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Industry Outlook: Hospitality

Investors scout downtown Nashville options

Premium content from Nashville Business Journal by Nevin Batiwalla, Staff Reporter

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It's still too early to tell what lasting impact the \$585 million **Music City Center** will have on development in downtown Nashville.

However, the project is already drawing attention from deep-pocketed out of town investors scouting surrounding sites, particularly for hospitality projects, said [Mark Bloom](#), a downtown investor and developer.

Although construction of the convention center has yet to trigger a flurry of development activity nearby, indications point to the development buzz intensifying in the months ahead, commercial real estate professionals said.

"It has definitely got the interest from outside private investors and institutional investors. It's ratcheted up the tire kickers," Bloom said.

That has landowners raising the asking price for developable land in the Gulch and areas near the new convention center, Bloom said.

While it's been relatively quiet, [Bert Mathews](#), president of **The Mathews Co.** and chairman of the **Nashville Area Chamber of Commerce**, expects several announcements regarding development around the Music City Center to come over the next 12 months.

"I think we are in that stage where there is an awful lot of discussion that hasn't made it to reality yet," Mathews said. "I think 2012 in terms of acquisitions and announcements will be a busy year. I think people will want to open right after the convention center."

Much of the interest is in opportunities linked to tourism, Bloom said.

"There's no substantial interest or demand for office space — we've got plenty of office space," Bloom said. "The focus right now is on lodging and restaurants. There are developers around the Music City Center looking for hotel sites. These are groups coming into town. They are basically kicking tires and looking at sites. It's all very, very preliminary. They are trying to figure out how much it would cost to buy the land and do a hotel."

Hotel developers will be looking closely at how the advance bookings and hotel room bookings for the Omni hotel play out in the next few years, Bloom said. In November, the **Nashville Convention & Visitors Bureau** said it had booked more than 500,000 room nights for the new Music City Center.

The city's existing hoteliers are preparing for a sizable boost from the new convention center, opening in 2013. Many have invested tens of millions of dollars into their properties in the form of upgrades and repairs.

[Warren Smith](#), CEO of Nashville brokerage **Cushman & Wakefield**/Cornerstone Commercial Real Estate Services, believes the new convention center will redefine the area.

"There is a concerted effort among primary land holders in the area to make sure we have a good development plan going forward rather than a haphazard redevelopment plan," Smith said. "I think the whole area is going to see a lot of growth, like restaurants and things that are convention oriented."

The Southern, a restaurant opening in the Pinnacle at Symphony Place tower in SoBro, will benefit from the traffic generated by the nearby convention center, said Smith.

The convention center could help put Nashville on the radar of companies looking to expand or relocate an office, said [Carlyle Carroll](#), vice president of economic development for the Nashville Chamber.

"I think it's going to be great for us. From our standpoint, you get more people coming to town seeing the benefits, seeing the electricity, enthusiasm, entertainment, lifestyle and visibility of the city," Carroll said. "It does nothing but open our arena up to those that we sell to."

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Nevin Batiwalla covers commercial real estate, construction, residential real estate, manufacturing and retail.