

Hotel Investment Today

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Luxury helps accelerate growth in hot Nashville

BY DENNIS NESSLER | JULY 25, 2025

While supply growth has caused near-term pricing power erosion, most developers remain bullish about the long term.

NASHVILLE – With growth in the luxury segment as a key catalyst, Nashville continues to attract investors and developers at a dizzying pace with robust demand and performance metrics that have outpaced the vast majority of top MSAs over the past few years.

From a development perspective, the Music City is on pace to add more than 2,700 rooms this year, trailing only New York City in terms of rooms added, according to STR. In addition, Nashville this year has grown supply some 3% through May, significantly outpacing the national average of 0.7%.

However, with overall room demand relatively flat during that same period occupancy in Nashville dropped 3% when compared to the first five months of 2024, coming in at 64.4%, according to Jan Freitag, senior vice president, Lodging Insights for STR.

Freitag acknowledged some of the softening—which has been an industry-wide trend throughout the U.S. in 2025—but emphasized the Nashville market remains very hot from a development perspective.



Vision Hospitality Group is developing the Tempo by Hilton Nashville.

“If you don’t grow demand, but you grow supply that means occupancy takes it on the chin, which then takes away your pricing power. That’s sort of the high-level story, but then you look at the pipeline and clearly there’s no slowing down. There are there are no bad ideas right now when it comes to the [Nashville] pipeline,” he said.

Players to watch

Mitch Patel, CEO, Chattanooga, Tennessee-based Vision Hospitality Group—which has a management portfolio that currently includes seven properties in Nashville—touted the market’s pricing power as one of the primary reasons for the spike in development.

“With all that demand comes supply. People see the performance of these hotels, especially on the rate side. We have a select-service hotel that was commanding Manhattan type ADRs,” said Patel, who added the company expects to open the recently topped out 161-room Tempo by Hilton Nashville/Midtown by the end of the year.

The market is rife with development opportunities for major brand companies, including Sonesta International. An affiliate of Sonesta is planning a mixed-use development on a 22-acre site directly across the river from the downtown area. The development is expected to include two Sonesta hotels, most likely a Royal Sonesta and a James Hotel, according to John Murray, president and CEO, Sonesta International Hotels.

Murray told Hotel Investment Today that with eight hotels already in the Greater Nashville area, the Newton, Massachusetts-based company is homing in on the downtown area, in particular.



We're still pretty bullish on the market. I know there's been a little bit of softness, but I think that's been probably a little bit more pronounced in the outlying areas. Downtown Nashville seems like it's still pretty strong looking at the [STR] data.

Patrick McMonigle

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"We're especially bullish on [downtown] Nashville as a market, but we have not yet planted a Sonesta flag. So, it has brand importance, too. It's not just new hotel rooms coming, the city is attracting technology companies and the population growth is significant because of the confluence of education, music, culture and industry. These types of dynamic markets are long-term success stories," he said.

Luxury play

Given its popularity as a destination for travelers from all corners of the U.S., it shouldn't be all that surprising that it has become "the darling of the industry," according to Patel. What is surprising to many, however, is that the market has become something of a luxury destination in recent years.

As of May, there were some 985 luxury rooms under construction, according to Freitag, who acknowledged there's been a "lot of chatter" in the market around luxury. "Clearly Nashville has hit luxury developer's radar. So, we are seeing a lot more interest," he said.

"It's been really impressive to see how Nashville has evolved into a luxury hotel market," Patel added.

In addition to recent openings such as the Four Seasons Hotel & Residences and The Joseph, a Luxury Collection Hotel, there are a handful of projects in the pipeline, including The Edition Hotel & Residences, the St. Regis Nashville and The Pendry Nashville.

For the latter project, Atlanta-based Access Point Financial is providing \$75 million in mezzanine financing for the 30-story, \$370 million development. Developed by SomeraRoad, The Pendry Nashville and Pendry Residences will be located in The Gulch District and is expected to open sometime in 2027, featuring 180 rooms, 146 luxury condo residences, and three F&B outlets.

Patrick McMonigle, senior director, Access Point, called it a "unique investment" because of the luxury condo and hotel component.

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One luxury project that has gone sideways is the Ritz-Carlton Nashville, a two-tower luxury hotel and residences planned for SoBro (south of Broadway) on 12th Avenue. Original developer M2 Development Partners, led by Tim Morris, faced legal challenges and financial difficulties putting the Marriott International project on hold temporarily.

Count Reade Hotel Capital among those who see lots of opportunity ahead in the market. Three months ago, the New York City-based investment company acquired the Embassy Suites Nashville at Vanderbilt.

The company—which owns and operates the hotel—is planning a comprehensive renovation, according to Lawrence Margolis, managing partner, Reade Hotel Capital, who commented on the dynamics of the market.

“What we have seen so far is that the greater Nashville market continues to lag levels experienced just after COVID, but we are very bullish on Nashville in the long-term. We believe that once this influx of new supply gets absorbed, the market will bounce back and remain strong for future years,” he said.