

Knoxville's Economy: Inflation's Counter-Force?

Local strength challenges broader housing market pressures in East Tennessee.

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THE DATA

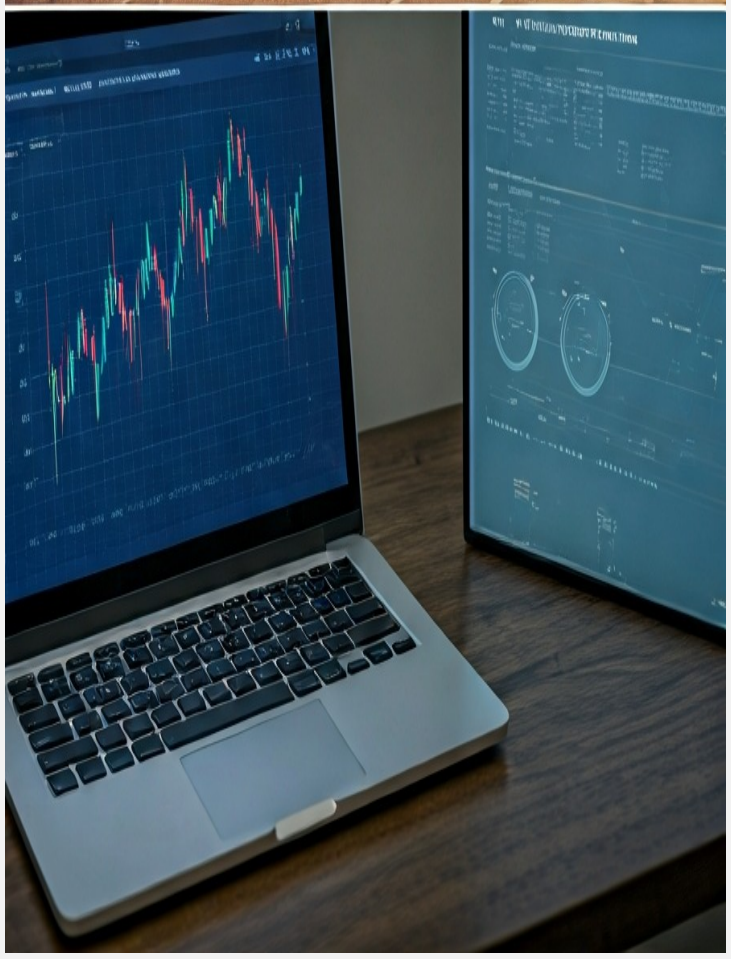
3.8%

Year-over-Year Job Growth

Knoxville MSA's employment expanded robustly over the past year, outpacing national averages.

This significant job growth, reported by the UT Boyd Center, indicates a strong local economy. This fuels sustained demand for housing even as broader inflationary forces exert upward pressure on prices and interest rates, providing a critical foundation for market activity.





Source: University of Tennessee, Boyd Center for Business and Economic Research · Published August 12, 2026

01

Local Economic Tailwinds Mitigate Inflationary Headwinds

The Knoxville metro area benefits from strong employment gains and rising incomes, as detailed by the UT Boyd Center's Q3 2026 outlook. This fundamental economic strength underpins housing demand, offering a buffer against the inflationary pressures observed across the broader Sixth District by the Atlanta Fed. Buyers in Knoxville are supported by a more robust local earning capacity.





02

Supply-Side Adaptation: Knoxville's Response to Rising Costs

While the Atlanta Fed highlights inflationary impacts on construction, Knoxville's housing market shows signs of adaptive supply. New housing starts, though facing material and labor cost increases, are strategically responding to sustained local demand. This localized supply dynamic is key to balancing affordability and availability in the face of elevated input costs, preventing severe shortages.

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