



OFFICE MAKES A COMEBACK

As summer winds down, our Asset Management team has been reflecting on recent conversations with investors and owners. One theme is clear: renewed interest in office investments. Just a year ago, “office” was rarely mentioned—often avoided altogether. Today, however, this asset class is seeing meaningful activity, and not just in distressed opportunities.

NASHVILLE TRANSACTIONS: DISTRESS & OPPORTUNITY

Since the start of 2025, 17 office assets have sold in Nashville.

- **PRICING:** Transactions ranged from \$30 per square foot to \$243 per square foot.
- **MOTIVATIONS:** Many of these sales have been distressed repositioning, while a select few generational office assets remain stable in today’s CRE market.

DOWNTOWN CONVERSIONS: HOTEL DEMAND RISING

A major theme in Nashville’s central business district has been office-to-hospitality conversions.

- **CONVERSION COSTS:** These transformations often exceed \$1,000 per square foot, a significant investment that only pencils if investors enter at the right basis.
- **INVESTOR APPETITE:** Despite the high cost, activity remains strong among groups seeking to capitalize on Nashville’s resilient hospitality demand.

STABILIZED OFFICE IS STILL IN PLAY

While most headlines focus on distress, several stabilized office assets have also traded.

- **EXAMPLE:** A 100,000+ SF office property averaging 95% occupancy since the 1980s was recently listed at a 7.5% cap rate.
- **OUTLOOK:** For buyers with patient capital, core-stabilized office represents a long-term preservation play with upside in future market cycles.

COMMONWEALTH ADVANTAGE

At Commonwealth Commercial, our Property Management and Asset Management teams are well-positioned to add value in this shifting landscape.

Whether it’s repositioning a distressed asset, stabilizing a core office, or supporting complex conversions, our team thrives in periods of transition.

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