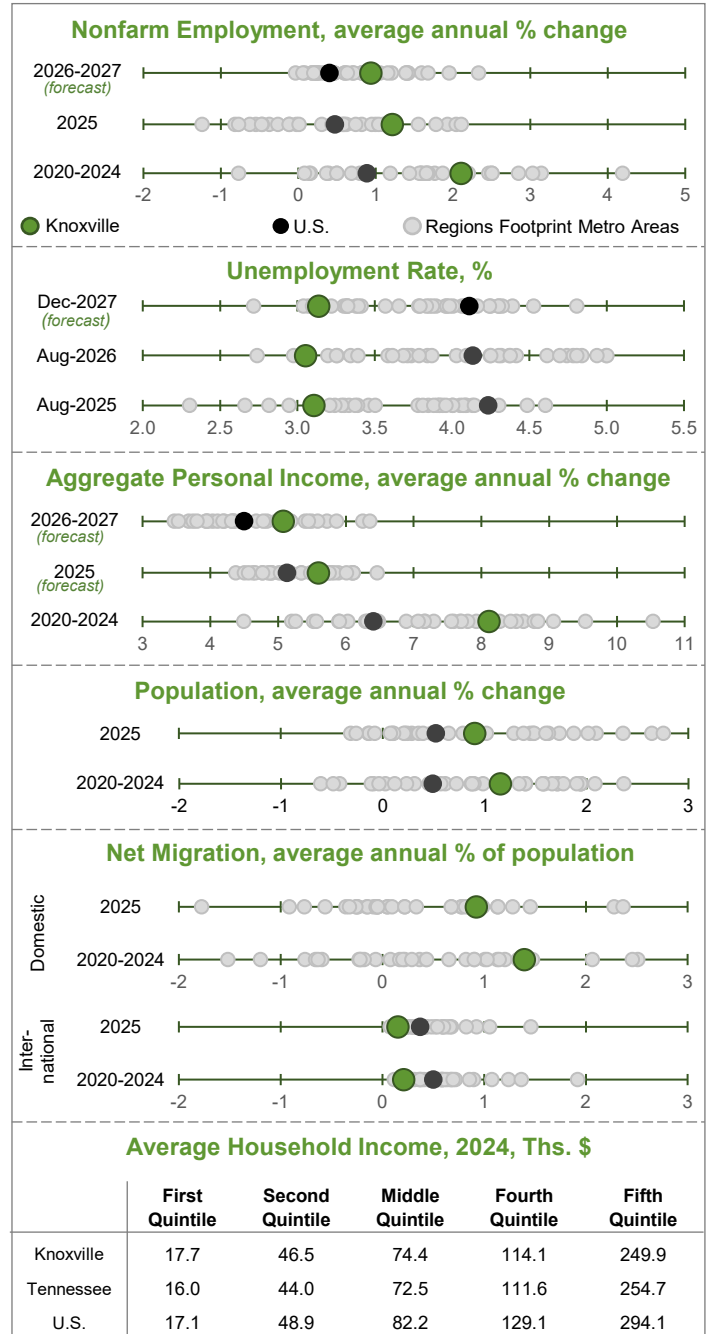


Overview: Knoxville's economy continues to expand at a rapid pace, driven in part by healthy population inflows that have supported hiring among local service providers. While outsized growth in house prices has pressured housing affordability – a key draw for the metro area – robust business investment will help sustain strong job growth which, in turn, will continue to attract new residents to the region.

Labor Market: After experiencing job growth of 3.4 percent over the three years through August – nearly twice the national average – Knoxville's labor market appears well positioned to maintain its outperformance with the help of upcoming investments in nuclear energy. Already a cornerstone of the local economy, the Oak Ridge National Laboratory (ORNL) has attracted a flurry of activity over the last 12 months, motivated by growing power demand from data centers and national security ambitions to reduce foreign dependency for specialized nuclear fuels. Through partnerships with ORNL, several businesses have announced initiatives spanning the nuclear supply chain, including centrifuge production, advanced enrichment processes, nuclear recycling capabilities, and the industry's first portable microreactor factory. While these facilities will take multiple years to complete – boosting construction employment in the interim – they are expected to create thousands of high-paying engineering and manufacturing jobs in the metro area. On top of the region's specialized workforce and existing infrastructure, these investments have been drawn to Knoxville by financial incentives from Tennessee's Nuclear Energy Fund and the Department of Energy (DOE) – a key sponsor of ORNL. In the coming months, DOE will choose among five finalists for an additional \$50 billion in capital investment. If selected, Knoxville would become a Nuclear Lifecycle Innovation Campus, with funding used to further expand research facilities which would provide an added boost to local job growth.

As a leading supplier for the nation's vehicle assembly plants, Knoxville's manufacturing sector is highly concentrated in fabricated metal and automotive parts production. Following more than a decade of solid growth, local manufacturing payrolls began to falter in 2023, shedding approximately 3,500 jobs through the end of last year. In part, this reflected softening vehicle sales as the combined effects of rising interest rates and higher vehicle prices weighed on demand. Automakers pared back production to prevent a buildup of excess inventories, which contributed to job cuts among suppliers.

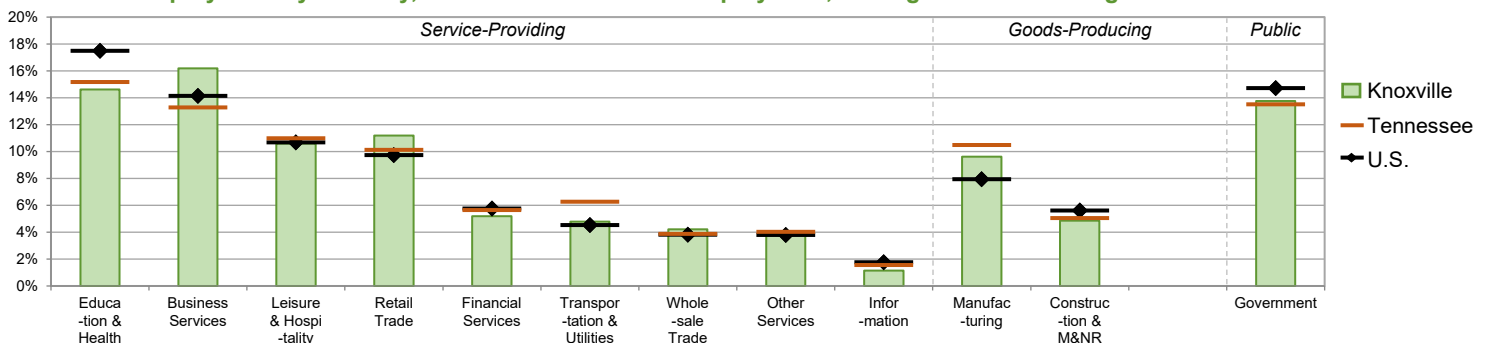
With sales bolstered by enhanced tax deductions for business capital spending and consumer auto loan interest, order flows improved significantly over the first half of this year, which helped stabilize local employment. However, renewed headwinds for the auto industry, with rising interest rates and production costs once again pressuring vehicle affordability and profit margins, could constrain hiring among local parts suppliers.



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

continued on the next page . . .

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

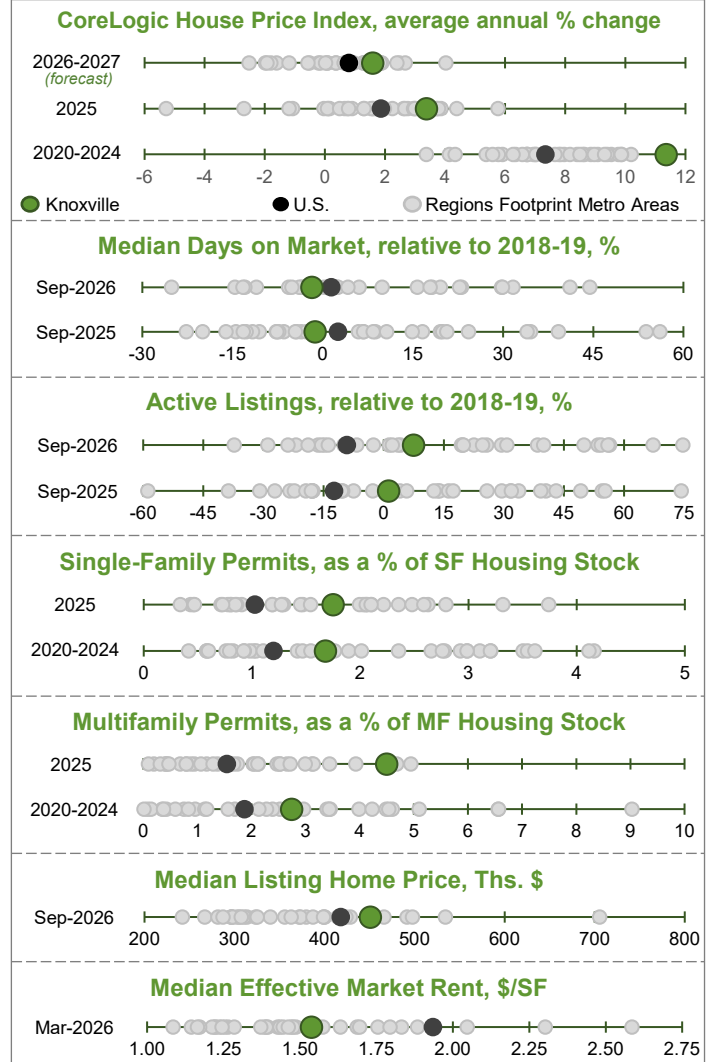


Employment data for the Construction, Mining, and Natural Resources industry groups are published only as a combined total for the Knoxville metro area.

Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; U.S. Census Bureau; Regions Financial Economics Division. Forecast as of October, 2026.

Demographics: Job gains within health care, education, and leisure and hospitality continue to provide steady support for Knoxville's labor market, with strong population inflows sustaining healthy growth in demand for these local services. Over the last decade, Knoxville's population grew by 12.2 percent, ahead of the 6.2 percent national average, with net domestic migration accounting for most of the region's growth. Already gaining traction before the pandemic, these inflows accelerated between 2019 and 2022, propelled by residents in California and Florida seeking a lower cost of living. While rapid local house price appreciation and rising mortgage interest rates have weakened the metro area's affordability advantage, Knoxville continues to rank in the top decile of U.S. metro areas for net domestic migration, which added 0.9 percentage points to population growth in 2025. This primarily reflects the sustained strength of the metro area's diverse labor market, which offers opportunities for a broad range of job seekers and is expected to remain a key source of support for the local economy.

Housing Market: House prices in Knoxville have risen sharply over the last several years, with CoreLogic's house price index up 91 percent from 2019 to 2025 – the fourth-largest cumulative increase among all 387 U.S. metro areas. While still running ahead of the national average, the pace of house price appreciation has slowed considerably, advancing 2.6 percent year-over-year in August. This moderation suggests that affordability constraints have become more binding as the gap between the median home price and median household income has widened substantially with elevated mortgage interest rates. On the supply side, homebuilders continue to add to market inventories at a healthy clip, with permits for new single family homes averaging 1.7 percent of the existing stock over the last three years, compared to 1.1 percent nationally. Despite these pressures, the market balance continues to adjust at a gradual pace, with median days on market remaining below the national median, reflecting ongoing support from sustained migration into the metro area. Going forward, we look for modest house price appreciation, as healthy labor demand and household inflows are offset by continued pressure from elevated interest rates.



Residential Sales and Construction	2019	2020	2021	2022	2023	2024	2025	2025 ytd*	2026 ytd*
Existing Home Sales, ths. units	21.4	23.0	25.2	22.2	17.8	17.9	17.4	10.3	10.3
New Home Sales, ths. units	1.7	2.3	2.6	2.4	1.9	2.1	1.8	1.1	0.6
Single-Family Permits, ths. units	3.0	4.0	4.8	3.9	4.3	4.8	5.0	3.3	3.3
Multifamily Permits, ths. units	1.0	1.5	1.3	1.0	2.2	2.1	2.9	1.8	1.8

	Knoxville			Tennessee			U.S.		
Housing Characteristics	2014	2019	2024	2014	2019	2024	2014	2019	2024
Occupied Housing Units, mil.	0.341	0.350	0.378	2.487	2.597	2.824	116.211	120.756	129.227
Homeownership rate, %	68.8	68.9	70.4	67.1	66.3	66.9	64.4	64.0	65.2
Occupied Single-Family Units, mil.	0.251	0.259	0.284	1.827	1.905	2.080	80.136	83.028	88.845
% renter-occupied	16.4	16.1	14.7	18.3	18.7	17.7	17.8	17.8	16.0
Occupied Multifamily Units, mil.	0.057	0.059	0.064	0.432	0.471	0.527	29.188	30.921	33.621
% of total occupied units	16.7	16.9	17.0	17.4	18.1	18.7	25.1	25.6	26.0

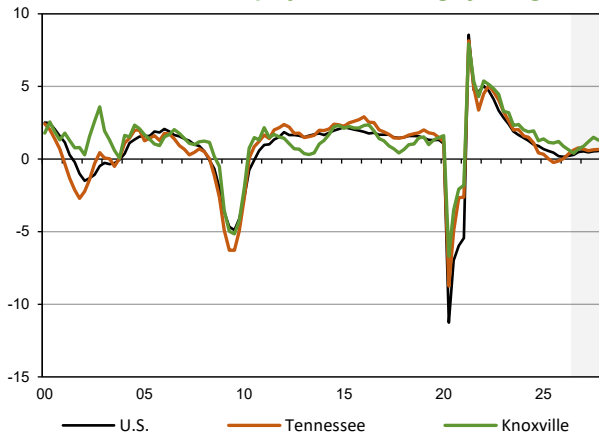
Demographics	2005	2015	2025	2005	2015	2025	2005	2015	2025
Population, mil.	0.791	0.863	0.968	5.991	6.614	7.315	295.517	321.815	341.785
10-year cumulative growth, %	12.7	9.1	12.2	14.5	10.4	10.6	12.3	8.9	6.2
15-24 age cohort share, %	14.2	13.8	13.8	13.9	13.6	13.2	14.4	13.9	13.3
25-44 age cohort share, %	26.9	24.5	25.0	28.0	25.7	26.4	28.0	26.1	26.7
45-64 age cohort share, %	26.6	27.3	24.6	25.6	26.5	24.4	24.7	26.2	24.0
65+ age cohort share, %	14.0	17.2	20.1	12.5	15.4	18.3	12.4	14.9	18.5

Shading relative to U.S.

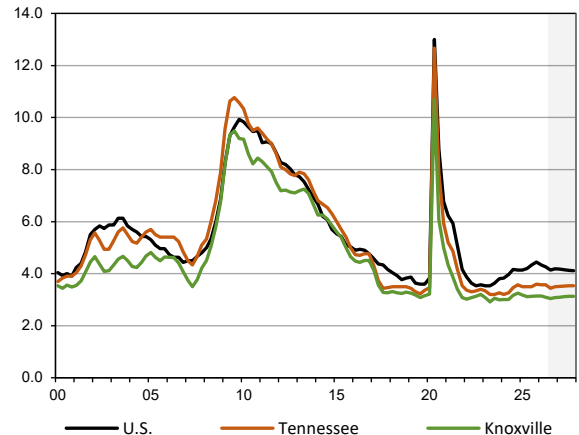
* Year-to-date through July for home sales; year-to-date through August for building permits.

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

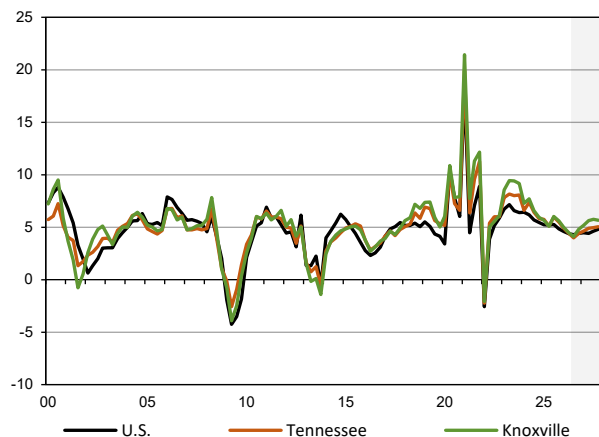
REGIONS
Total Nonfarm Employment, % change year ago



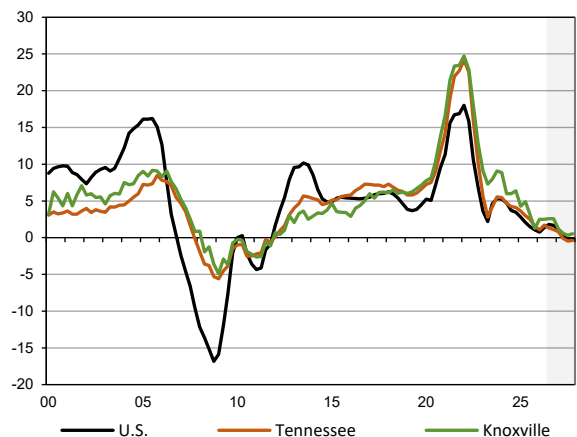
REGIONS
Unemployment Rate, %



REGIONS
Total Personal Income, % change year ago



REGIONS
CoreLogic House Price Index, % change year ago



Key Economic Indicators	2019	2020	2021	2022	2023	2024	2025	2026 (F)	2027 (F)
Total Employment, ths.	405.4	394.5	409.7	429.9	441.9	449.7	455.2	458.1	463.7
Annual % change	1.3	-2.7	3.8	4.9	2.8	1.8	1.2	0.7	1.2
Tennessee, annual % change	1.8	-3.8	3.3	4.6	2.5	1.2	0.0	0.4	0.6
U.S., annual % change	1.4	-5.8	2.9	4.3	2.2	1.2	0.5	0.3	0.5
Unemployment Rate, %	3.2	6.2	3.7	3.1	3.0	3.1	3.1	3.1	3.1
Tennessee, %	3.3	7.5	4.4	3.4	3.3	3.4	3.5	3.5	3.5
U.S., %	3.7	8.1	5.4	3.7	3.6	4.0	4.3	4.2	4.1
Personal Income, \$ bil.	43.1	46.6	52.7	54.6	59.5	63.6	67.2	70.3	74.2
Annual % change	6.4	8.2	13.0	3.6	9.1	6.9	5.6	4.6	5.6
Tennessee, annual % change	6.1	7.3	11.7	3.7	8.0	6.5	5.6	4.4	4.9
U.S., annual % change	4.8	6.9	9.6	3.0	6.7	5.9	5.1	4.4	4.6
CoreLogic HPI, annual % change	6.5	10.1	21.3	19.3	8.4	6.8	3.4	2.5	0.6
Tennessee, annual % change	6.1	8.9	19.6	17.9	4.5	4.6	2.7	1.3	0.0
U.S., annual % change	4.0	6.8	15.2	12.6	3.9	4.3	1.9	1.4	0.2

Sources: Bureau of Economic Analysis; Bureau of Labor Statistics; CoreLogic; Regions Financial Economics Division. Forecast as of October, 2026.

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