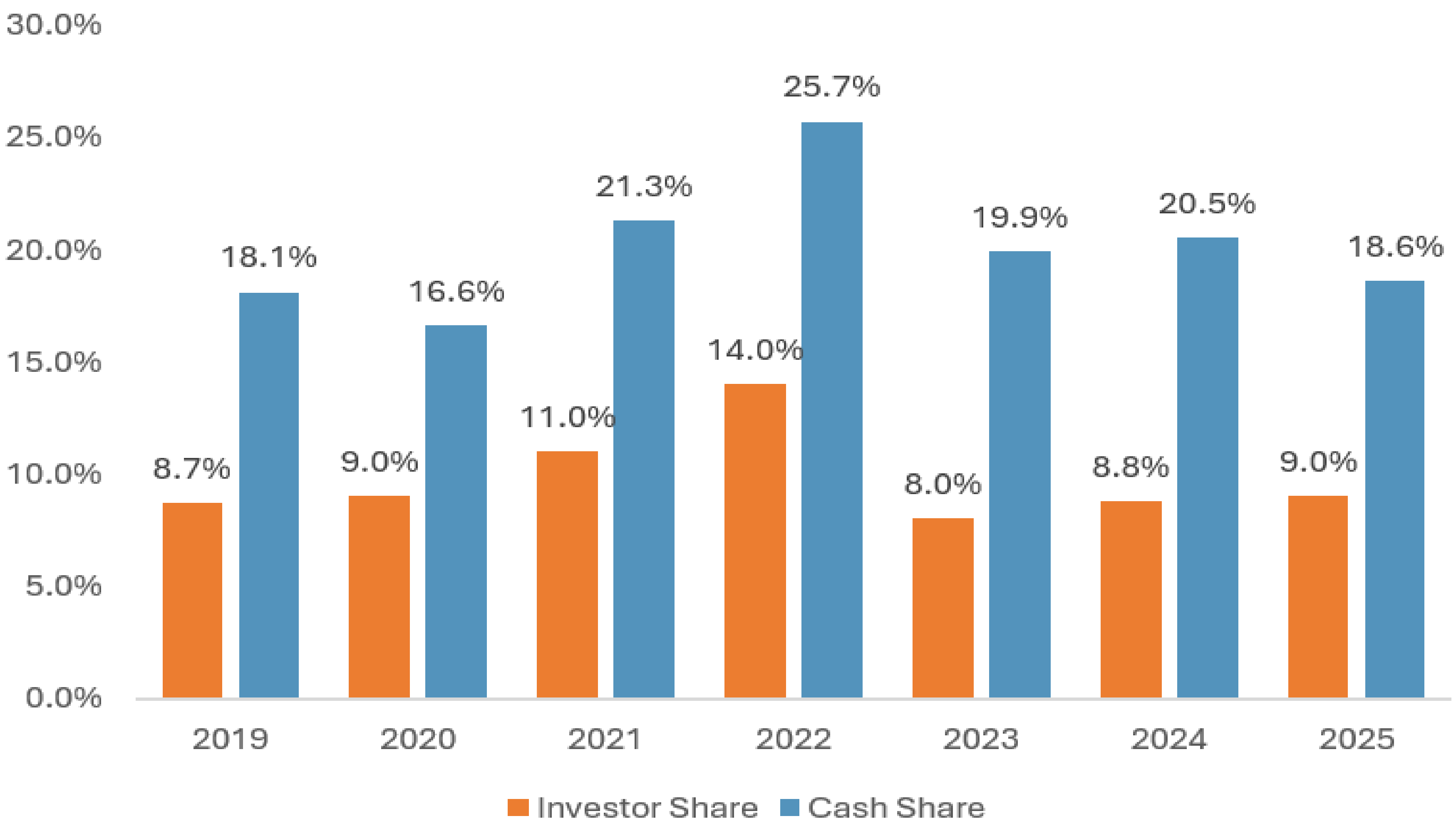
Tight inventory results from purchasing swell, bouncing Q1 2026 median price back up to 4.49% year-over-year growth

Q4 2025 mortgage rate drop allows dozens of families to snag attainably-priced homes, median price growth flat year-over-year for first time since 2019

Source: *East Tennessee REALTORS® analysis of Realtor.com data*

Investor Purchases Had Little Effect on Housing Market

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



Source: *ETNR Analysis of Public Records*

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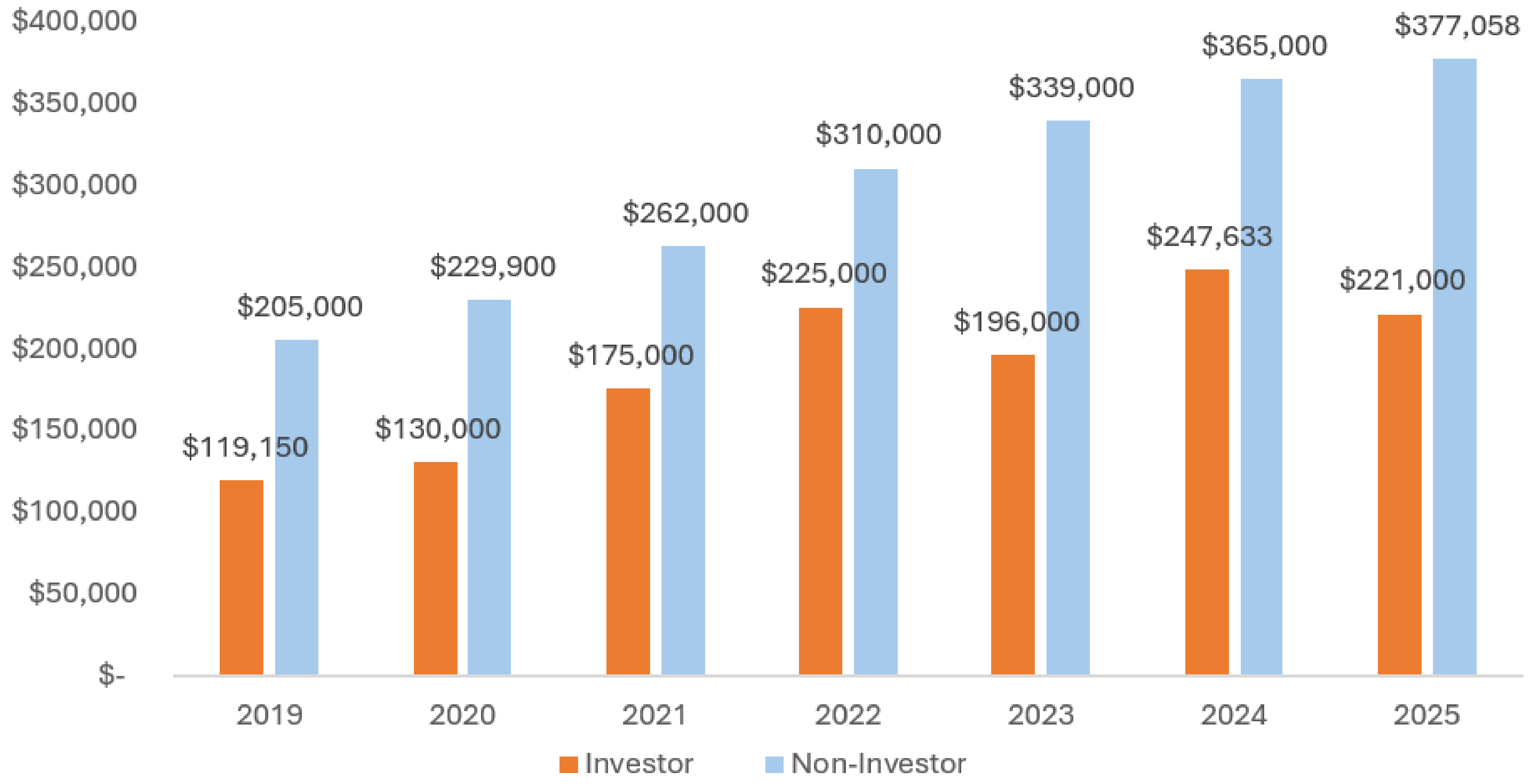
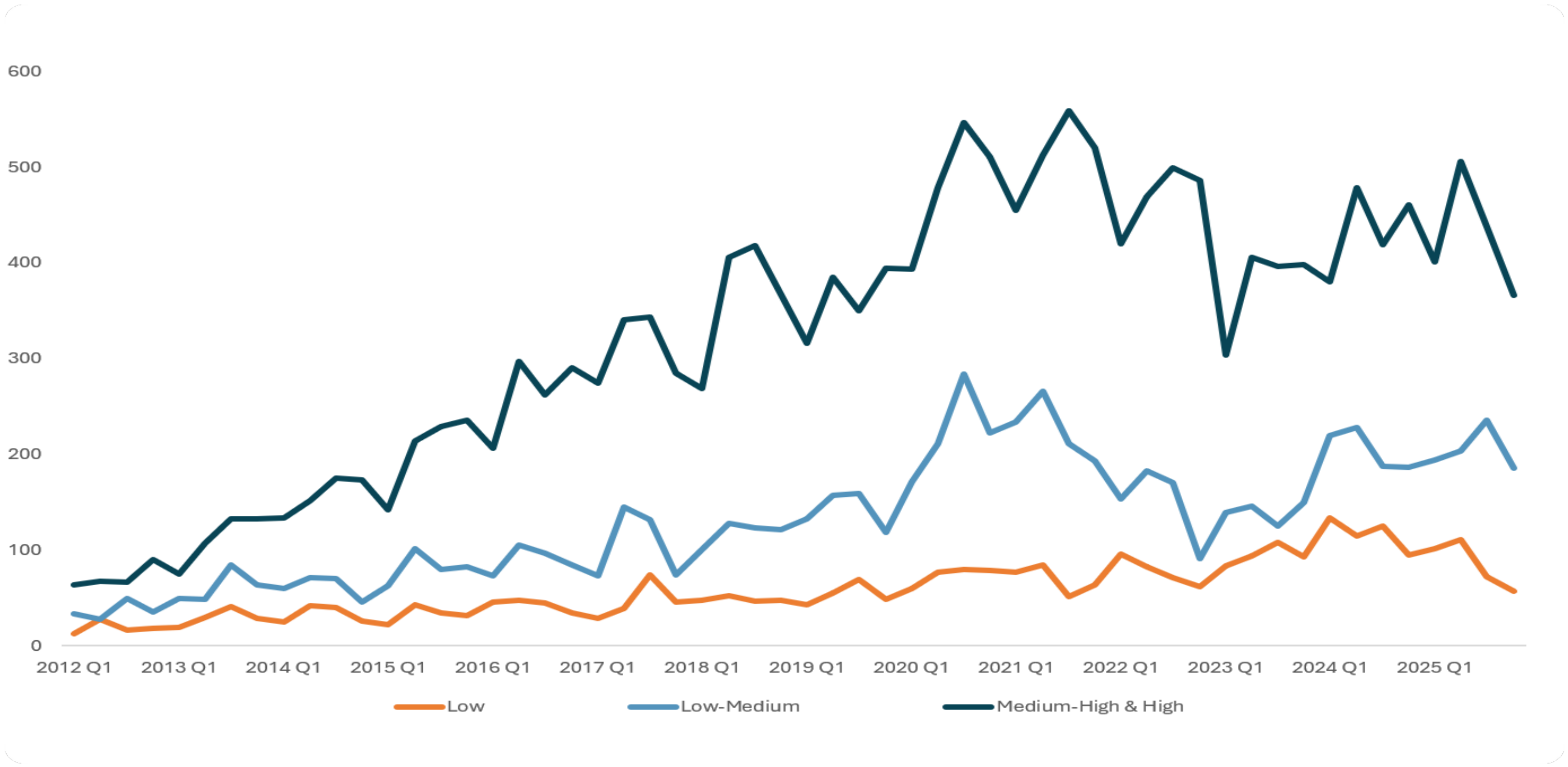


Source: *ETNR Analysis of Public Records*

Homes Are Getting Bigger and More Expensive

New Construction Sales By Price Tier: Knoxville MSA



Widening production gap between expensive homes and affordable homes

Source: *AEI Housing Center*

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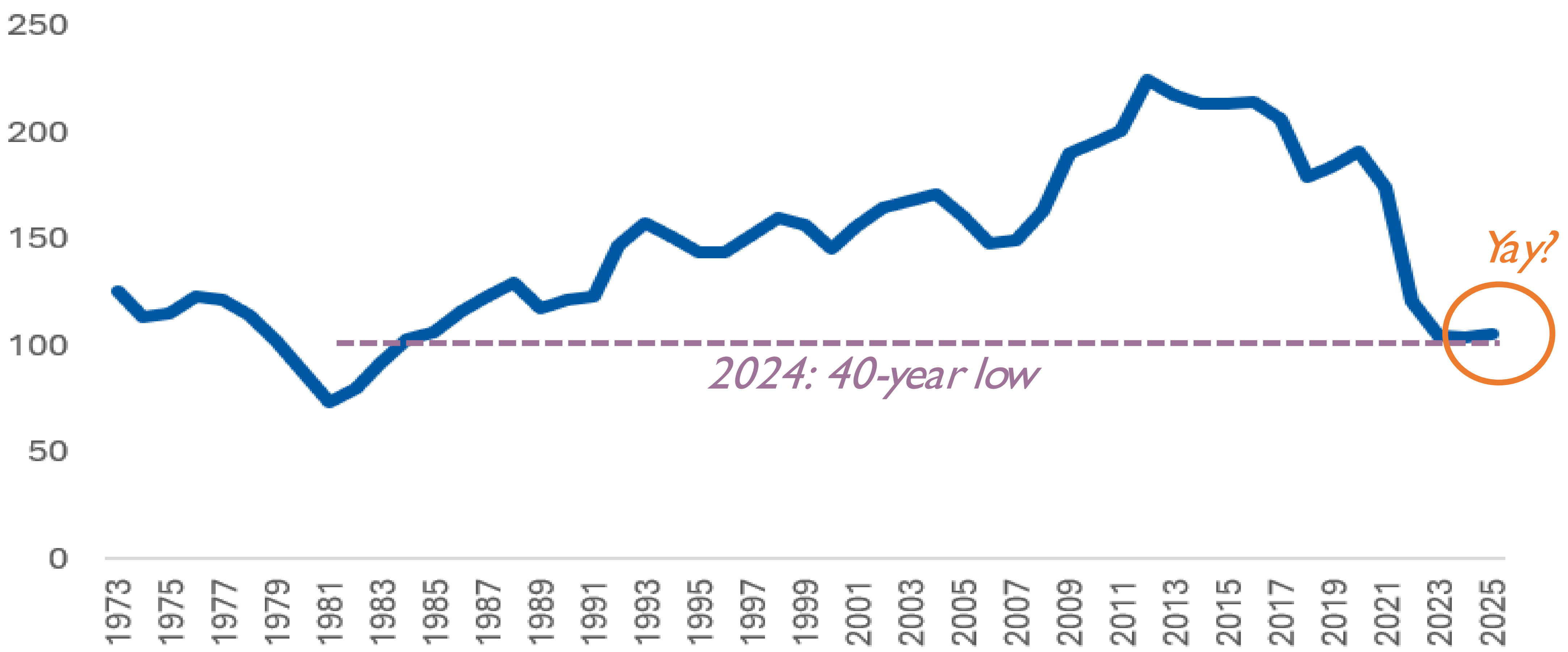
Housing Affordability Improves… A Little Bit

Housing Affordability Index: Knoxville MSA



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

Housing Affordability Comparison

HOME PURCHASE COSTS	2024	2025	CHANGE 2024-2025
Interest rates	6.85%	6.15%	-0.70%
Median sales price	$ 367,500	$ 370,582	$ 3,082
Down payment & closing costs	$ 47,775	$ 48,176	$ 401
Monthly principal & interest payment	$ 2,167	$ 2,032	$ (135)
Total monthly owner costs	$ 2,596	$ 2,465	$ (131)
Annual income needed	$ 103,856	$ 98,598	$ (5,258)

Source: East Tennessee REALTORS®
Note: 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, and a maximum 30% debt-to-income ratio.

Most Residents Can Only Afford Small Share of Listings

Share of listings affordable by income, May 2026: Knoxville MSA

Based on the region’s median household income of $76,000, the maximum affordable home price is $275,000.

Families making the median income could afford only 13% of active listings.

To afford just half of all homes for sale, a family would need to earn more than $130,000… nearly twice the median household income.

Source: East Tennessee REALTORS®

Note: 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, and a maximum 30% debt-to-income ratio.

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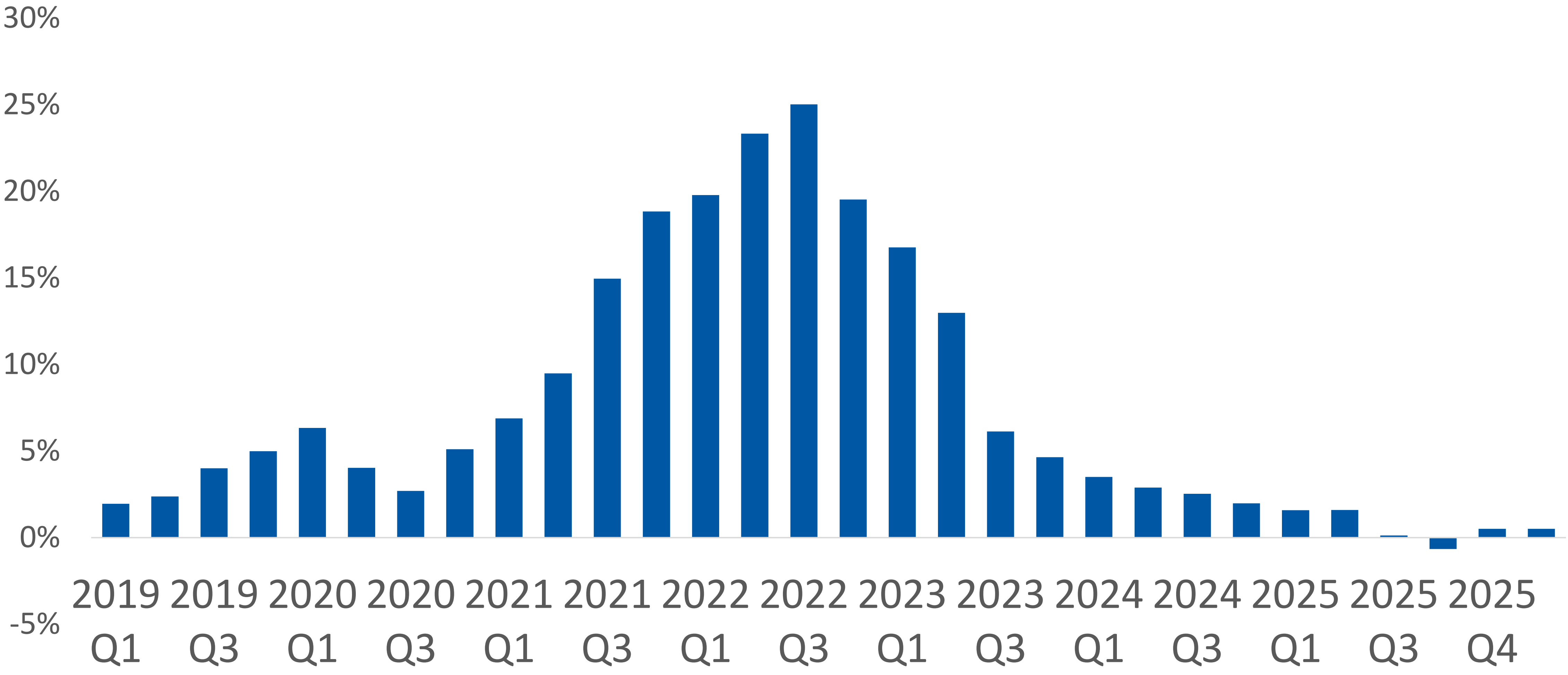
Rents Flattened But Expected To Rise Again in 2027

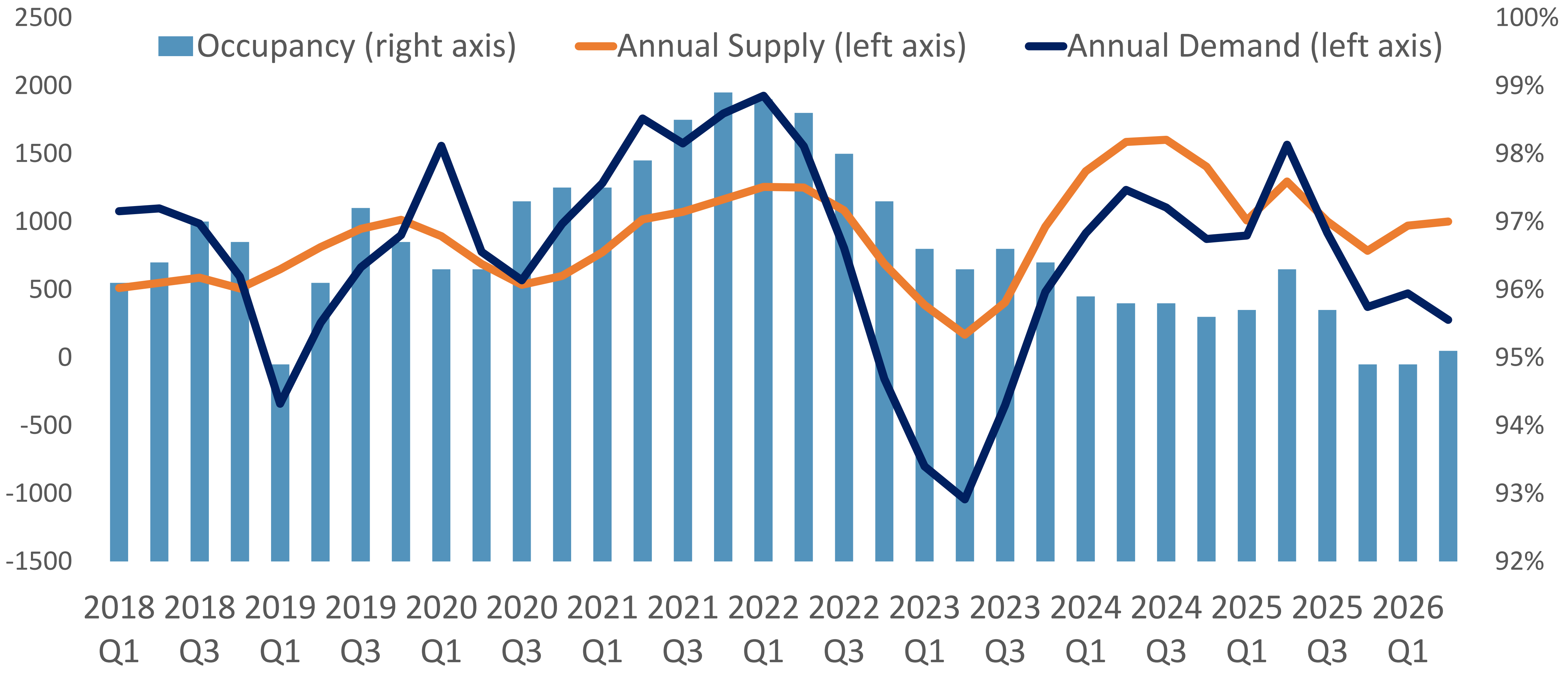
Year-over-year Change in Effective Rents: Knoxville, TN MSA



Source: *RealPage Analytics*

Occupancy Rates Have Eased

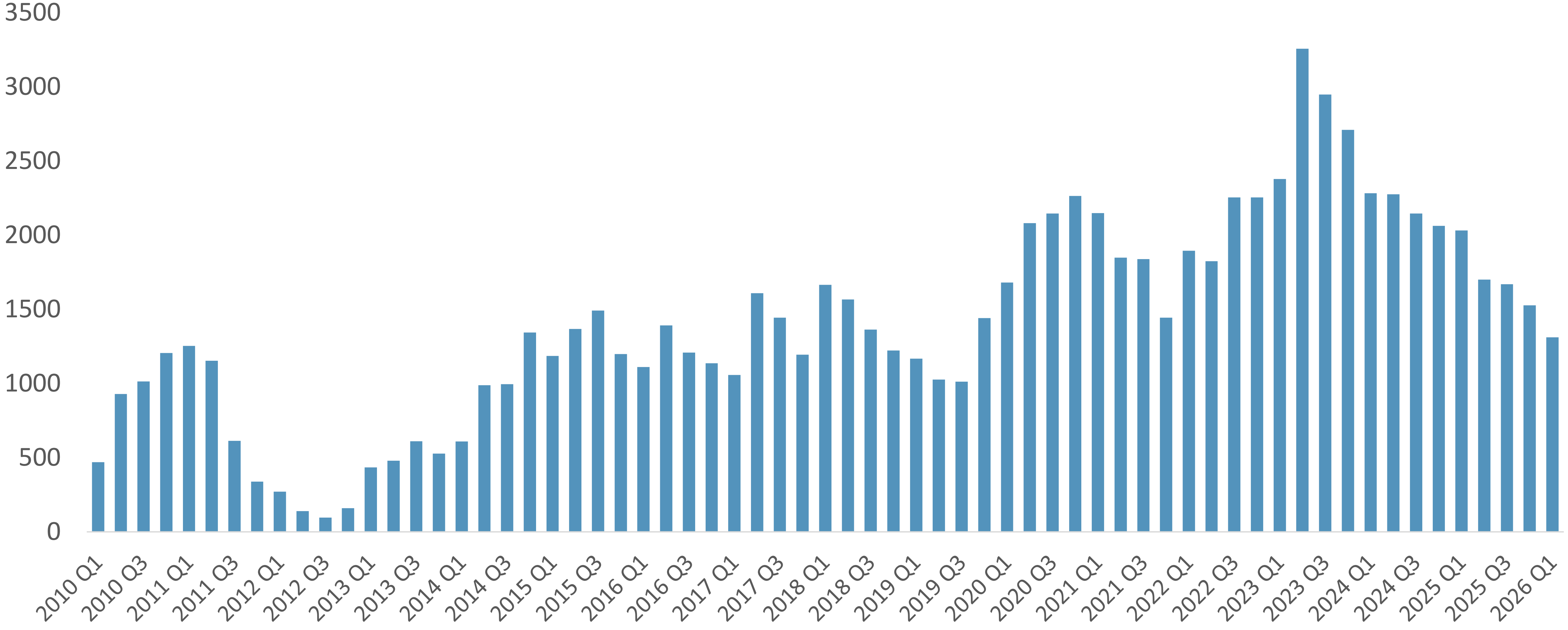
Knoxville, TN MSA



Source: *RealPage Analytics*

Pace of Multifamily Permitting and Completions Has Slowed

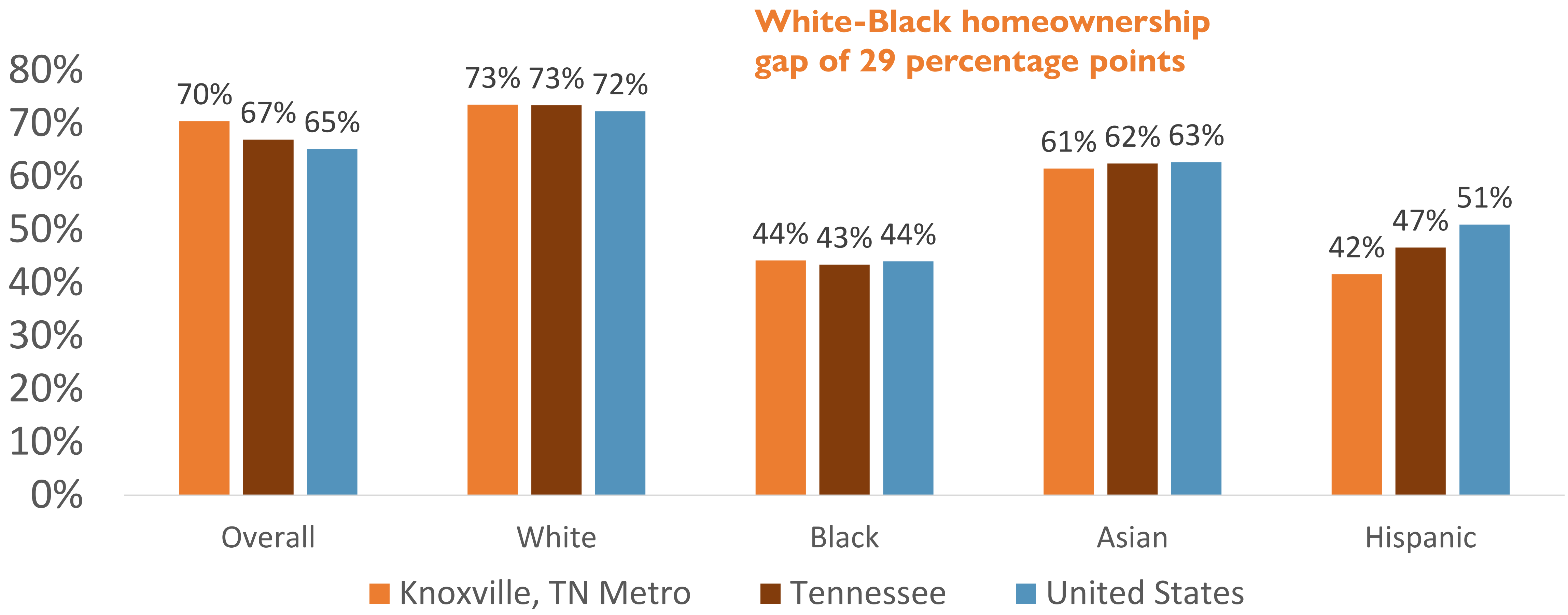
Apartment Units Currently Under Construction: Knoxville, TN MSA



Source: *RealPage Analytics*

Homeownership Disparities

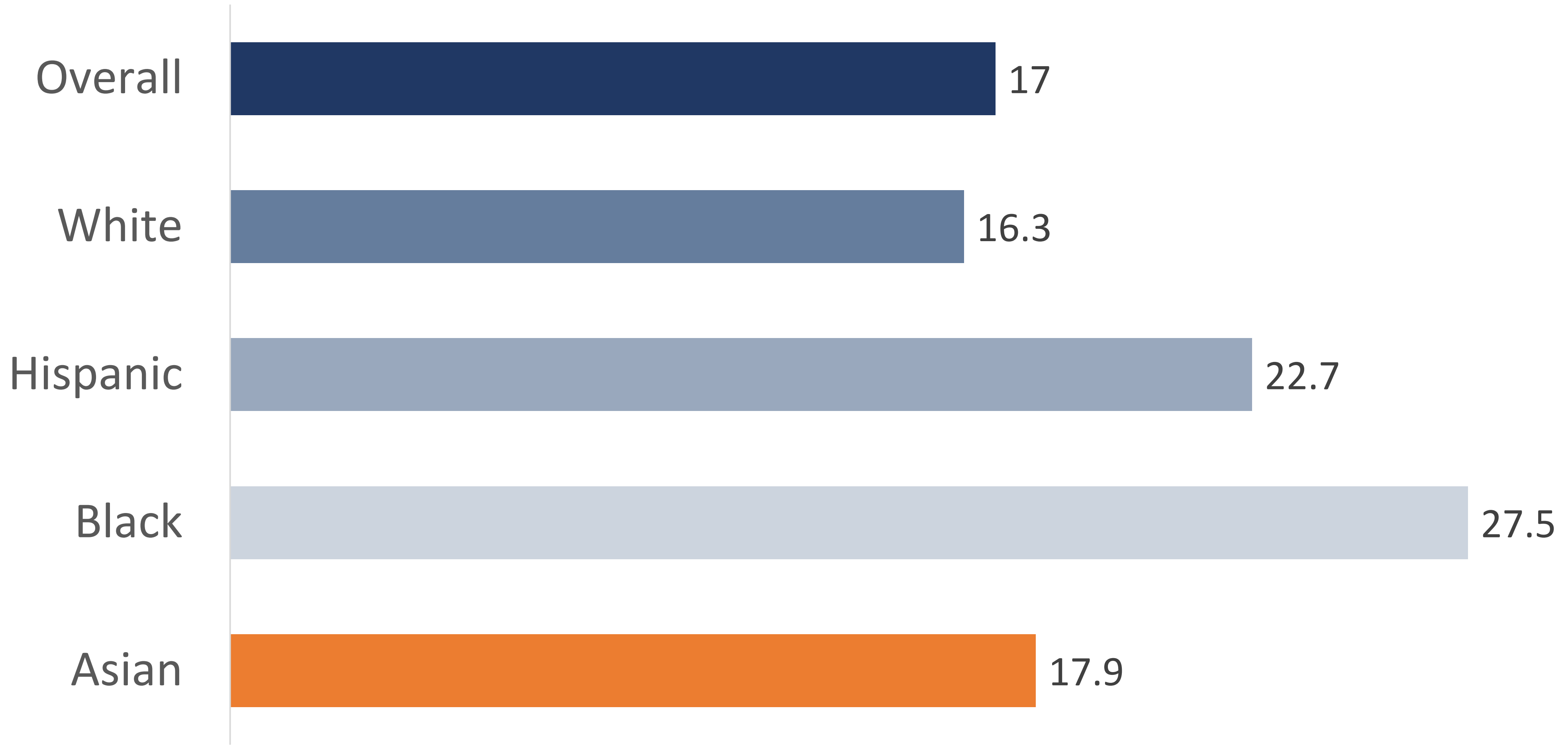
Homeownership Rate by Race/Ethnicity



Source: *U.S. Census Bureau, 2024 ACS 5-Year Estimates*

Uneven Access to Mortgage Credit

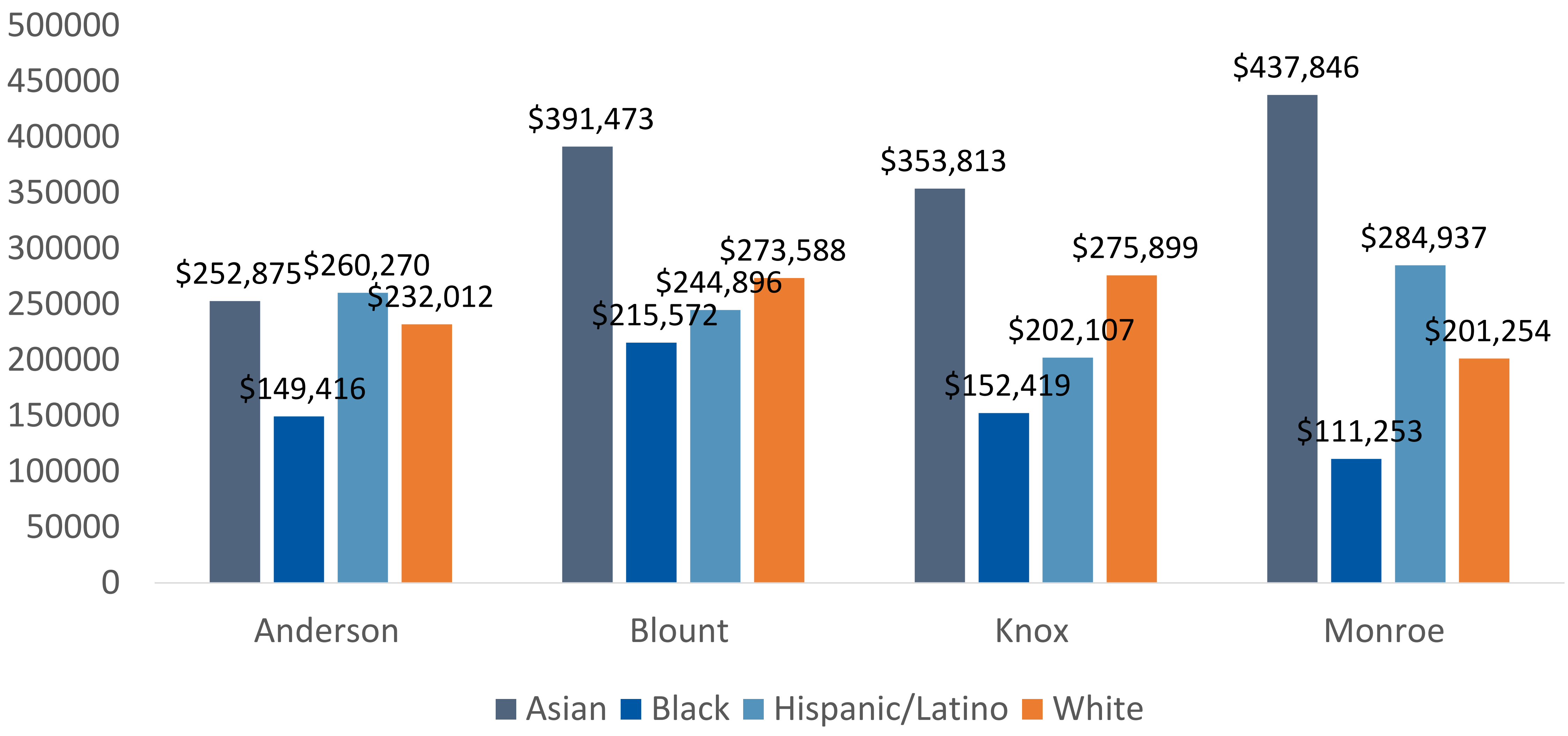
Mortgage Denial Rate Percentage by Race/Ethnicity: Knox County



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

Affordability By Race By County

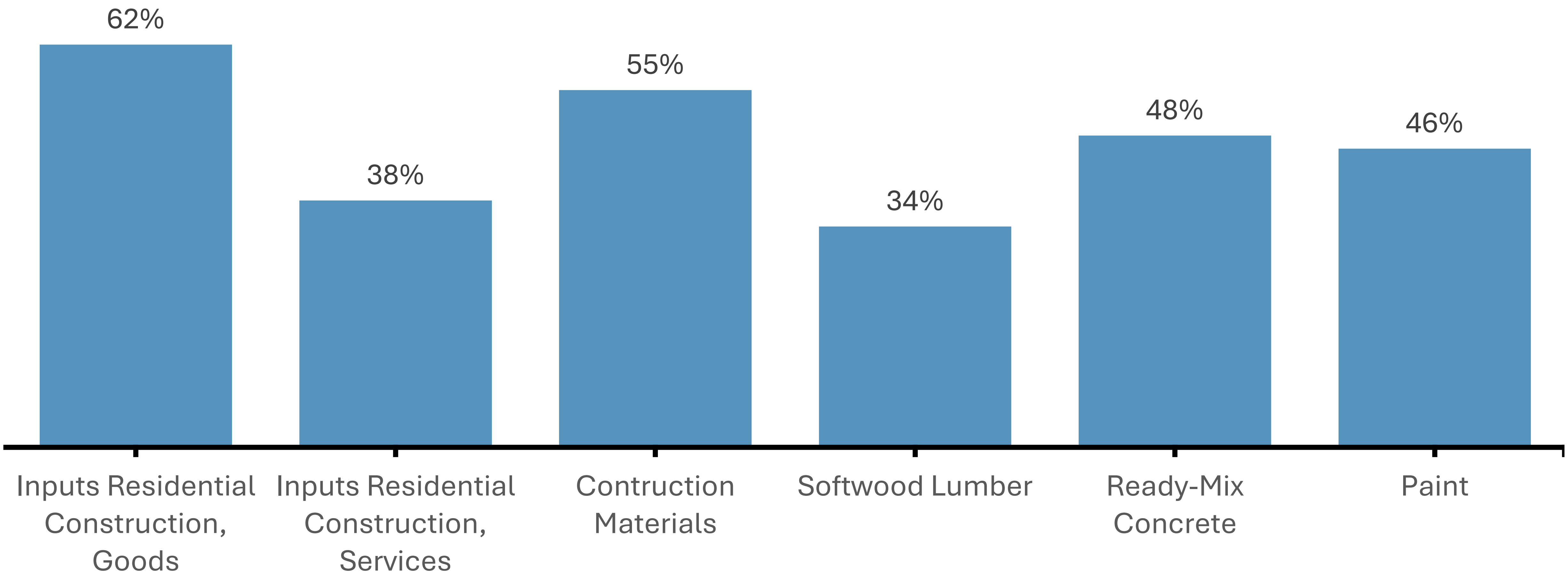
Maximum Affordable Home Price By Race By County



Source: *ETNR analysis of 2024 HMDA data for Knox County, TN*

Building Material Prices Remain Elevated

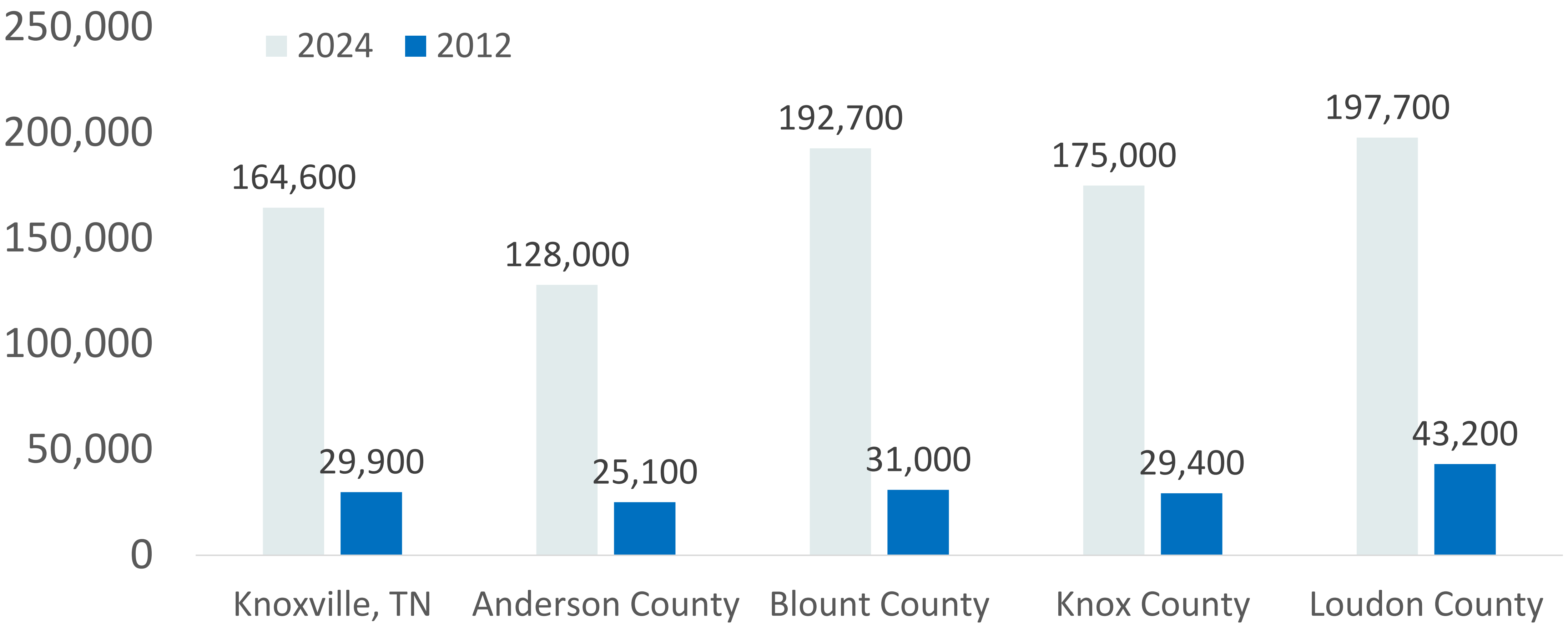
Change in price since 2020: Q4 2025



Source: Producer Price Index, U.S. Bureau of Labor Statistics

Land Costs Are Rising

Average Value of ¼ Acre Lot (Standardized)



Source: *AEI Housing Center*

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2026 Housing Market Forecast

Home prices are forecasted to grow modestly, at an annual increase of 3.1%.

Total home sales are forecasted to increase 6.1% from 2025.

REVISED

Rent growth is forecasted to stay steady, decreasing slightly by 0.8%.

We must urgently invest in our housing today to support the growth and prosperity of tomorrow.

MARKET PULSE

STATE OF HOUSING REPORT

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