

Whereabouts in Nashville: A Conversation with Jessica Averbuch

Hi, I'm Miranda Junowicz, and this is Whereabouts, where we explore the curious ways that politics, business and culture intersect with real estate markets around the world.

On this episode of Whereabouts, we head to America's Heartland and music capital, Nashville, Tennessee. In 2010, a devastating flood left downtown underwater and substantial destruction in its wake. What followed over the last decade was strong and steady growth in population, tourism, new businesses, tech ventures and more. Nashville's focus has now shifted, with a newly elected mayor exploring how best to meet the important infrastructure challenges in transportation, public education and rising housing costs that still need to be solved. Nashville is a city on the rise.

My co-host today is Jessica Averbuch, CEO and broker with Zeitlin Sotheby's International Realty.

Hi, Jessica, thanks for joining me today.

Jessica Averbuch

Hi, Miranda. Thanks for having me.

Miranda Junowicz

So Nashville is a really exciting town at the moment. A lot of growth, a lot of interest, a lot of industry...Tell me about your city.

Jessica

I would start off by just telling you a little bit about the character of our city because I think it is one of the key reasons why we are where we are today. It is a friendly place. It is very welcoming, and there's definitely a small-town vibe. And that's really an incredible thing to hold on to as you become more and more metropolitan. So there's just a wonderful energy from the minute you land in our airport. And I think people really gravitate towards that friendliness.

Miranda

Well, I have to reveal that I was in your city in April of this year for the NFL Draft.

Jessica

Oh my goodness, you couldn't pick a more exciting time.

Miranda

It was amazing. My son is a big football fan. And I just, we loved Nashville so much. And it really was this sense of kindness and openness. People are so friendly. That's the small town feel that you mean.

Jessica

Oh, and it is alive and well everywhere you go. And it really intersects all of the different layers of our community. So it doesn't matter if you are in the business environment or at a concert, there's just a way that we treat each other in Nashville that I think is drawing people here.

Miranda

How do you think that that has played into all this growth and all this potential that Nashville has?

Jessica

A lot of people come to visit Nashville, obviously, from a tourism standpoint. We are on the map and people love to visit they love to come here for the music for the big events. Obviously you came for the draft, the CMAs, Bonnaroo, the list kind of goes on and on of the things that draw people here. They come to go visit Jack Daniels. They come to go to the honky tonks. They come for a bachelorette party. But I think the reason - a lot of the reason - that people are moving here is they come, and they just fall in love.

Miranda

A lot of companies looking at Nashville as a real friendly place for their new growth. Why is that?

Jessica

Well, I think you really have to look back into our history to understand some key events and decisions that have made it a very favorable place to both live and work. Some of that goes all the way back into the 1960s when our city and county consolidated into a metro government. That laid the foundation for us to be able to grow and to be able to have the infrastructure that was needed to not only have a vibrant city, but also surrounding areas. So when you talk about Nashville, you're really talking about Middle Tennessee. And so it's our broader region that's almost 2 million strong. And I think that consolidation was kind of the bedrock.

And then from there, we have had really strong public/private partnerships. We've been very fortunate to have very good elected officials. And they've worked well with our business community and have been able to look past some of the minutia that you can sometimes get caught in, and to really focus on the city and working together.

Those two things certainly provided the framework for our city. It is a favorable tax environment. We have no state income tax, our property taxes are reasonable. That obviously appeals to these large corporations. We're able to offer a lifestyle and a livability, a quality of life that you just can't get in other parts of the country.

And then our economy is so diverse. People think of the music industry, for example, or they think healthcare, certainly you think tourism as well. But we have over 20 colleges and universities, which provide this pipeline of talent, which is the name of the game today in corporate America is, is how do we get the talent.

Miranda

Sure.

Jessica

I think that's where it's all come together is that diverse economy and really having the foundation to be able to grow into what we've become today.

Miranda

I'm particularly interested in this foundation point that you raise. Was that from a tax perspective, was that from a city planning perspective? What came in there?

Jessica

It started out being about taxes and infrastructure. And just, how to reconcile what people pay and what they get. In those years as people started to move into the suburbs but there wasn't an infrastructure there. And so that fight for the money of how to create the infrastructure to have viable suburbs. The way that we overcame that was consolidation of the city and county.

Miranda

And from a city planning perspective, did that include transportation?

Jessica

Unfortunately no transportation is really one of our biggest challenges today. And there's a lot of focus to try to solve that problem.

Miranda

When we came for the draft in April of this year, there were scooters everywhere. And I didn't know... there was nobody wearing helmets, and they were a lot of two people on one scooter. And we had the best time scooting around your city. So I have to ask, Is it still quite so open? Or are there more defined rules what you're allowed to do?

Jessica

There have been fits and starts to having additional regulation. That scooter creates this connectivity within a city and a mobility and an energy, and has certainly served a really kind of vital role, both for tourists and people who live here. I think that kind of leads into ... walkability is so important for a vibrant city.

Miranda

Yeah

Jessica

And so there's a lot of retrofitting, if you will, because the way the city was originally designed and intended was for car use. And so for that reason, as we add more green ways and add scooters, these are innovative ways to get people around and the traffic is not going to get better as we grow. And so that's where I think we have to be open minded, but also responsible, certainly. So it's a fine line. It's a balancing act. And I think that's where Nashville is today.

Miranda

So you have all this growth and all of this positive energy...people interested in Nashville. You also have challenges, physical challenges with the city. One of them is the floods, and you had a major event in 2010.

Jessica

We did. In May of 2010.

Miranda

Tell me a little bit about how that was in the time and in the aftermath from a neighborhood perspective, from people living there.

Jessica

Well, the river snakes its way throughout our region. So it was not one area that was affected. Our downtown, but also in surrounding areas and bedroom communities. They also had severe, severe flooding. There's a neighborhood an area called Bellevue, an area called Antioch. Those were some of the hardest hit during that time.

Miranda

And so homes were taken down and rebuilt? Was it sort of the same people in those neighborhoods moving away, how did they kind of come together again, as a community?

Jessica

So most of the homes were able to be restored. So it was more massive renovations versus having to completely tear the homes down. But there is a history in our region of flooding in certain areas where they have had to decide to just remove homes and buy out the owners so that they won't be facing the constant rebuilding each time there's an event.

Going back to the beginning of our conversation about the character of our city. And also our state. Tennessee is the Volunteer State. Honestly, seeing our city come together after the floods, was an unbelievable experience. You'll see all over Nashville, these the signs that say, "We are Nashville," and I think all of that started when the flood occurred because you just saw neighbors coming together, helping each other in such a wonderful way. It was a tragedy. There were lives lost. But it also was a key moment in our history as a city. And from that moment on there was this momentum and cohesiveness.

It also coincided with the recession coming, towards an end. And as the economy improved, and as there was money available to address the damage that occurred, we were able to revitalize areas that had been somewhat stagnant, in need of some investment, and this created that opportunity. That was the silver lining.

Miranda

And so having more permanent solutions, including buying people out in their federal programs to do that. Is that kind of on the fringes in Nashville or is that a really big part of the approach?

Jessica

I think that it certainly has occurred, but I don't think it's been widespread. That relates to some of the other challenges of being in a booming region with rising real estate costs. To be bought out, you have to have a place to go. That's a very tough position to be in. There certainly have been buyouts, but I don't think it's been a widespread kind of solution, if you will, to the areas that are flood prone.

Miranda

And most of your tremendous growth. I think I read somewhere that the population in Nashville grows...

Jessica

...100 new residents a day

Miranda

A day? Wow.

Jessica

A day. And so our growth is really been in all aspects of our region. But our downtown growth has been just unbelievable. The National Business Journal has something called a "crane watch" and you can all tune-in to see the crane activity. It's definitely fascinating. There're over 200 projects right now that are being tracked on that Crane Watch. And they're representing about \$8.5 billion dollars in investment. So, just even 20 years ago, there was a ban on residential development in our downtown.

Miranda

Really?

Jessica

MmHmm.

Miranda

What was that about? Where would that kind of ban come from?

Jessica

Downtown was a central business district. It was a place where you came to work at nine in the morning and you left at five o'clock at night, and the lights went out. And so it's just wasn't conducive to residential development.

Miranda

Sure.

Jessica

Which is just so entirely different than it is today.

Miranda

And the residential development that's happening today are towers?

Jessica

In our downtown, it's primarily high-rise development. But we have wonderful neighborhoods just right outside of our downtown and our urban core. For example, Germantown or Salemtown. And those neighborhoods are very different construction. So brownstone style, rowhomes, more traditional low- to mid- rise condominium buildings. But downtown, you really primarily see high rise development.

We were so behind the curve for so long that we have a shortage of available housing. Right now, for example, our firm represents the five oh five development. It's over 80% sold out. And there are not any other projects available offering residential condos.

Miranda

I'm assuming there's a lot of demand on the single-family home front as well.

Jessica

There's demand for all of our areas. Because not everybody wants to live downtown. Whether it's a suburban area that's well known for its school district, or some of the neighborhoods surrounding the urban core, some of the historic neighborhoods. They all are desirable depending on the lifestyle that they're seeking. But it's not just limited to downtown, it's really widespread across our market.

Miranda

These downtown residential towers, given that they're built in an area that has not traditionally been residential, are they self-sustaining? Providing supermarkets and dry cleaners? Or are those things popping up around downtown now that you've never seen before?

Jessica

So, yes, and yes. So number one, these buildings typically are offering true concierge living. Everything from, you know, dog parks, to pool...tennis courts, that sort of thing. But also all around downtown, there's so much commercial development, and so many people both buying and renting downtown, that we're seeing major investments and large grocery store chains such as Publix opened up downtown recently. Whole Foods is opening up downtown in the project called Nashville Yards where Amazon will be. It is a lot of fun to just drive around away from going downtown, you'll see that there's something new. It's constant.

Miranda

This area Nashville Yard so you say Amazon is building. This is a downtown location for a secondary headquarters is that right?

Jessica

Yes, yes. More recently Alliance Bernstein moved their headquarters from New York and they are downtown. So Amazon is one of actually several large moves like that.

Miranda

Are these companies coming in and looking to build housing for their employees, or are they just able to say, you know, Nashville is going to provide that, we're going to bring the jobs. I ask because, here in Silicon Valley, the space is very, very limited. And a lot of the big, particularly tech, companies are developing apartments for their employees, little housing communities, villages, that kind of thing. Is that part of the landscape in Nashville?

Jessica

That's not where we are now. One of the things that's been wonderful for me to see in the residential business is when we work with these people who are moving here, they're making all kinds of decisions about what kind of lifestyle they want to live here. And it's neat to see their influence and involvement across our broader community. It's not limited to the downtown.

We have had clients had lived in New York their entire life and they never owned a home. And so I think what this is allowing them is the opportunity to experience homeownership.

One of the wonderful things about Nashville as we have always been very stable as a city. Our economy is diverse, and it's always been a city that has grown in a steady, measured type of way. And as we talk about this explosive growth, and it sounds so tremendous, it's still incremental. And when you actually look at the people who are coming here, you can't put them into one category. They just want to be homeowners, and to be a part of the community.

Miranda

And that is a big part of your culture, is to own your home?

Jessica

You know, it has been historically. But that being said, one of the big shifts in all of this development has been that we have a lot more opportunities for people to rent. And so a lot of the growth downtown have been apartment buildings.

Miranda

Okay.

Jessica

There was a real void that we didn't have that housing. And it's so important for the talent, especially when you talk about some of these companies that are hiring straight out of college, they may not be ready for homeownership yet.

Miranda

The city has committed a lot of money to incentivizing companies to come in. And there's always this balance between how much you want to encourage more growth and needing to support existing and growing infrastructure. Do you feel like Nashville is striking the right balance there?

Jessica

I think we are at a critical moment in our city. Because we, as a city, did have to provide a lot of incentives to be able to attract these businesses and people. But now we've reached a tipping point where Nashvillians want to make sure that they and their neighbors are being taken care of. And there are essential infrastructure that, as a member of a community, you need, and you expect. And I think we've reached a critical moment in terms of a shift. So we have new leadership with our new mayor, and a lot of conversation right now around what we're lagging in. Transit is something that came up earlier in our conversation. Public education is another area where we have a lot of room for improvement. And I do think right now we've hit that tipping point, where providing incentives to grow is not a priority. And, you know, I don't have a crystal ball to tell you how this is going to play out, but I do feel that the tone has shifted. We've reached that point of success, and now it's really time to take care of our citizens, and our neighborhoods, and our children, and make sure that they're realizing the benefit of being a part of a vibrant growing city.

Miranda

And I don't know if it's a result of the friendliness or the small town-ness but it sounds like Nashville really has a nice way of reevaluating. It doesn't seem like it doubles down on a plan that is not relevant anymore. It seems to be nimble.

Jessica

Well, I think that our city has always been very forward thinking from a planning perspective. And what I mean by that, you know, when I talked to you about the consolidation of city and county, that was a very progressive thing to do at that time. The city in, I think, 2015, came up with a very long-term plan called Nashville Next, a roadmap for how we wanted to grow. And again, you know, it goes back to the public and private partnerships, where our Chamber of Commerce and our business leaders have come together with our elected officials and really looked around the country at who we want to emulate who we aspire to be, but also what we want to avoid. And so I think because that planning has taken place and we were always a city with a very measured, thoughtful growth, that even now as we've had this explosive growth, that bedrock was there. And it is an important part of us solving some of the hardest challenges. And the energy and the momentum is there to find solutions.

Miranda

I love the sense of shared destiny. And this desire to bring everybody along and not favor one perspective over another.

Jessica

And I'm proud of that. But I have to say that when you live in a thriving area, there are people who get left behind. And so there are some very serious issues that we can't pat ourselves on the back too much.

Miranda

Tell me.

Jessica

One of the biggest ones that I see in real estate that breaks my heart is seeing as we have these shifts in our neighborhoods, and there's a demand to live near the urban core. You have people who can't afford to live where they've always lived and can't afford to find a replacement home. So it's a serious issue, and I want to take my rose-colored glasses off for a minute and make sure that affordability and public education, those are going to be key to our long-term success. And I feel confident that it's a priority.

Miranda

One of the things in California at the moment, the state government has just signed into law new rules governing accessory dwelling units, sort of granny units on a property and they've basically ended R1 zoning in California. Any house can have an ADU now and rent that out separately and potentially sell it separately. Is that something you guys are looking at?

Jessica

Yeah, the high density is definitely a focus. And there's some really innovative things happening here. For example, in Cayce Homes, which is our largest subsidized housing, government housing. There's a very innovative project where they brought together people at different income levels and backgrounds and educational backgrounds to live in one community. So there are some steps being made. But if the dirt that a home is on is worth more than the house and there's a demand for that area, then that's when development occurs. And when that happens, the question is where do these people go? And there's not an easy solution.

Miranda

I really appreciate that you keep these things in mind and that these are important issues to keep in mind, and to have respectful development as much as anything else.

Jessica

We have a very diverse region. We have a very diverse company. So to us, our affiliation with Sotheby's International Realty is about being the best that we can be in our service and the quality of what we do and our commitment to the community. But it's certainly not about a price point. And I'm extremely proud of that. And our agents come from all over the region. So we're very aware and live in all of the different communities and price points.

Miranda

So talking about the history of the city and its growth and development, particularly in a real estate perspective, your founder of your firm has been a big part of that scene.

Jessica

Absolutely. Shirley Zeitlin founded our company in 1979. We turned 40 years old this year. And Shirley is truly an icon in our city for a number of reasons. As a female business owner, at that time, that there were very few women that fell into that classification.

She was able to be very influential as a woman in business, and she really from the earliest days recognize that to have a successful real estate company, you have to be a contributing member to the community. And you have to be involved. And whether that was getting involved in political campaigns and being knowledgeable about political affairs, we are the state capital...or whether that's aligning yourself with the business community. She was always very aware that she could help the businesses in town.

You know, today we talked mostly about how amazing Nashville is. And we talked about the culture and the energy and all of the wonderful things we have going for us, but if you go back 20 or 30 years, this was a small town. And when businesses were moving here, you had to really sell them on the city. And so she understood that she could help businesses grow by offering to be their partner and to help them bring talent here.

So a great example of the importance of being able to help companies recruit talent here is HCA. HCA Health Corporation of America, started in the 70s with three local men who looked at healthcare a little bit differently, really turning it into a business. And today healthcare in Nashville accounts for over 84 billion in our annual revenue. So healthcare is a huge part of our economy.

I bring that up because in their early years in the 70s, having a real estate partner who could help people move here and become a part of the community, that was a key alliance. Shirley has been an icon in our city, she has been a part of this growth. She has always looked ahead and seen the potential in our city, and also rolled up her sleeves and really worked hard to make sure that our business community and our local leaders are really looking at the whole picture not just from their singular agenda.

Miranda

Yeah, she sounds like a real pioneer.

Jessica

She is.

Miranda

Is there an area outside of the city that really deserves special mention in terms of its development, kind of being a suburban growth, you know, a place with real suburban growth any anything that is not in the Nashville center that's really worth looking at?

Jessica

Absolutely. When you talk about Nashville, you're really talking about Middle Tennessee and the broader region. And a very key element is Williamson County, which is to the south of Nashville. So Nashville is in Davidson County, that's Metropolitan Nashville. Williamson County is a suburb where there is a thriving business community. So when we talk about businesses moving to Nashville, many

of those businesses are not necessarily downtown. Many of them are in Williamson County. So Nissan, for example, Mars, Pet Care. So it is a very big part of our growth as a city and their growth is mirroring the growth that you're seeing in the downtown.

One of the highlights and another reason that tourists come to our area is the historic Franklin district in Williamson County and historic Franklin is a picture-perfect town square. And people come for festivals and just to spend the weekend there because it's so appealing and lovely. And so, again, when we talk about Nashville, we talk about growth. You can't talk about that without talking about what's going on in Williamson County, and really in all of our surrounding counties, because the growth is not isolated. It's widespread, and it's an experience we're all sharing together.

Miranda

What is your vision for Nashville going forward? How do you see the next wave of growth? Is it going to build on what you have now? Is it taking a new direction?

Jessica

I think the opportunity that we have is that, with our strong economy, with our amazing higher level education, with the job opportunities that are here, with the cultural richness of our city - whether that's music, all different types of art - with all of those things being said, we should be able to give our children the best education. And I think the opportunity for Nashville, for this to carry on, is going to be all about the next generation. And us being able to take our educational system to new heights, so that the children who live in this city can be a part of this booming economy.

And we didn't even talk about just the beauty of the topography...from rolling hills to tremendous greenery, we have wonderful parks throughout the city and greenway systems that continue to be added upon so that you can get from one place to another. It's just, it's a beautiful place to live. I would encourage anyone who hasn't come they should come check it out.

Miranda

Thank you so much, Jessica. This has been really informative and fun to speak with you.

Jessica

Well, thank you so much for the opportunity.

Miranda

And thank you for listening to this episode of *Whereabouts*.

If you want to learn more about Nashville's real estate market, find out about my co-host, Jessica Averbuch, or listen to other episodes of *Whereabouts*, head to whereabouts-podcast.com You can also listen in subscribe wherever you get your podcasts. And while you're there, please give us a review.

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