

# Nashville Update Among the Covid-19 Pandemic



## Macro Outlook

I hope everyone is staying safe and doing their best to stay positive through the pandemic. Much has happened in Nashville in 2020, most profoundly is the coronavirus pandemic. I will refrain from a medical opinion and stay in my lane of economics and commercial real estate. The pandemic has caused great uncertainty in the commercial real estate market.

There are tangible negative economic effects to the economy. Much of the economy is closed and slowly reopening, something unthinkable in 2019. Many of the losses are not going to be made up and economic hardship has been felt by everyone. To date we have avoided a systemic failure in the system. If the “social distancing” continues for an extended period of time or we need to quarantine at home again, the economic hardships will deepen. We will start to see our critically important infrastructure start to falter. This will look much like the credit crisis of 2008.

Thus far the Federal Reserve and Federal government has kept the American economy out of this dangerous phase. With the various stimulus programs the government has pledged up to \$6.5+ trillion to keep another credit crisis at bay.

## More Questions Than Answers

No one can speak with certainty about what is to come in the commercial real estate market because no one can predict the virus' path. Events and news are happening at an incredible rate.

What are the long-term effects of this pandemic on housing? In the last 10+ years many cities have seen a strong shift back into urban centers. Will that continue? Or will people want to more permanently social distance? Will people after the pandemic look for their own one-bedroom apartment after having to quarantine with others?

(continued on page 3)



**Matt Kwasek**  
Principal Broker

[matt@kwasekcre.com](mailto:matt@kwasekcre.com)  
615-512-3880 (c)  
615-298-9321 (o)

# KCRE is Open!

Kwasek Commercial Real Estate, LLC is open and operating. We are practicing social distancing and are fully capable of conducting business online through internet marketing campaigns, email, phone or video conference. If you have a need or want to talk through an important issue, we are here to help.

- Broker Opinion of Value
- Asset disposition
- Leasing
  - o Tenant Representation
  - o Landlord Representation
- Consulting
- Asset & Property Management

## Video Conferencing Best Practices:

I have always enjoyed adapting new technologies to make work both better and more efficient. In 2020, video conferencing is suddenly very important. Below is a list of best practices if you need to join a video conference call:

- 1) Trial Run: Make sure your camera and mic are working in advance and that you know how to navigate and use the video calling software prior to a call.
- 2) Quiet Place: Ideally, find a quiet place away from others so you will not be interrupted or add unnecessary background noise.
- 3) Lighting: More light is generally better. A well-lit room with plenty of windows is helpful so others can see you and your facial expressions. Try not to position the windows behind you.
- 4) Camera Position: Generally straight on or slightly above the nose and eyes. Not too low and not too high.
- 5) Internet: First, make sure in advance that the internet speed is adequate to hold a video call. I use the app "Speedtest by Ookla" to test my internet connections. Run the program from where you plan to make the video call. The farther away from the wireless router, the slower the speed.

Suggestions vary; however, I recommend a minimum of 5 Mbps for both upload and download speed.

## Video Conferencing Links:

- [Dos and Don'ts of Video Conferencing](#)
- [How to Pull Off a Professional Video Call from Home](#)
- [Video Conferencing from Home: Ten Golden Rules for Newbies and Pros](#)
- [4 Tips for Getting the Most Out of Zoom Video Conferencing](#)



1507 16<sup>th</sup> Ave South

Nashville, TN 37212

Phone:

(615) 298-9321 (O)

(615) 512-3880 (C)

E-Mail:

matt@kwasekcre.com

Web Site:

www.kwasekcre.com

## More Questions Than Answers Continued

How does the “Safer at Home” mandates across the globe affect demand for current and new office space?

How long before business and leisure travel are back to pre-pandemic levels? What does this do to hotel occupancies and ADRs over the next 24 months? Or to new hotel development?

Of the trillions already spent and committed, how much time does that buy the economy? Does that sustain the US economy through June? July? How many more trillions can the government spend?

What are the long term effects of that much money in the system? How much public debt can the United States issue and remain highly rated and stable? Can the U.S. pay off the debt and not put pressure on GDP growth? Or is U.S. economic prosperity subject to debt fueled growth?

There are too many variables to accurately predict the course of the virus and economic impact. As of this writing, we are seeing light at the end of the tunnel. Cities and states are slowly reopening into a new normal. A continued vigilance to monitoring the evolving landscape is required. Having a plan and staying discipline is vital in these uncertain times.

## Investment Commentary

I see a steady climb back to a new normal with ups and downs along the way. Nashville saw very strong land sales to end 2019. The city had a renewed momentum entering 2020. Many large expansions such as Amazon and Alliance Bernstein are getting closer to completion and developers are eager to meet the anticipated demand.

As new challenges arise, so will new opportunities. We are already seeing distress in the hospitality and retail industry. The pandemic has accelerated the demise of retailers that were already struggling. Many have predicted the death of retail for a long time. I reject the premises and believe retail is evolving. Amazon.com has absolutely shaken up the retail sector. Experiential retail is still doing well and in demand. Perhaps even more so after being “safer at home” for too long.

Nashville is the for profit healthcare capital of the United States and the main economic driver of the city. What are the long term effects for the healthcare industry after the pandemic? How will that influence Nashville?

In the Great Recession, external factors are what caused the pain in Nashville. The city’s fundamental remained relatively healthy buoyed by the economic drivers of healthcare, music production, finance and insurance, government, higher education and tourism. Nashville has a strong demand and growth story. I expect the city to outperform peer cities and continue the long term upward momentum.