



# 2025 Housing Market Forecast



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# Agenda



**Economic Environment**  
**Housing Market Conditions**  
**Trends To Watch**  
**Forecast**



# Regional Definitions

East Tennessee VS Knoxville Metropolitan Statistical Area (MSA)



# Regional Definitions

East Tennessee REALTORS® Footprint



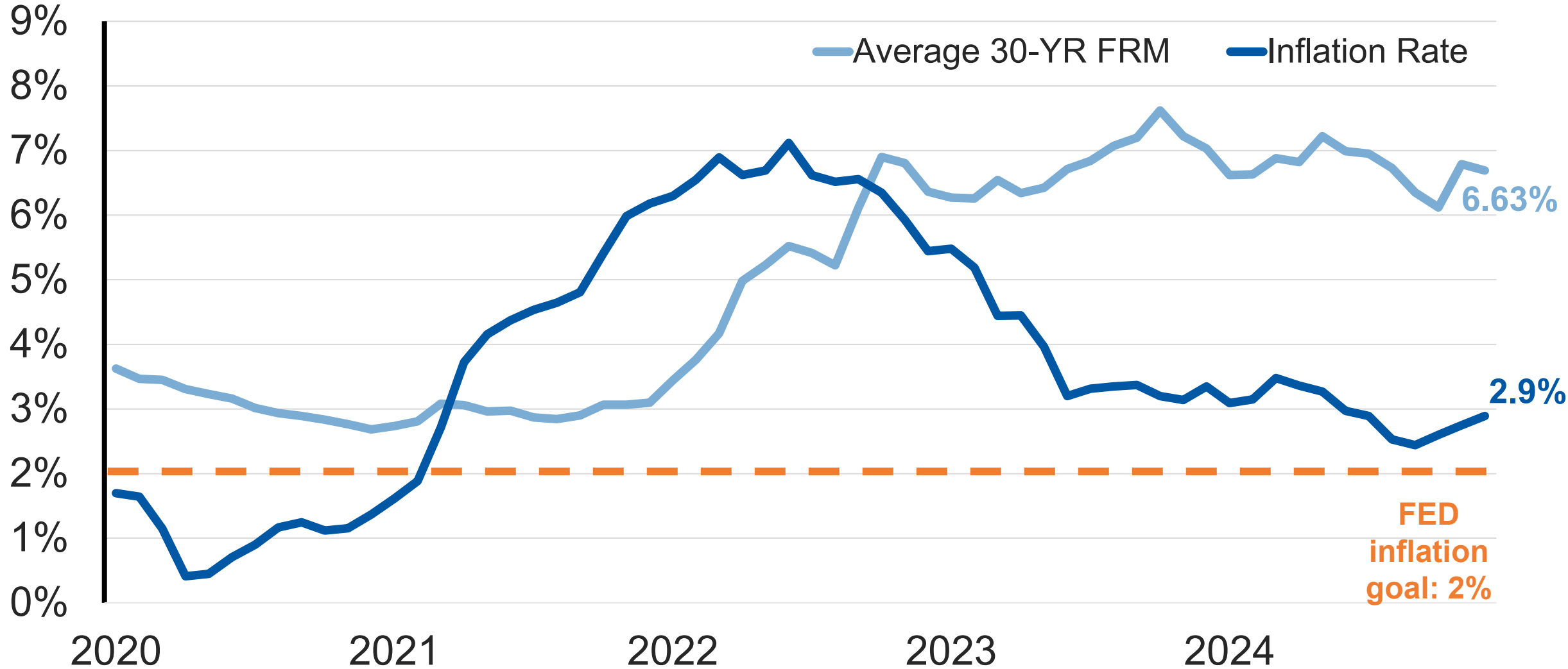
# Regional Definitions

Knoxville Metropolitan Statistical Area (MSA)



# Inflation and Mortgage Rates

Average 30-YR FRM vs. Inflation Rate

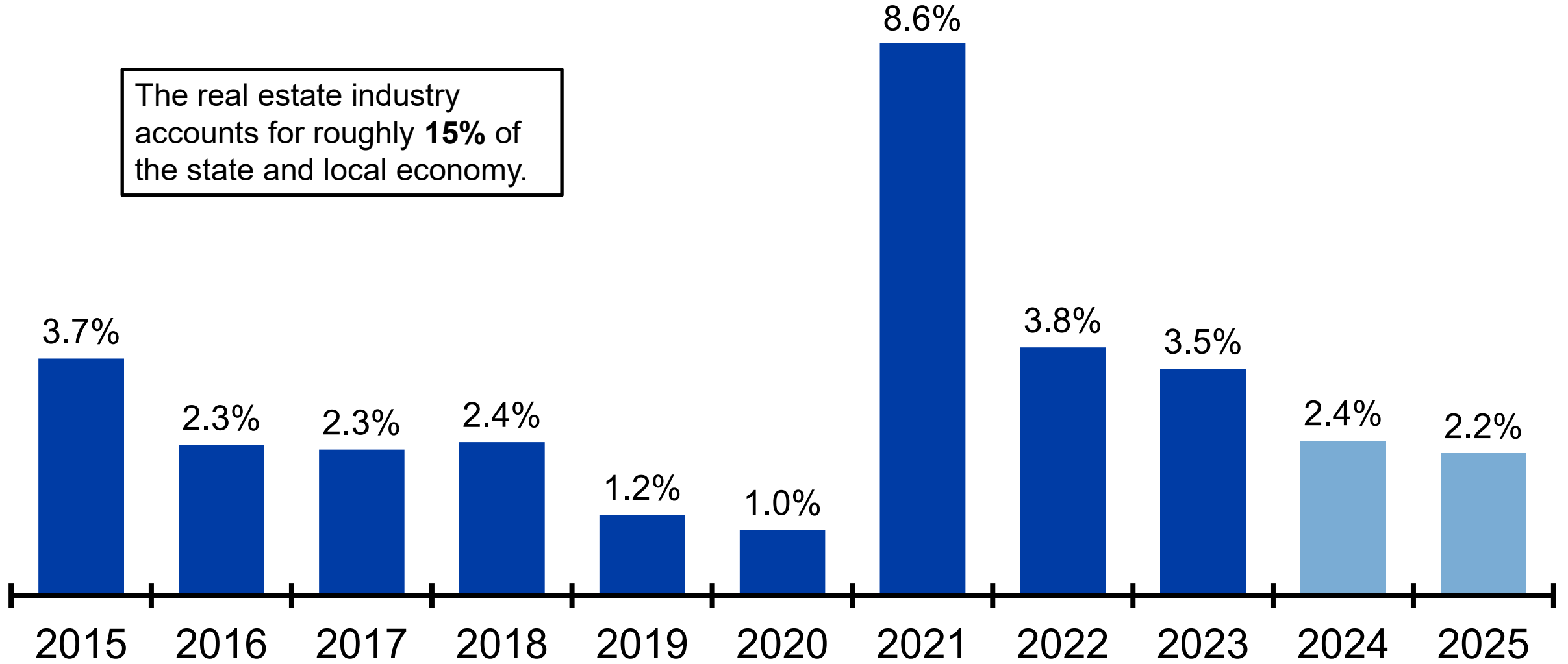


Source: U.S. Bureau of Economic Analysis; Freddie Mac

# Local Economic Outlook

Real GDP Growth: Knoxville, TN MSA

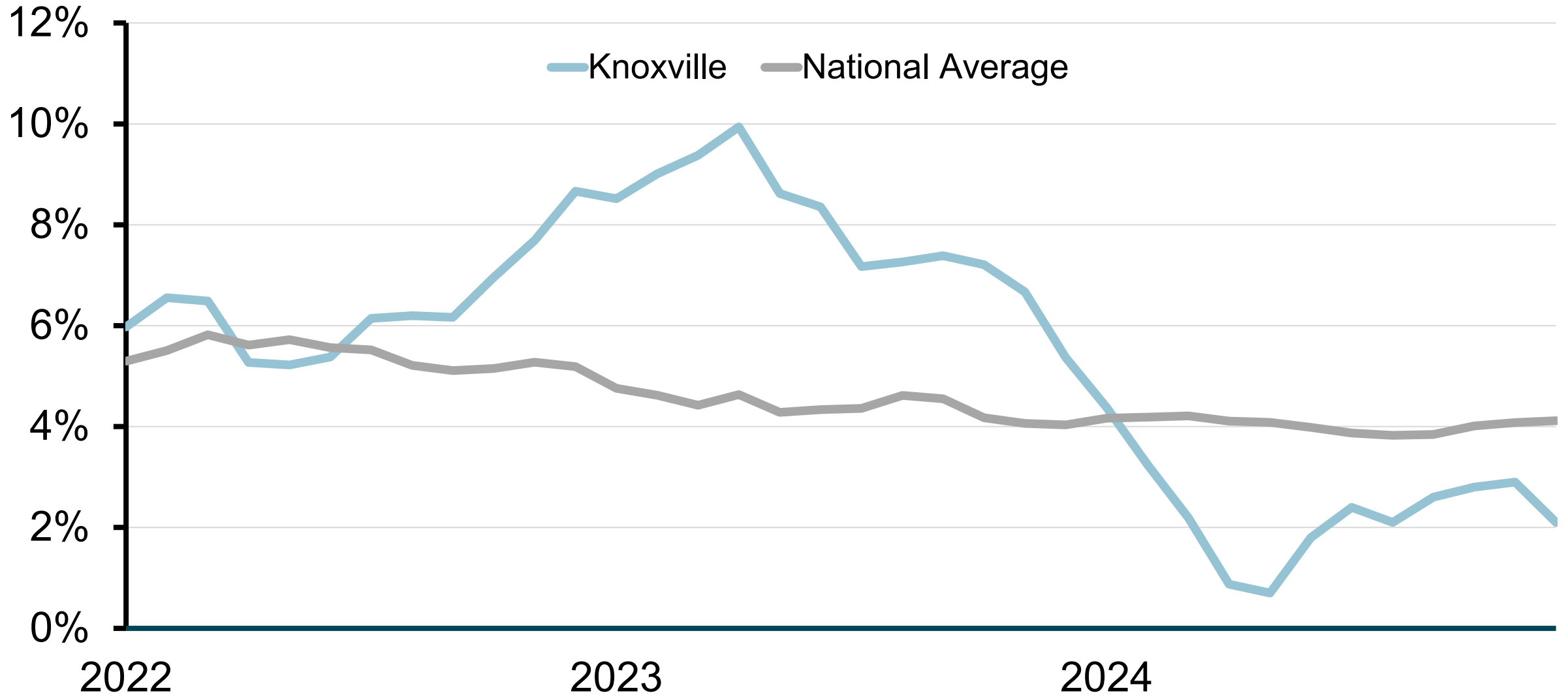
The real estate industry accounts for roughly **15%** of the state and local economy.



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

# Nominal Wage Growth

3-month average of annual change in average hourly earnings: Knoxville, TN MSA

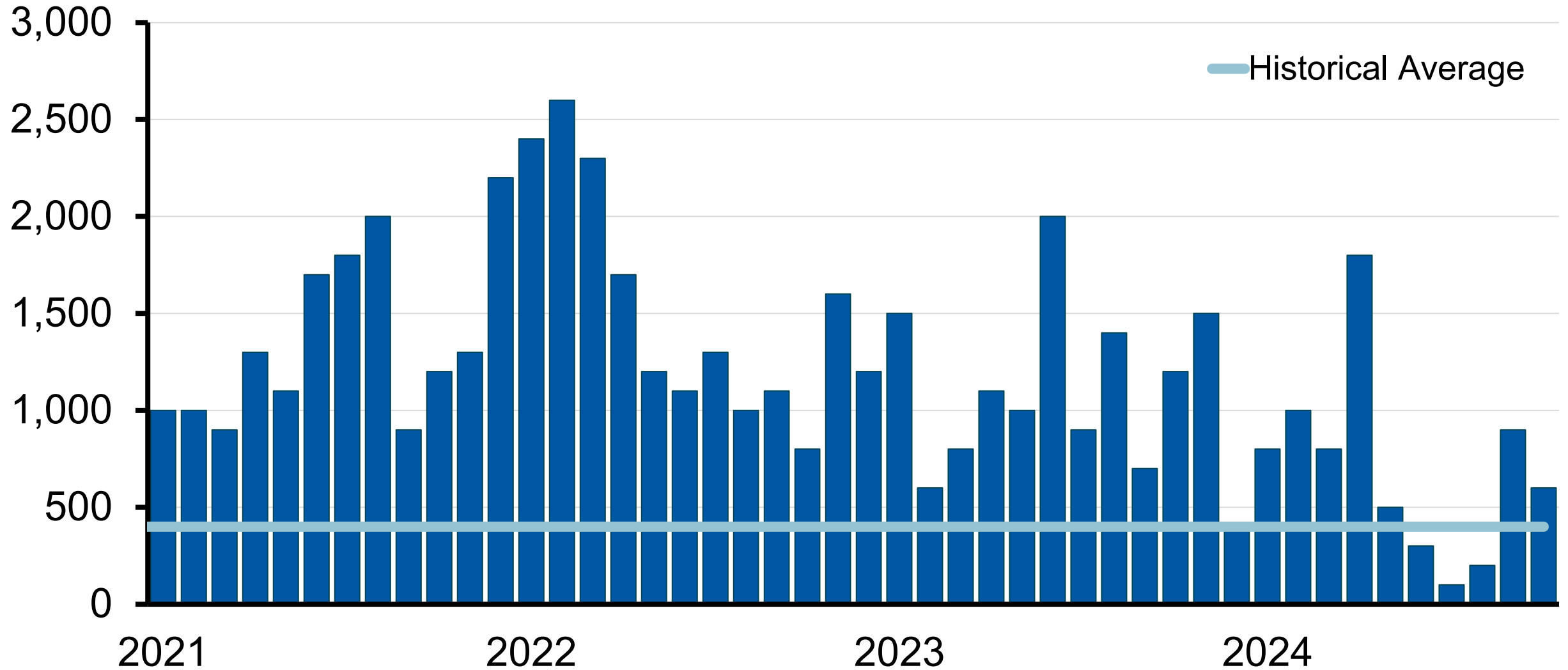


Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis



# Pace of Monthly Job Gains

3-month average of monthly change in nonfarm employment: Knoxville, TN MSA



Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis

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# 2024 Housing Market Recap



## Home Sales

*ETNR Forecast:* +11%

*Actual:* +1.8%



## Median Sale Price

*ETNR Forecast:* +3-5%

*Actual:* +6.5%



## AVG 30-YR Fixed Mortgage Rate

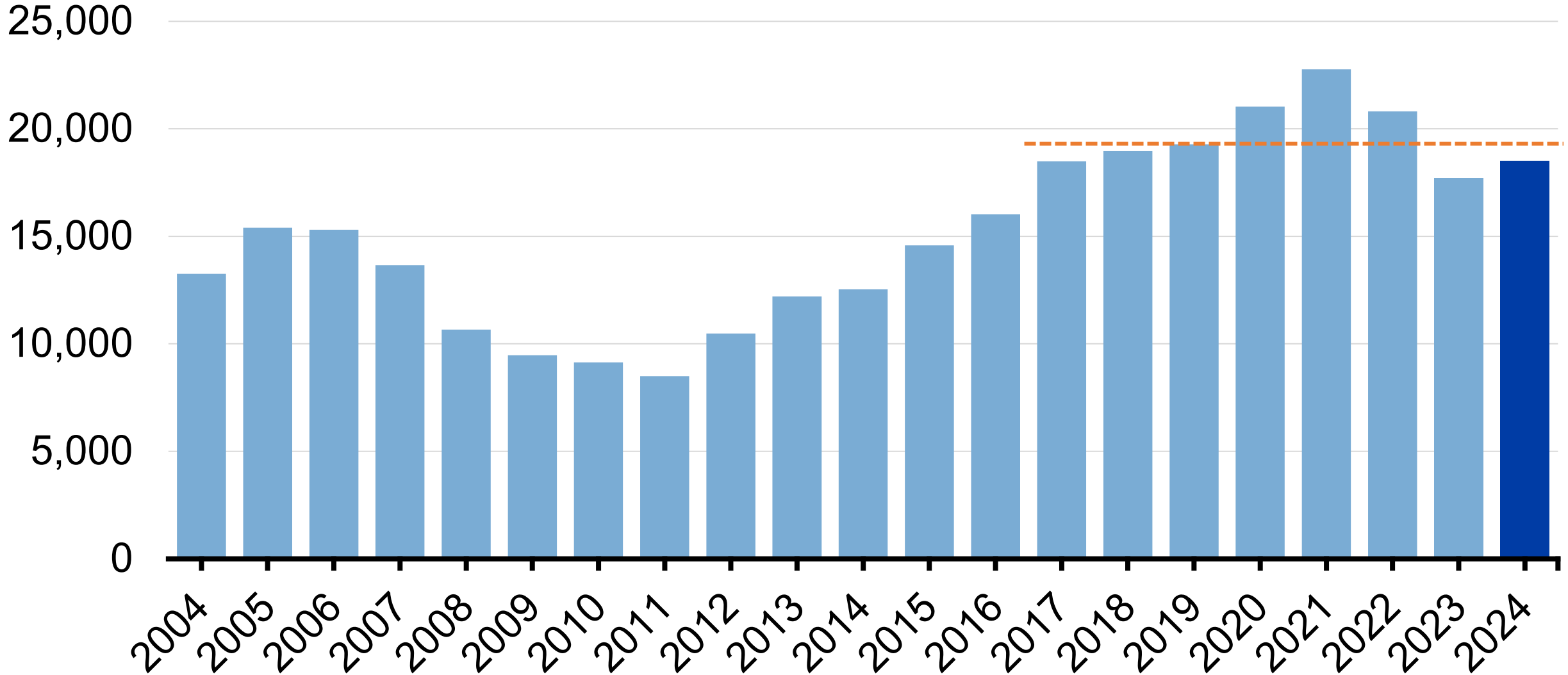
*Forecast:* 5.8%

*Actual:* 6.76%



# Home Sales Increased 1.8% in 2024

Annual Single-Family Home Sales: East Tennessee

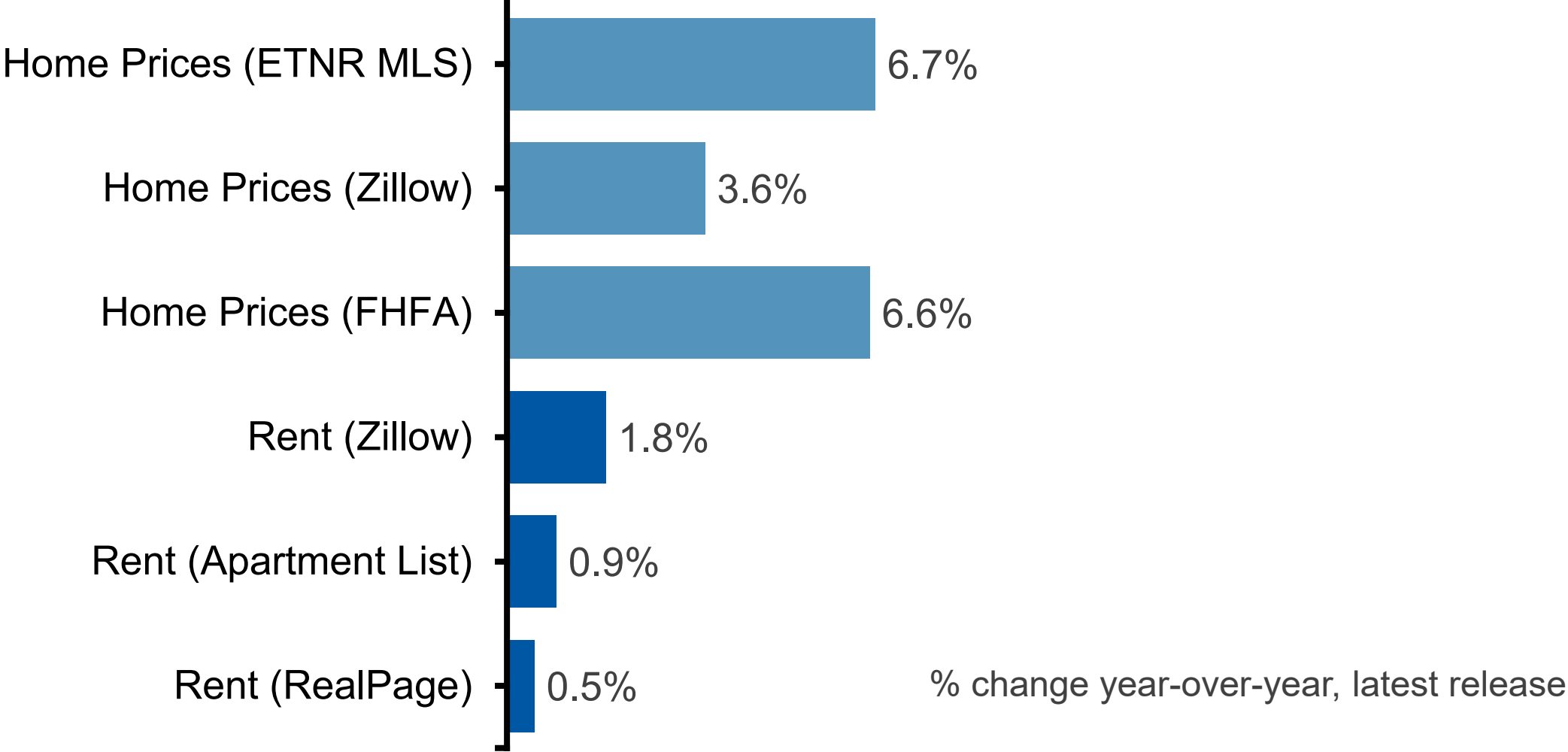


Source: East Tennessee REALTORS®



# Continued Inventory Tightness Drove Housing Costs

Knoxville, TN Metro Area



# Housing Affordability: 2023 vs. 2024

	2023	2024	Change (%)
Interest Rate (%)	6.81	6.87	0.06 (+0.1%)
Median Sale Price	\$338,000	\$360,000	\$22,000 (+6.5%)
Down Payment & Closing Costs	\$43,940	\$46,800	\$2,860 (+6.5%)
Monthly Principal & Interest Payment	\$1,985	\$2,115	\$130 (+6.6%)
Total Monthly Owner Costs	\$2,355	\$2,552	\$197 (+8.4%)
Annual Income Needed	\$94,191	\$102,080	\$7,889 (+8.4%)

**Source:** East Tennessee REALTORS® analysis of Freddie Mac, FHFA, and MLS data; Atlanta Fed. Data for 2024 are preliminary and subject to revisions. Estimates assume a 10% down payment on a 30-year fixed-rate loan with zero points, 3% closing costs, 0.5% property taxes, 0.40% property insurance, 0.558% private mortgage insurance, and a maximum 30% debt-to-income ratio.

# 5-Year Trend in Inventory

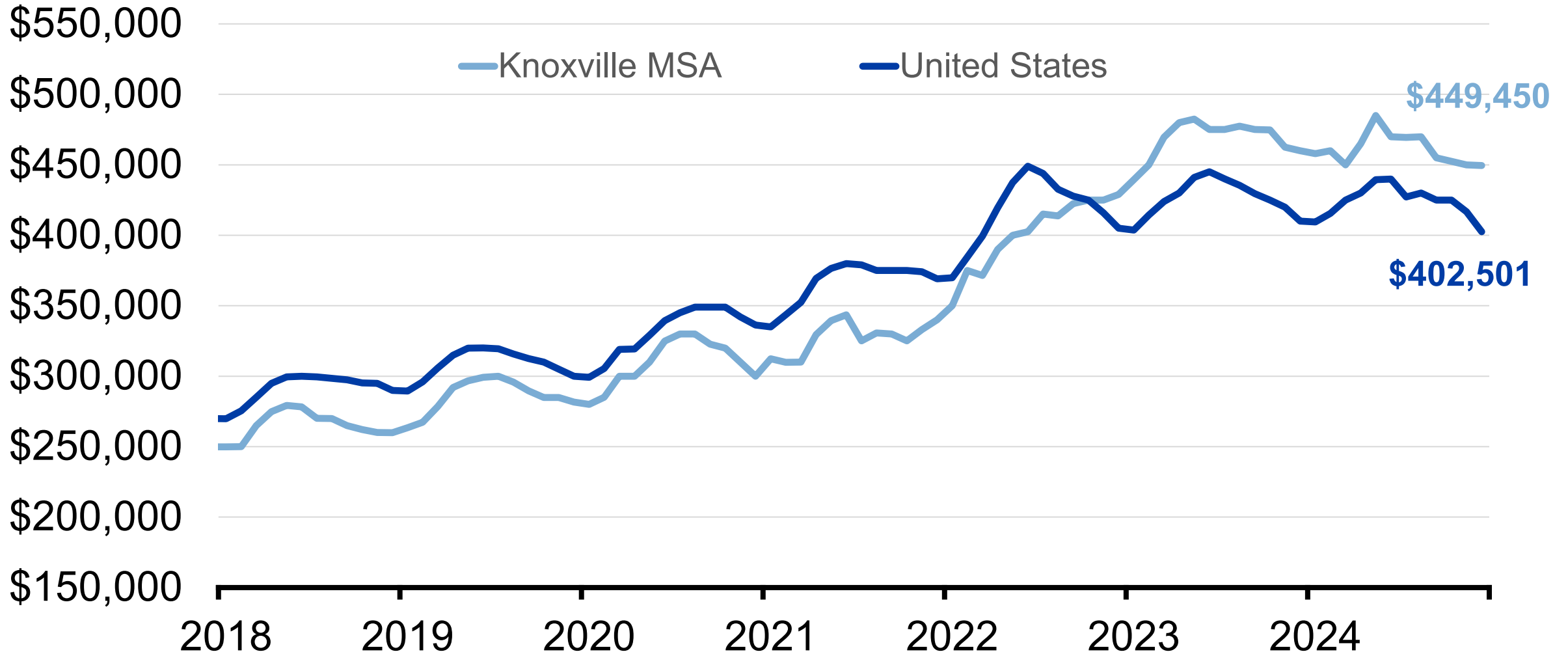
East Tennessee REALTORS footprint



Source: East Tennessee REALTORS® Multiple Listing Service

# Regional Asking Prices 12% Above National Average

Median Asking Price: Knoxville, TN Metro Area

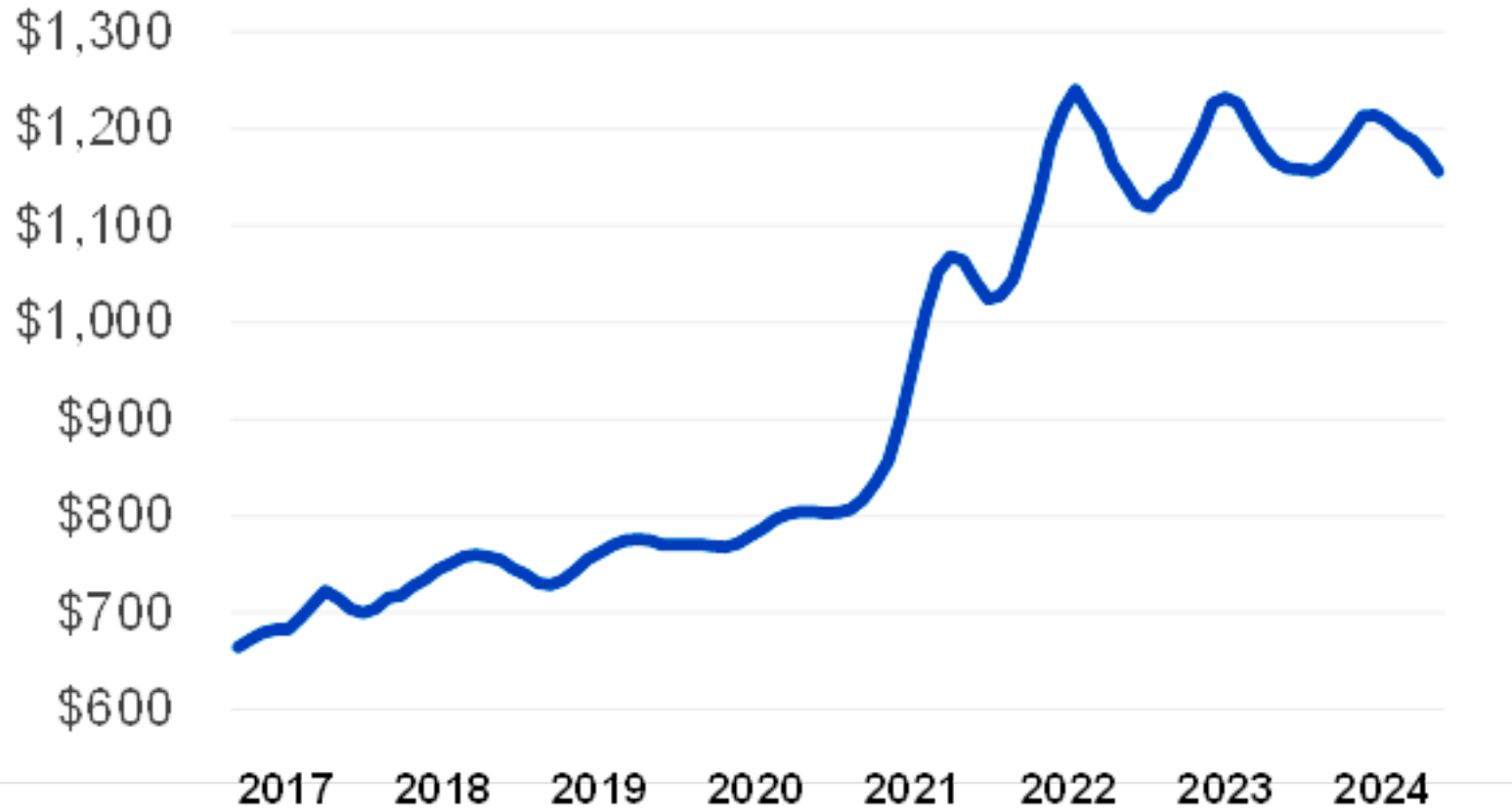


Source: East Tennessee REALTORS® analysis of realtor.com data



# Rent Growth Expected to Inflate Again

Median Effective Rent: Knoxville, TN



**+62% or \$577**

Rent increase Q1  
2020 – Q1 2025

**52.6%**

Rent-burdened  
households

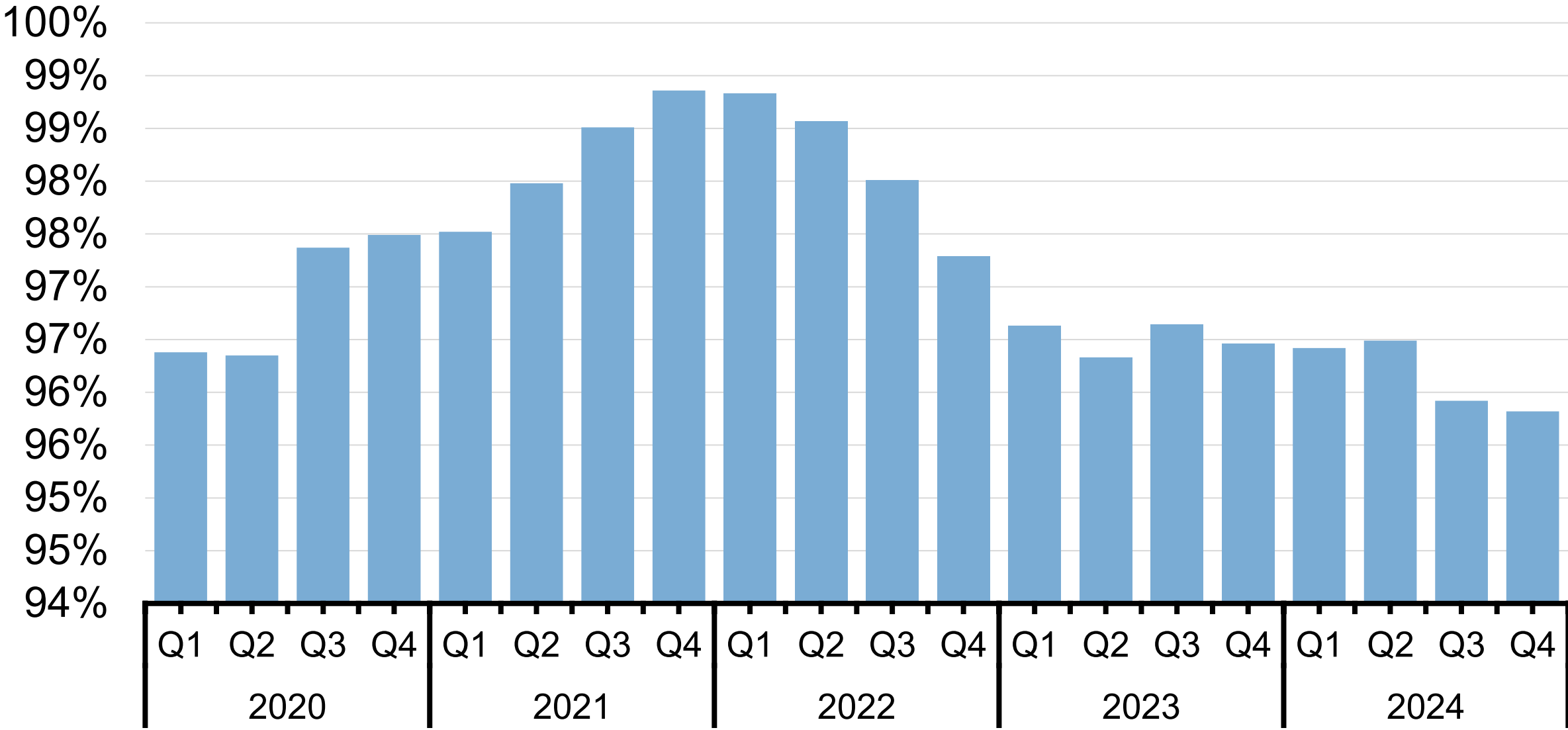
**\$72,000**

Minimum salary  
needed to afford a  
\$1,950 per month rent

**Source:** East Tennessee REALTORS® tabulations of Apartment List data

# Occupancy Rates Slowly Improving, But Still Tight

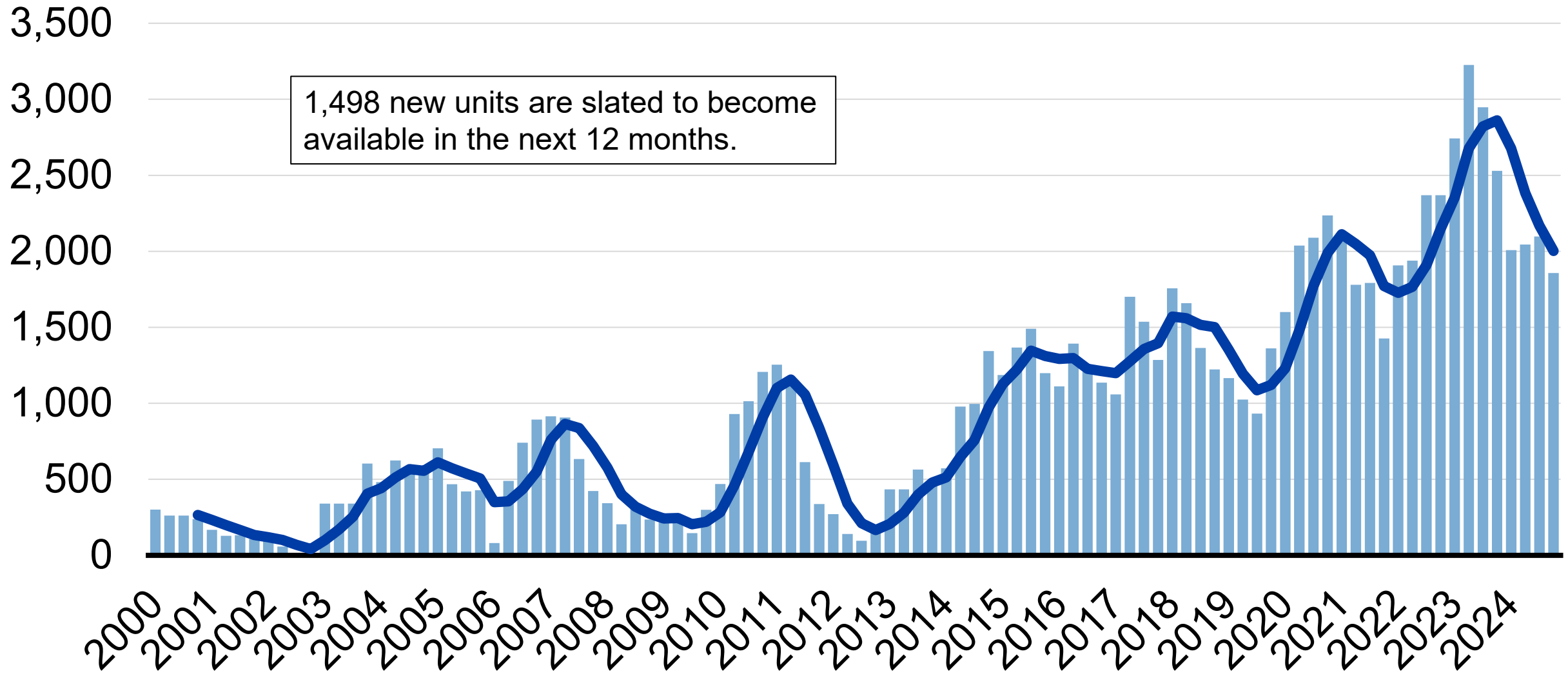
Rental Occupancy Rate: Knoxville, TN Metro Area



Source: RealPage Analytics

# Multifamily Construction

Market-Rate Apartment Units Under Construction: Knoxville, TN Metro



Source: RealPage Analytics



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## Trends to Watch

Older first-time homebuyers and a higher share of renters who can now afford to buy: **Knoxville is in the top ten markets nationwide for millennial affordability at 21.7%.**

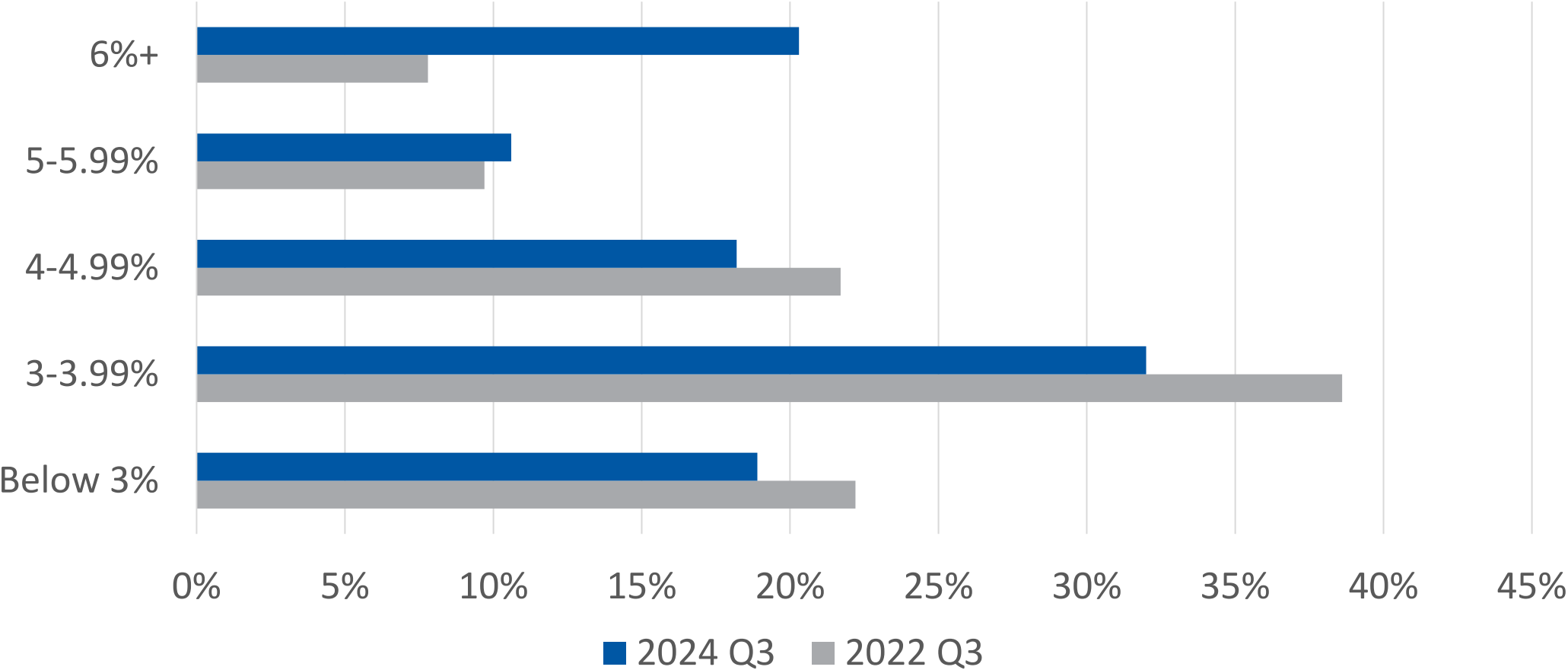
Self-fulfilling consumer pessimism: **Core consumer price index has risen by 5.5 points due to recent policy changes.**

Net migration slows slightly: Knox County was the second highest growth county in the state in 2022 and 2023, with 5,289 new residents, but **Knoxville has dropped off the lists of top 25 inbound metros in 2024.**



# The “Lock-In” Effect Begins to Ease

## Knoxville MSA Loan Rate Distribution Changes



**Source:** East Tennessee REALTORS® analysis of FHFA, National Mortgage Database (NMD) data

# East Tennessee Migration Trends:

Where Are Movers Coming From and Going To?

Top Origins	Top Destinations
Morristown, TN	Nashville, TN
Nashville, TN	Chattanooga, TN
Riverside, CA	Atlanta, GA
Chattanooga, TN	Kingsport-Bristol, TN
San Diego, CA	Johnson City, TN

**Source:** East Tennessee REALTORS® Migration Index



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# Housing Market Forecast

East Tennessee

	2023	2024	2025
<b>30-YR FRM</b>	+6.8%	+6.76%	6-6.6%
<b>Median Sale Price</b>	+5.3%	+6.5%	+2.9%
<b>Home Sales</b>	-15.0%	+1.8%	+8.7%

# Rental Market Forecast

East Tennessee

	2023	2024	2025
Occupancy Rate	96.5%	95.6%	96.7%
Effective Rent	\$1,442	\$1,485	\$1,536
Rent Growth	+7.7%	+0.5%	+3.5%



## 2025 Housing Market Forecast

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