Memphis TN

Metro Area Economic Update - Q4 2026

Overview: The Memphis economy has faced persistent headwinds from job losses within transportation and warehousing services and subdued population growth. Building greater economic diversity, aided by recent investments in advanced manufacturing, could help bring longer-term stability to the local labor market.

Labor Market: Economic growth has stalled across the Memphis metro area, with payrolls remaining flat over 2023-2024 and on track for consecutive annual declines in 2025-2026. After helping lift the local economy out of the pandemic, the region's heavy concentration in transportation and warehousing services has become a persistent headwind for the labor market as logistics providers prioritize efficiency to offset margin compression. At the start of the year, for instance, Nike and GXO Logistics each issued layoff notices after closing distribution centers in the Memphis metro area, leveraging automation to consolidate operations into other local facilities. Hiring remains muted for top employer FedEx as the company continues towards a targeted $2 billion reduction in annual operating expenses by the end of next year, while DHL has reduced Memphis-based staff after announcing similar cost-saving initiatives. With logistics-based employment accounting for 18.5 percent of the local workforce in 2025 – more than triple the national average of 5.5 percent – these pressures across the industry have had an outsized impact on the Memphis economy. Though the continued shift to online shopping has boosted package volumes, local payrolls could remain under pressure as retailers push for faster deliveries, shifting activity away from centralized distribution hubs such as Memphis to smaller fulfillment outposts closer to large population centers.

The local manufacturing sector, after experiencing consecutive years of job losses, has attracted notable investments that could help reverse this trend. Rapid growth in data center construction has directly supported two projects in the Memphis area, including AAON's new facility specializing in liquid cooling equipment and Hyosung's efforts to double its production of large power transformers, which together will add over 1,000 jobs. Separately, a joint venture led by Diamler Trucks is expected to open in 2028, hiring 2,000 workers to produce battery cells for commercial electric trucks. While the early sunset of federal EV incentives last year dented consumer EV sales and prompted some automakers to scale back related investments, progress on the Diamler facility remains on track as commercial EV demand – enticed by considerable long-term cost savings – remains resilient. Highlighting the region's extensive logistics network, low industrial rents, and workforce training programs, local officials have prioritized advanced manufacturing as a strategic area of growth. With investments such as these marking progress toward the city's goals, building on this momentum could bring more high-wage jobs to the metro area, lifting household incomes and supporting demand among local businesses.

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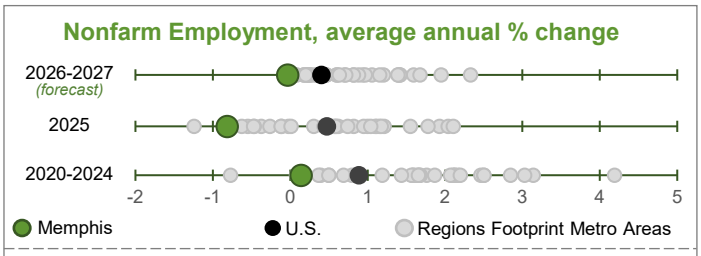
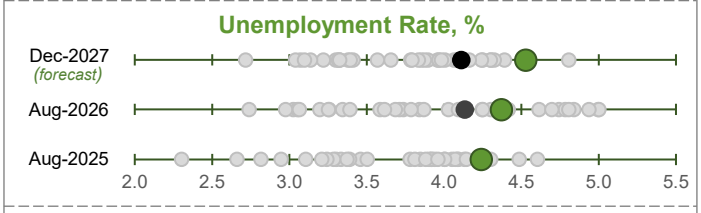
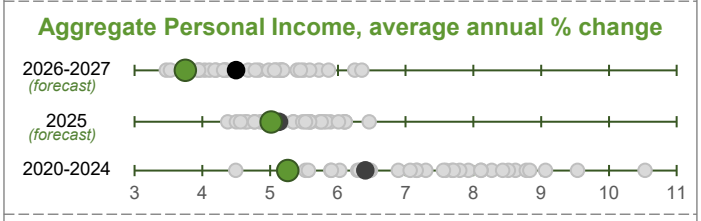
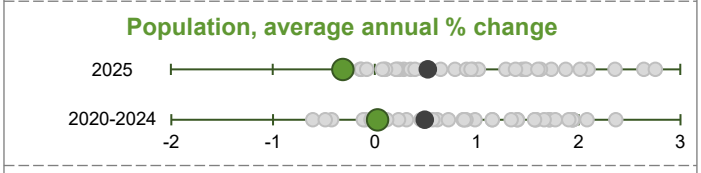
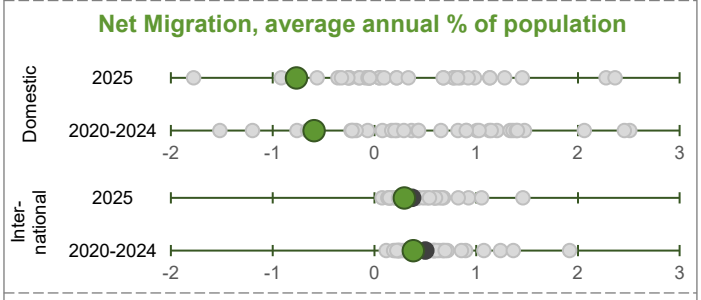








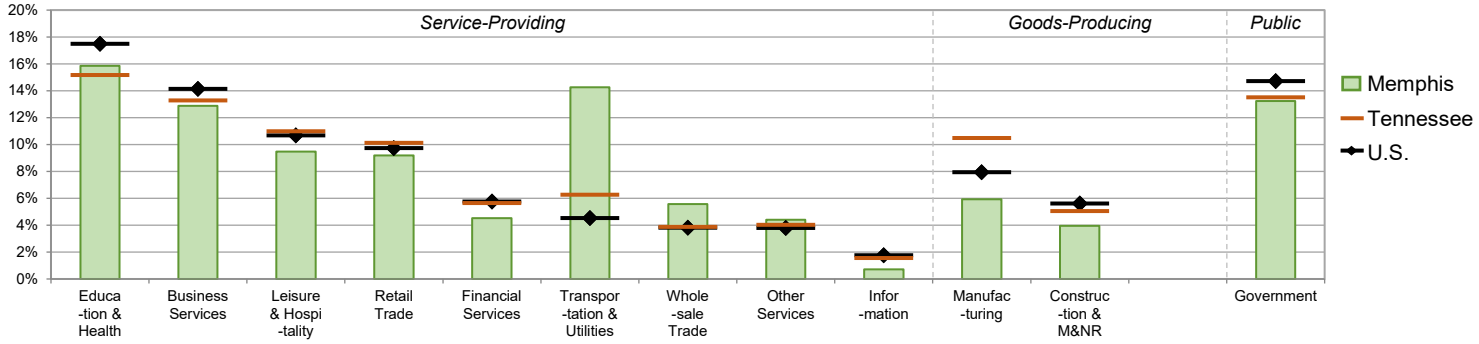


Average Household Income, 2024, Ths. $

	First Quintile	Second Quintile	Middle Quintile	Fourth Quintile	Fifth Quintile
Memphis	12.3	39.5	68.2	108.3	257.0
Tennessee	16.0	44.0	72.5	111.6	254.7
U.S.	17.1	48.9	82.2	129.1	294.1

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

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 Memphis metro area.

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

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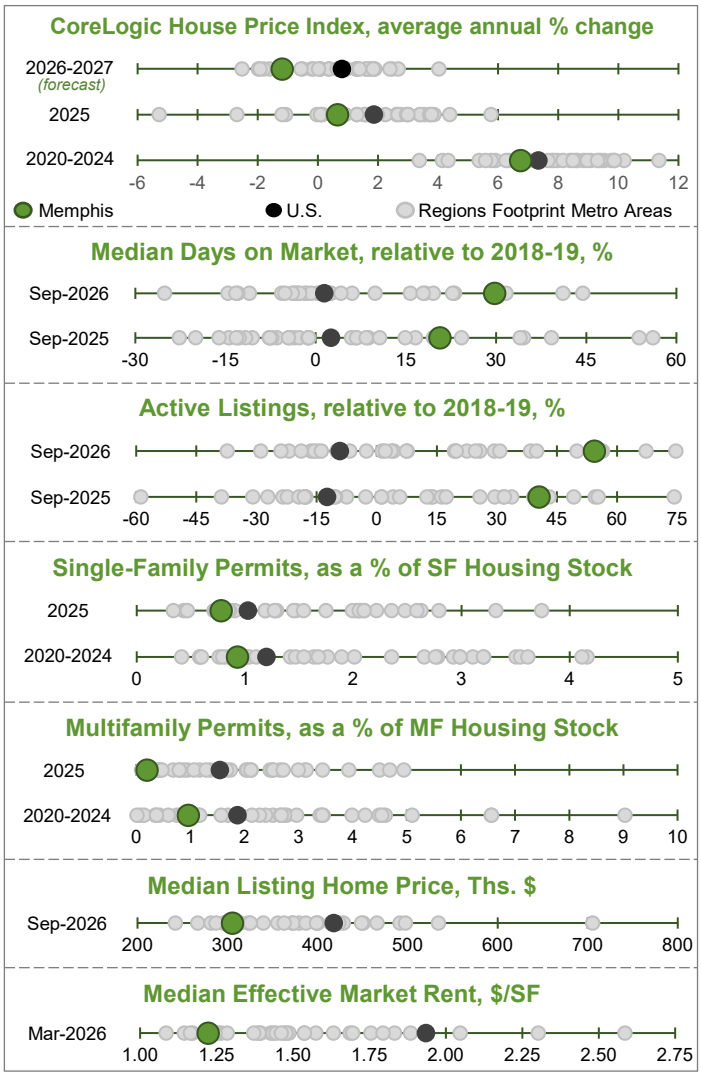
Demographics: Job growth across education, health care, and leisure and hospitality has trailed the national average as population outflows have weighed on demand for these local services. The gap between outbound and inbound residents – after having narrowed through 2019 – has widened steadily, becoming a 0.8 percent headwind to population growth for Memphis in 2025. Outflows have been most pronounced among residents aged 25 to 54, whose population declined 1.1 percent over the last five years compared to an increase of 3.5 percent on the national level, pressuring growth in the local labor force. Migration data from the IRS indicate that many of these prime-age workers relocated to metro areas with stronger job growth, particularly among highly-skilled occupations, such as Nashville and Dallas. While an accelerated pace of international inflows offset these losses between 2022 and 2024, this support weakened last year in response to more stringent immigration policy, contributing to a 0.3 decline in total population for 2025. While population losses could persist this year, continued investment in advanced manufacturing could trigger a broader recovery in labor demand, helping to curtail these outflows.

Housing: Memphis remains among the nation's most affordable housing markets, with median home prices ranking in the bottom quartile among U.S. metro areas with populations of one million or more. While demand for home purchases has remained resilient for many of these peer markets despite elevated mortgage interest rates, house prices in Memphis have edged lower over the year, due in part to softening local labor market conditions. The continued rise in active listings for sale, which stood 54.3 percent above the pre-pandemic level in September, may also reflect fading investor interest, as investors own nearly one quarter of all single-family properties in the region. Should this source of demand diminish further, dampened by decelerating rent growth and new regulations limiting purchases by institutional investors, the pace of house price appreciation across Memphis could continue to trail the national average. The weak pricing environment, however, should reinforce Memphis's relative affordability advantage and, with stronger local job creation, encourage inflows of households priced out of more expensive markets.



3-month moving average for Median Days on Market and Active Listings; 12-month moving average for Median Listing Home Price and Effective Market Rent; Annual totals for all others

Residential Sales and Construction	2019	2020	2021	2022	2023	2024	2025	2025 ytd*	2026 ytd*
Existing Home Sales, ths. units	28.1	28.3	31.6	27.2	21.7	21.8	20.2	4.4	4.0
New Home Sales, ths. units	1.8	2.3	2.5	2.1	1.9	1.7	1.1	0.3	0.1
Single-Family Permits, ths. units	3.3	3.9	4.3	3.5	3.1	2.8	3.1	2.1	2.2
Multifamily Permits, ths. units	0.4	0.9	0.9	0.8	1.0	1.5	0.2	0.1	0.3

	Memphis			Tennessee			U.S.		
Housing Characteristics	**2014**	**2019**	**2024**	**2014**	**2019**	**2024**	**2014**	**2019**	**2024**
Occupied Housing Units, mil.	**0.489**	**0.500**	**0.523**	**2.487**	**2.597**	**2.824**	**116.211**	**120.756**	**129.227**
Homeownership rate, %	62.1	60.0	60.5	67.1	66.3	66.9	64.4	64.0	65.2
Occupied Single-Family Units, mil.	**0.370**	**0.377**	**0.397**	**1.827**	**1.905**	**2.080**	**80.136**	**83.028**	**88.845**
% renter-occupied	22.2	24.5	24.4	18.3	18.7	17.7	17.8	17.8	16.0
Occupied Multifamily Units, mil.	**0.101**	**0.106**	**0.108**	**0.432**	**0.471**	**0.527**	**29.188**	**30.921**	**33.621**
% of total occupied units	20.6	21.3	20.6	17.4	18.1	18.7	25.1	25.6	26.0
Demographics	**2005**	**2015**	**2025**	**2005**	**2015**	**2025**	**2005**	**2015**	**2025**
Population, mil.	**1.272**	**1.338**	**1.341**	**5.991**	**6.614**	**7.315**	**295.517**	**321.815**	**341.785**
10-year cumulative growth, %	12.3	5.2	0.3	14.5	10.4	10.6	12.3	8.9	6.2
15-24 age cohort share, %	14.4	14.0	13.3	13.9	13.6	13.2	14.4	13.9	13.3
25-44 age cohort share, %	28.7	26.6	26.4	28.0	25.7	26.4	28.0	26.1	26.7
45-64 age cohort share, %	23.9	25.7	23.9	25.6	26.5	24.4	24.7	26.2	24.0
65+ age cohort share, %	10.0	12.7	16.5	12.5	15.4	18.3	12.4	14.9	18.5

Shading relative to U.S.

* Year-to-date through March 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.

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Total Nonfarm Employment, % change year ago

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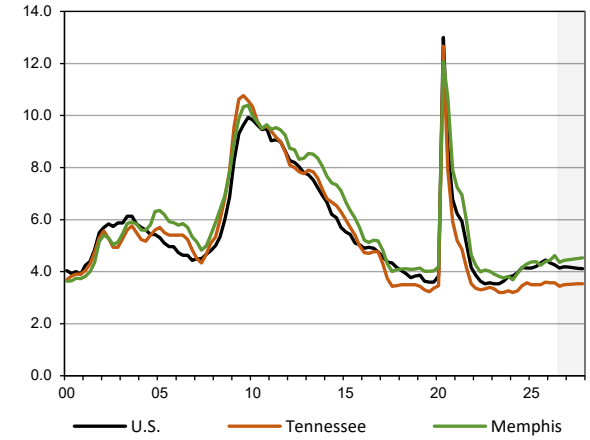
Unemployment Rate, %



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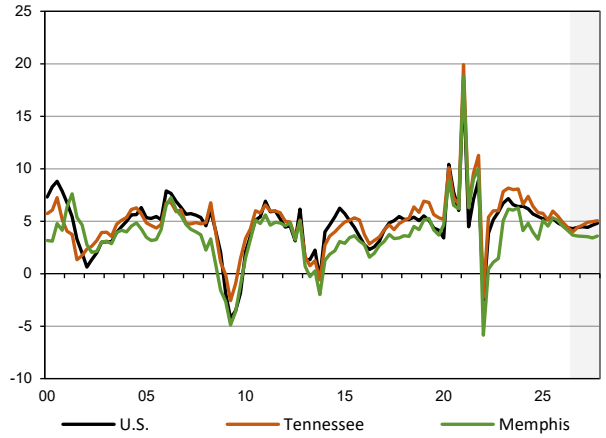
Total Personal Income, % change year ago



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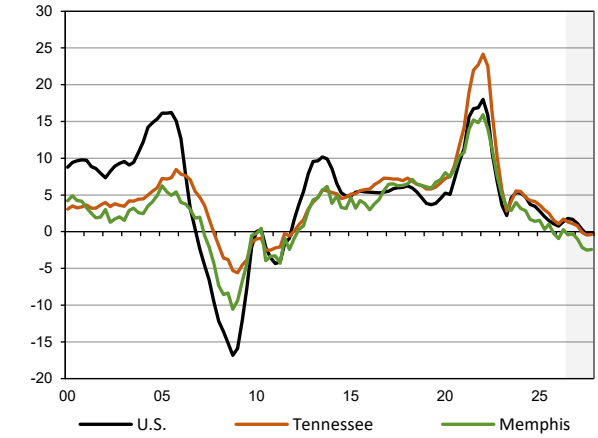
CoreLogic House Price Index, % change year ago



Key Economic Indicators	2019	2020	2021	2022	2023	2024	2025	2026 (F)	2027 (F)
Total Employment, ths.	**655.3**	**628.0**	**642.1**	**659.6**	**660.0**	**659.9**	**654.5**	**653.1**	**654.0**
Annual % change	0.9	-4.2	2.2	2.7	0.1	0.0	-0.8	-0.2	0.1
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, %	**4.1**	**8.7**	**6.2**	**4.1**	**3.8**	**4.0**	**4.3**	**4.5**	**4.5**
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.	**64.8**	**69.0**	**76.6**	**76.0**	**80.4**	**83.7**	**87.9**	**91.4**	**94.6**
Annual % change	4.5	6.6	10.9	-0.8	5.9	4.0	5.0	4.0	3.5
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**	**8.6**	**13.7**	**12.0**	**3.8**	**2.3**	**0.7**	**-0.4**	**-2.0**
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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