

From the Nashville Business Journal:

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Price tag swells as 40-story tower plans advance

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After winning an important government approval June 5, the developers pursuing what would be Nashville's second-tallest skyscraper are looking to lock in key construction contracts to help corral their budget.

As proposed, the 40-story tower in SoBro would reach 550 feet in the air, topping the recently opened 505 condo tower on Church Street. Only the city's landmark AT&T Tower, with its iconic twin spires, would be taller than the skyscraper that Boston-based The Congress Group and Los Angeles-based [AECOM Inc.](#) (NYSE: ACM) want to create at the address of 151 First Ave. S.



SOLOMON CORDWELL BUENZ

The project would push Nashville's frenetic building boom and "It City" growth to new heights, in large part because the developers have said they're negotiating with a five-star hotel company whose 232 rooms would occupy part of the tower. The independently owned Hermitage Hotel is the region's only five-star product. A branded five-star hotel, offering twice as many rooms as the Hermitage, would be the surest sign yet that the city's rising profile within the hospitality business is not fleeting.

Most of the tower, floors 15 through 40, would consist of a total of 142 luxury condos.

On June 5, the project's design won the approval of the Metropolitan Development and Housing Agency. MDHA has jurisdiction over the project's look, footprint and building materials because the property sits within one of the agency's urban redevelopment districts.

The total cost to develop the 40-story tower is nearing \$400 million, up from a prior estimate of \$325 million, said senior Congress Group executive [Joe Farrell III](#). Though financing for construction isn't yet in place, Farrell said he's hoping to finalize some construction agreements in the next few weeks — contractors who would help solidify plans and lay out the schedule for building the tower.

"It's not something you rush. It's not uncommon to spend a year in design, for a project of this magnitude," Farrell said in an interview.

Construction is now expected to start in January, several months later than previously planned. The tower will take 34 months to create, meaning that it wouldn't open until the end of 2021.

The duo remains under contract to buy the 1.6-acre property from longtime Nashville real estate investor Jack May. We've reported that the contract, which dates to 2015, is for a price that would smash records for SoBro, which has been the epicenter of Nashville's real estate bonanza. The site is presently a parking lot and the low-rise Market Street Apartments building.

To this point, the project has been funded in a 50-50 joint venture between Congress Group and AECOM, which is a multinational engineering company. The duo have hired [HFF Inc.](#) (NYSE: HFF) to recruit construction capital to the project, Farrell said.

The developers are preparing to open an outpost in SoBro's 222 office building, where they will work to drum up pre-sales for the condo units. That newly opened building features a 12th-floor amenity deck that overlooks the tower development site.

Farrell said he had no updates on the negotiations with the five-star hotel, the identity of which he has declined to identify. "It's going to take a few more months. Nothing's been formally signed yet. There are not formal operating documents," Farrell said. "Hopefully, in the next 60 to 90 days, it'll sort itself out."

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