



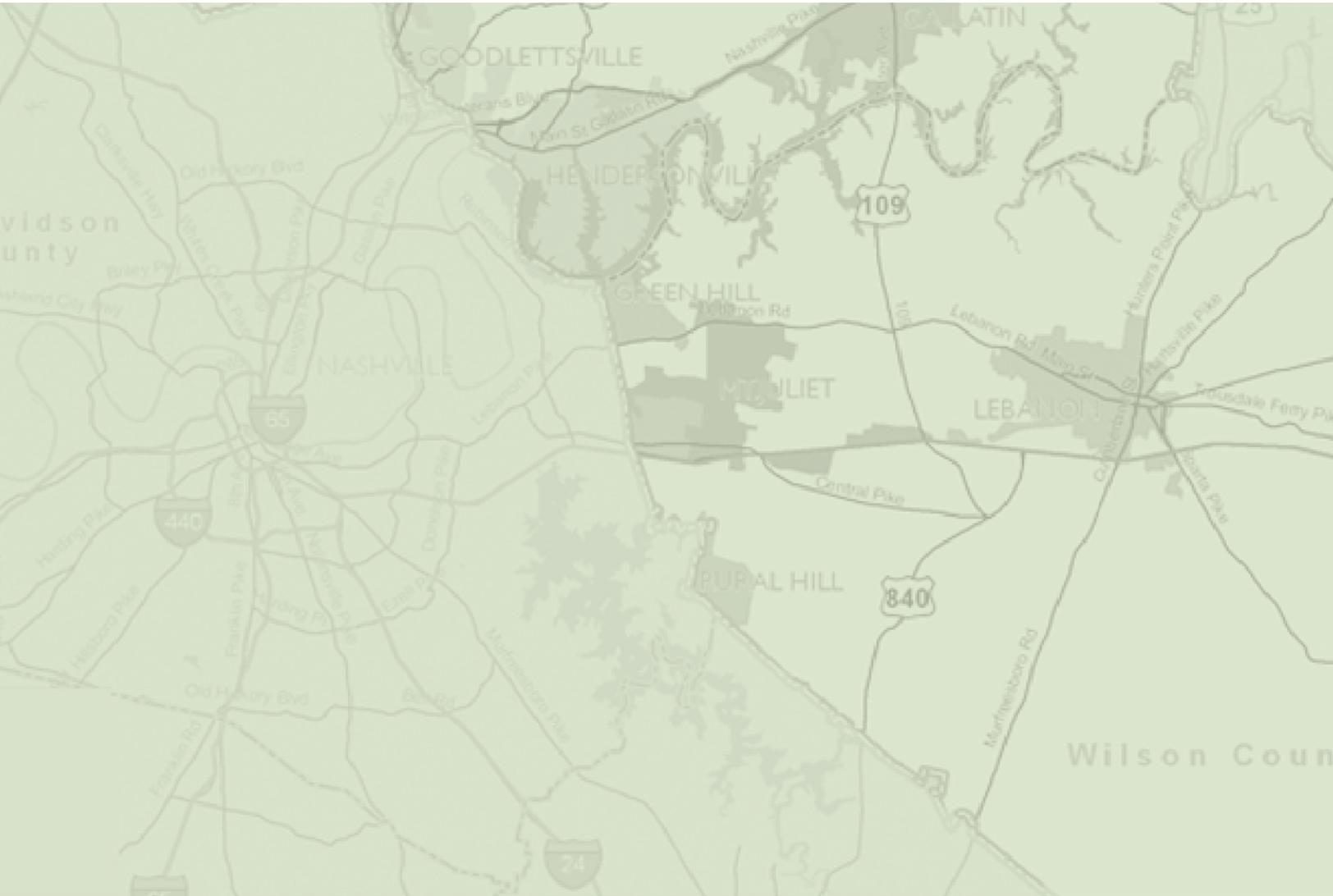
Tri-County Transportation & Land Use Study

ECONOMIC & MARKET STUDY

JANUARY 2009

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FINAL



1. INTRODUCTION

1.1 Study Purpose

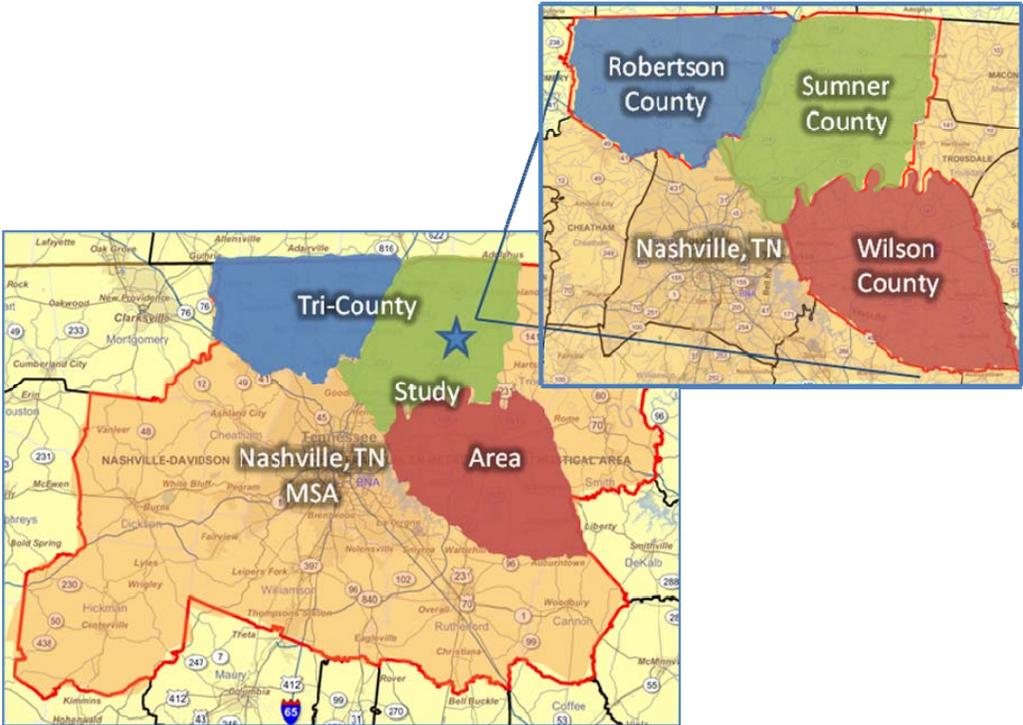
This economic and market study as part of the *Tri-County Transportation & Land Use Study* (Robertson, Sumner and Wilson Counties) assesses the economic and market demand and supply of the Tri-County study area at a macro and micro level.

This includes an assessment of the competitive market and economic position of the Nashville region vis-à-vis other regions in terms of economic demand drivers, quality of life issues, and other economic, market and demographic factors. At the micro level, this includes an analysis of the trends, issues, and opportunities in the Tri-County study area related to the current and future market for office, industrial, retail and residential uses. This information will provide the economic and market foundation for the preparation of the model and alternative growth scenarios.

Understanding emerging real estate trends, demographics, and economic conditions is an important step to identifying where and when growth is occurring in the region and for land use/transportation planning for communities. This analysis will help local jurisdictions and the metropolitan planning organization (MPO) better understand the existing and projected growth in the region, and lead to a multi-jurisdictional land use plan that promotes a more efficient transportation system.

TRI-COUNTY STUDY AREA

Exhibit 1-1: Tri-County Study Area



The Tri-County Study Area includes Robertson County, Sumner County and Wilson County. These counties form a portion of the Nashville Metropolitan Statistical Area (MSA)¹ northeast of Nashville-Davidson County. The study area is bound on the north by the Tennessee-Kentucky border; on the east by the boundaries Macon, Trousdale, Smith and DeKalb counties; on the south by Cannon, Rutherford, Davidson and Cheatham counties; and on the west by Montgomery County. Interstate-65, Interstate-40 and Nashville Pike are three major corridors running through the study area.

1.2 Work Completed

To identify macro- and micro-based economic and market analysis trends and conditions for the Tri-County area, the project team completed the following tasks:

- Assessment of regional assets, businesses and industries
- Overview of top regional industries and economic drivers
- Field visits to the Tri-County Study Area and other select areas of the Nashville MSA
- Stakeholder interviews with key business and property owners and real estate brokers
- Discussions with residents, property owners, developers, and business owners
- Evaluation of key demographic and economic conditions and trends in Tri-County Study Area and surrounding market areas
- Analysis of current conditions and trends in the office, industrial, retail and residential markets
- Preliminary strengths, constraints and opportunities of the study area and regional office, industrial, retail and residential markets
- Preliminary calculator of future demand potential for office, industrial, retail and residential development within the Tri-County study area and the region

¹ The full technical name is the Nashville-Davidson-Murfreesboro-Franklin, TN metropolitan statistical area, which will be abbreviated as the Nashville MSA from this point on in the study.

2. REGIONAL CONTEXT & ASSET OVERVIEW

2.1 Competitive Position of Nashville MSA Business & Industry

OVERVIEW

This section provides an economic and market overview of the Nashville MSA, and its competitive position in the Southeast region and the U.S. Determining the Nashville MSA's competitive position provides a macro-level perspective of the general economic and market opportunities available to the area's sub-regions, and provides a context within which to explore the specific economic and market opportunities of Robertson, Sumner and Wilson counties – the Tri-County Study Area.

KEY FINDINGS

- The Nashville area's major competitive strengths lie in its low cost of living, high quality of life, supportive business climate, and high-quality labor force.²
- Nashville's cost of living is highly competitive with comparable regions in the Southeast and across the country, with particularly low housing costs compared to the rest of the U.S.
- Logistics infrastructure, government taxes & spending, and strong incentives/support for business site location are the major strengths for Nashville's business climate.
- Labor costs in the Nashville region are moderate compared to other benchmark regions. This provides the dual benefit of providing appealing wages and salaries to workers while maintaining reasonable business costs in terms of labor.

NASHVILLE MSA VS. OTHER BENCHMARK REGIONS

In order to gauge the Nashville region's economic and market competitive position, the project team assessed the Nashville MSA against other comparable metropolitan regions within the Southeast region and across the U.S. Based on discussions with key stakeholders, the project team selected several regions for benchmarking in regards to quality of life, business and labor force factors. These regions were comparable in terms of regional location, size and population, economic/demographic characteristics, real estate market characteristics, and cost of living.

These metropolitan regions include, but are not limited to:

- Austin, TX
- Birmingham, AL
- Columbus, OH

² *Forbes* magazine ranked the Nashville area #9 nationally in 2007 based on job and income growth, business and living costs, education of the workforce, migration trends, and quality of life issues such as crime rates and cultural opportunities.

- Charlotte, NC
- Memphis, TN
- Louisville, KY
- Raleigh-Durham, NC

These cities were used for comparison to the extent that relevant data was available. Other cities were also included for other factor comparisons as was relevant and appropriate.

KEY ECONOMIC/MARKET FACTORS

The consulting team compared the Nashville MSA with benchmark metropolitan regions in three general areas:

1. Quality of Life
2. Business Climate
3. Labor Force/Labor Market

Analysis of factors in these three areas provide insight into the Nashville region's competitive position among other major metropolitan regions in the Southeast and other areas of the U.S.

QUALITY OF LIFE

Even more so today than in the past, non-economic factors play a role in where residents, employees and employers want to be located. There are several factors that contribute to a metropolitan region's quality of life. These factors include, but are not limited to: cost of living, quality of schools, climate, transportation/infrastructure, recreational amenities and parks, entertainment options and cultural attractions and quality of the neighborhoods.

In addition to its low cost of living, the Nashville region enjoys a high quality of life with its affordable housing in a range of diverse neighborhoods, education, arts and music, seasonal / mild climate, nationally recognized amateur and professional sporting events (Tennessee Titans NFL football and Nashville Predators NHL hockey), abundant parks and recreational areas³ and lively cultural base, including a world class symphony.

Recent quality of life accolades that the Nashville has received include:

- Ranked among the Top 100 Places to Live in America based on education, employment, economy, crime, parks, recreation and housing (*Relocate-America*, 2008)
- Ranked 22nd in *AmericanStyle* magazine's annual Top 25 Arts Destination reader poll
- Ranked 2nd Most Affordable and Friendliest City in a survey that asked travelers to rank 25 top U.S. cities in 45 categories, ranging from food and shopping to people, culture, nightlife and more (*Travel + Leisure* and CNN Headline News, 2008)
- The Today Show named Nashville one of America's five most friendliest cities
- Ranked No. 79 in 100 Best Places to Live and Launch based on business friendliness and lifestyle offerings (CNNMoney.com)

³ According to the Metropolitan Board of Parks and Recreation, they operate 101 parks and greenways totaling more than 10,000 acres.

Exhibit 2-1 provides an overall cost of living index as well as indices for major basic costs for the Nashville MSA and several other major U.S. metropolitan areas.⁴ Overall, the cost of living in Nashville region is below the national average (100) and all of the comparison regions with the exception of the Knoxville, Tennessee region. Housing costs in Nashville (78.3) are particularly low compared to the national average, and the region has relatively lower costs in groceries, housing, utilities, transportation, health care and miscellaneous goods than most of the other comparison regions.

Exhibit 2-1: Cost of Living Index for Nashville MSA and Benchmark Regions 2007

City	Index	Groceries	Housing	Utilities	Transportation	Health Care	Misc Goods
Lexington, KY	98.2	95.4	90.1	109.0	97.3	99.4	102.7
Louisville, KY	97.5	89.6	89.6	109.1	110.2	97.3	99.8
Columbus, OH	97.4	96.3	95.9	102.3	103.5	104.1	94.9
Austin, TX	96.2	92.3	87.1	91.5	100.0	99.3	104.9
Atlanta, GA	96.1	98.7	91.8	84.9	103.5	103.4	98.7
Birmingham, AL	92.1	96.6	77.6	98.8	96.1	99.4	98.0
Raleigh-Durham, NC	89.8	96.6	79.8	90.5	93.4	96.3	93.4
Charlotte, NC	89.7	99.1	75.6	83.2	92.3	104.3	96.8
Memphis, TN	89.3	90.4	76.5	83.8	92.2	97.1	99.0
Nashville, TN	88.1	90.5	78.3	87.7	94.3	85.5	93.8
Knoxville, TN	87.0	89.5	75.2	89.8	87.2	89.3	94.5

Source: ACCRA Cost of Living Index, 2007

The Nashville MSA rated relatively lower than comparable regions in terms of the quality of public schools (Exhibit 2-2) in 2007. However, it did rank above one of its major competitors, Atlanta, another large and economically prominent metropolitan area in the Southeast region.

Exhibit 2-2: Public Schools Quality Ratings (2007)

Metropolitan Area	Rating
Raleigh-Durham, NC	91
Austin, TX	80
Knoxville, TN	54
Columbus, OH	51
Birmingham, AL	41
Nashville, TN	35
Atlanta, GA	28

Source: Expansion Management, Logistics Today, 2004

⁴ The index is based on the national average for these costs, which is rated at 100. Therefore a rating below 100 means the cost is below the national average for that category; a score above 100 means the respective cost is above the national average.

BUSINESS CLIMATE

Many factors contribute to the business climate of a metropolitan area. *Expansion Management and Logistics Today* magazine, two publications covering national site location and business expansion, conduct a periodic analysis and rating of major metro areas across the U.S. called the 5-Star Business Opportunity Metro Ratings. These ratings provide a measure of each metro area’s strengths and weaknesses in terms of different factors contributing to an attractive business climate for relocating or expanding firms.

Exhibit 2-3: Select “5-Star Business Opportunity” Metro Ratings* (2007)

Metropolitan Area	Overall Rating	Logistics Infrastructure	Healthcare Costs	Taxes & Govt. Spending	Reputation Among Site Consultants
Austin, TX	99	83	32	99	97
Raleigh-Durham, NC	99	72	88	75	99
Knoxville, TN	97	85	65	92	98
Nashville, TN	95	93	65	92	98
Birmingham, AL	93	94	77	59	94
Atlanta, GA	90	96	8	80	98
Columbus, OH	88	92	63	17	88

* All ratings are percentile with 99 being the highest & 1 being the lowest

Source: *Expansion Management, Logistics Today, 2007*

Among benchmark regions, Nashville rates average among its peers with a 95 out of 99 rating. Nashville rates above the Birmingham, Atlanta and Columbus regions. The Nashville metro is rated highly in Logistics Infrastructure (third behind Atlanta and Birmingham), Taxes & Government Spending (tied for second with Knoxville behind the Austin region), and Reputation Among Site Consultants (tied for second with Knoxville and Atlanta behind the Raleigh-Durham region).

LABOR FORCE/LABOR MARKET

Factors related to the quality and cost of the labor force area are also important to the economic and market prospects of a metropolitan region.

In terms of median hourly wages (\$14.50) and mean annual salaries (\$37,970), the Nashville area is comparable with benchmark regions such as Birmingham, AL and Louisville, KY (Exhibit 2-4). Median hourly wages range from \$13.53 (Knoxville, TN) to \$17.36 (Raleigh-Durham, NC). Mean annual salaries range from \$37,350 (Lexington, KY) to \$46,540 (Raleigh-Durham, NC). With midrange wages and salaries, Nashville has the dual appeal of a moderate labor costs for businesses and relatively competitive compensation to appeal to potential new employees.

Exhibit 2-4: Cost of Labor – Nashville MSA and Benchmark Regions 2007

City	Median Hourly	Mean Annual
Raleigh-Durham, NC	\$17.36	\$46,540
Columbus, OH	\$15.56	\$40,770
Atlanta, GA	\$15.48	\$42,170
Charlotte, NC	\$15.31	\$41,200
Austin, TX	\$14.88	\$41,330
Nashville, TN	\$14.50	\$37,970
Louisville, KY	\$14.36	\$37,410
Birmingham, AL	\$14.25	\$37,700
Lexington, KY	\$14.19	\$37,350
Knoxville, TN	\$13.53	\$35,740
Memphis, TN	\$13.81	\$36,870

Source: Bureau of Labor Statistics 2007

The education level of workers is a major factor contributing to the quality of a region's workforce. Exhibit 2-5 shows the "College Educated Worker Ratings" component from the Expansion Management/Logistics Today metro business opportunity analysis. The Nashville metropolitan area has a rating of 84 of 99, putting it just behind Atlanta (89) and Columbus (88), and above Knoxville (81) and Birmingham (78).

Exhibit 2-5: College Educated Worker Ratings (2007)

Metropolitan Area	Rating
Raleigh-Durham, NC	93
Austin, TX	91
Atlanta, GA	89
Columbus, OH	88
Nashville, TN	84
Knoxville, TN	81
Birmingham, AL	78

Source: Expansion Management, Logistics Today, 2007

Taken together, the Nashville region's cost of labor and worker education ratings make the region competitive in terms of having a relatively low-cost and an educated workforce. These conditions can position the Nashville MSA for further job and economic growth in the future by providing an appealing environment for both employees and employers.

2.2 Top Industries & Economic Drivers

An analysis of the Nashville MSA's top industries and economic drivers provides further context for gauging the Tri-County Study Area's economic and market opportunities. By exploring the industries and economic factors that drive the region's economy, regional opportunities that the study area can potentially capture can be assessed.

KEY FINDINGS

- The Nashville region is nationally prominent in the Healthcare, Logistics and Music industries
- Manufacturing employment is strong relative to other benchmark regions
- The region's strength in the logistics industry of Transportation & Distribution provides significant potential for relocation and expansion of warehousing, distribution and manufacturing firms
- The cluster of major healthcare and hospital management firm headquarters provides demand for potential future expansion of this sector
- In addition to providing unique cultural and entertainment amenities in the Nashville area, the thriving music industry provides potential to draw more music industry firms and related employment to the region in the future

TOP INDUSTRIES

The Services industry is the most dominant in the Nashville MSA in terms of employment, making up almost 40% of the region's total employment (Exhibit 2-6). Retail Trade is the second largest employment industry in the MSA, with 17% of total employment, followed by Government (10%), Manufacturing (9%) and Finance, Insurance & Real Estate (8%).

This concentration of employment in the Services and Retail Trade industries is comparable to other major metropolitan areas. The relatively high concentration of government employment is most likely reflective of Nashville's status as the state capital, making a center for state-level government employment.

Exhibit 2-6: Top 5 Industries by Employment – Nashville MSA (2008)

Industry	Employment	Percent of Total Employment
Services	400,885	38.5%
Retail Trade	173,447	16.6%
Government	101,801	9.8%
Manufacturing	96,440	9.3%
Finance, Insurance & Real Estate	84,045	8.1%

Source: Woods and Poole, BBPC, 2008

Although looking at employment by industry provides some insight into the key industries in the Nashville MSA, a more discerning method of determining the region's competitive industry strengths is by comparing its proportion of employment in specific industries to the proportion of employment in those industries in the U.S. This can be determined by performing location quotient analysis, in which a particular industry's percentage of total employment at the regional level (in this case, the level of the Nashville MSA) is compared to that same industry's percentage of total employment at a larger level (the national level) as an overall ratio.

The resulting ratios denotes the region's relative concentration of employment compared to national level, and therefore shows industries in which the region may specialize or have a competitive advantage. Location quotients of greater than 1 (a 1:1 ratio) show that regional employment in that industry is greater than national employment, and therefore may present a competitive strength for the area. Location quotients less than 1 show that employment concentration in an industry is lower than at the national level and that industry does not represent a strength for the region's economy.

Exhibit 2-7 shows the five industries in the Nashville MSA that have the highest location quotients. These include Government; Manufacturing; Transportation, Communications & Public Utilities; Agriculture & Mining; and Services.

Exhibit 2-7: Top 5 Industries by Location Quotient – Nashville MSA (2008)

Industry	Location Quotient
Government	2.95
Manufacturing	2.59
Transportation, Communications & Public Utilities	1.26
Agriculture & Mining	1.06
Services	0.94

Source: Woods and Poole, ESRI, BBPC, 2008

Government has a location quotient of almost 3, meaning that the proportion of government employment almost three times greater than national average. As mentioned before, this is likely due to relatively high concentration of state government employment in state capital regions, like Nashville.

The location quotient analysis reveals other trends, including:

- The proportion of Manufacturing employment in region over 2.5 times greater than at national level, showing that the manufacturing industry has a larger presence in Nashville than on average nationally.
- Transportation, Communication & Public Utilities (TCPU) industry also represents large proportion of regional employment relative to national industry (location quotient of 1.3), showing relative strength in this industry.
- The proportion of employment in Agriculture & Mining and Services industries is close to national average (location quotients close to 1).

Overall, in terms of private industry employment (not including employment in the Government sector), Manufacturing and TCPU are industries that potentially represent competitive advantage for Nashville region and may warrant a potential focus for growth in the Tri-County Study Area.

KEY ECONOMIC DRIVERS AND INDUSTRY CLUSTERS

In addition to examining employment in the major industry categories, it is useful to look at specific sub-industry categories or sectors that represent strengths for the Nashville MSA. Furthermore, looking at clusters of certain similar or interrelated sectors provides insight into specific competitive advantages that go beyond concentration of employment.

Discussions with stakeholders and research of industry clusters/economic drivers revealed that the Nashville MSA has particular economic strengths and a competitive advantage in three sectors/clusters:

- Healthcare
- Logistics/distribution/warehousing
- Music recording, publishing, etc.

The project team explored each of these sectors to determine their specific roles as economic drivers of the Nashville region’s economy.

HEALTHCARE

The Healthcare sector represents a major economic strength for the Nashville MSA. Regarded as the “healthcare services industry capital,” the region is home to approximately 300 healthcare companies, including 19 publicly-traded firms.⁵ Exhibit 2-8 shows some of the major healthcare firms headquartered in the Nashville area.

Exhibit 2-8: Top Healthcare Firm Headquarters – Nashville MSA (2006)

Company	Annual Sales	Total Employment	State Rank by Employment ⁶
HCA, Inc.	\$24.5 billion	191,000	2
Community Health Systems, Inc.	\$3.7 billion	34,300	7
LifePoint Hospitals, Inc.	\$1.1 billion	20,000	11
National Healthcare Corporation	\$542.4 million	12,000	17
Caremark Rx, Inc.	\$33.0 billion	11,133	21
Ardent Health Services, LLC	\$1.6 billion	11,100	22

Source: Tennessee Department of Economic & Community Development, 2006

These firms include the healthcare management giant, HCA, Inc., which was the second largest employer in Tennessee in 2006 with over 190,000 employees and a major contributor to the region’s economy with \$24.5 billion in annual sales (2006). Other major healthcare firms include the publicly-traded Community Health Systems, Inc. (\$3.7 billion in 2006 sales; 34,300 employees in 2006) and LifePoint Hospitals, Inc. (\$1.1 billion in 2006 sales; 20,000 employees in 2006). Overall, the six healthcare firms in

Exhibit 2-8 represent over \$64 billion in annual sales and 280,000 employees. All of the firms are within the top 25 largest employers in the state.

⁵ MarketWatch, 2007

⁶ Ranking is based on total employment for headquarters across all industries, not solely the healthcare industry.

In addition to the large, positive economic impact the healthcare industry already has on the Nashville MSA, the potential for future growth and greater economic impacts is present:

- The related biotechnology sector also represents a strong growth segment in Nashville, which will further enhance the healthcare industry’s future growth and competitive strength on a national level.
- Support from academic and research institutions such as Vanderbilt University and Medical Center should also provide enhanced future growth for this sector and increase its prominence in the U.S. economy.
- Strong infrastructure support, a planned life sciences center for growing companies, and access to capital are all means by which Nashville hopes to grow this sector.⁷

LOGISTICS

Nashville has taken advantage of its strategic location in establishing and promoting its nationally-prominent logistics sector. The center of the Nashville MSA is within 650 miles of the half the U.S. population. In addition, the region is the nexus for three interstate highways, more than 5 U.S. highways, and many major state routes.⁸

Exhibit 2-9: Select Top 50 U.S. Logistics Metros 2000

Metropolitan Area	National Rank
Nashville, TN	2
Atlanta, GA	3
Columbus, OH	16
Memphis, TN	19
Birmingham, AL	21

Source: *Expansion Management, Logistics Today, 2004*

Expansion Management and *Logistics Today* magazines, two authoritative publications provide research and analysis on the logistics industry, ranked Nashville’s logistics sector as the second strongest in the country (behind Savannah, Georgia) in 2000 (Exhibit 2-9). This put Nashville in front of several other regional competitors including Atlanta, Columbus, Memphis and Birmingham.

In addition, Nashville was rated as a “Five-Star Logistics Metro,” being in the top 20% of all U.S. metro areas in strength of the Logistics sector. Nashville’s strongest Logistics subsector is Transportation & Distribution, one of the most important and growing subsectors at the national and international level.

⁷ Nashville Area Chamber of Commerce.

⁸ Nashville Area Metropolitan Planning Organization
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MUSIC INDUSTRY

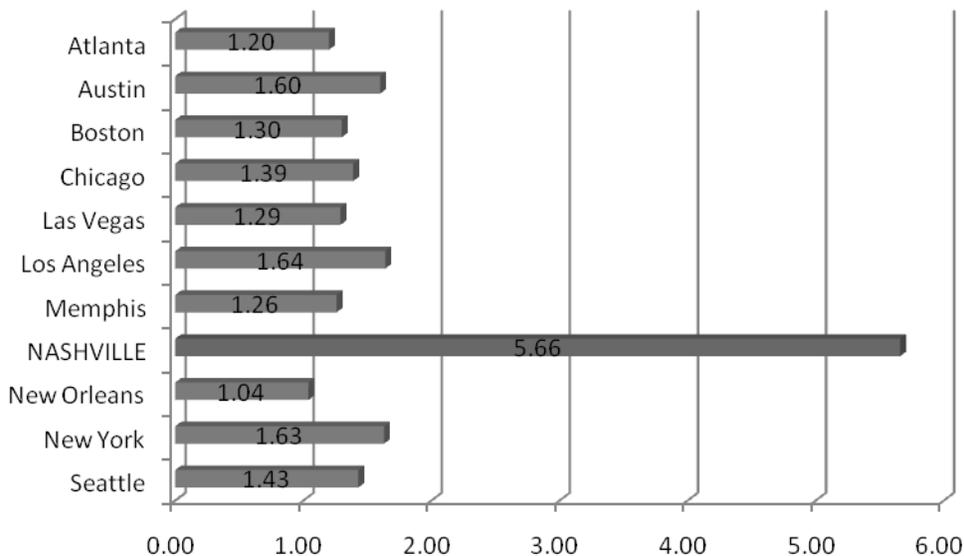
Nashville has long been recognized as “Music City,” denoting its national fame and prominence in the music industry. The Nashville MSA is home to more than 80 record labels, 130 music publishers, more than 180 recording studios, 27 entertainment publications and some 5,000 working union musicians. The Nashville region has many cultural and music industry-related assets that contribute to this reputation:

- Music Row businesses
- Grand Ole Opry
- Ryman Auditorium
- Country Music Hall of Fame

From an economic perspective, the Nashville music industry has had very strong impacts compared to the other most prominent music industry markets. While New York City and Los Angeles may have more music related employment at 34,648 and 26,927 respectively (given their much larger populations), the Nashville region has more than five times the number of music related jobs per capita when compared to these other regions.⁹

In addition, among the 50 largest MSA’s in the country, Nashville ranks third behind New York City (7,494 groups and artists) and Los Angeles (5,162 groups and artists) in terms of employment for musical groups and artists with 2,761 groups and artists.

Exhibit 2-10: Music Industry Employment: Core Component, Per Thousand People (2004)



Source: County Business Pattern Data, Cultural Policy Center at the University of Chicago, 2004

⁹ Chicago Music City-A Report on the Music City in Chicago, The Cultural Policy Center at the University of Chicago, 2006
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Exhibit 2-11 shows the Nashville music industry’s economic impacts relative to four other major music industry centers in the U.S.

Exhibit 2-11: Economic Impacts - Nashville Music Industry vs. Other Major National Music Industry Centers (2006)

Region	Economic Impact	Sales Revenues	Total Jobs Created	Tax Revenues
State of Georgia	\$989.9 million	\$1.9 billion	8,943	\$94.7 million
Austin, TX	\$616.0 million	\$969.0 million	11,200	\$11.2 million
Seattle, WA	\$1.3 billion	\$2.2 billion	10,700	\$45.8 million
Memphis, TN	\$238 million	\$1.7 billion	4,155	\$5.8 million
Nashville, TN	\$6.38 billion	\$2.6 billion	19,437	\$76.1 million

Source: Belmont University, 2006

Nashville’s music industry has a greater overall economic impact on the region (\$3.97 billion for direct and secondary spending + \$2.42 billion in music related tourism) than the combined economic impacts of the four other comparison regions (\$3.14 billion).

Other comparative figures further evidence the Nashville music industry’s significant economic strength:

- The Nashville music industry generates more sales revenue annually (\$2.6 billion) than any of the other five comparison regions, with the highest revenue-generating music industry subcategories in Record Production, Distribution & Music Publishing (\$627.9 million) and music-related Radio & Television Broadcasting (\$341.6 million).
- The Nashville music industry has created over 19,400 jobs, over 8,000 more jobs than created in Austin, TX, the next largest music industry employment generator.
- The Nashville music industry (\$76.1 million) is second only to the State of Georgia’s music industry (\$94.7 million) in generating industry-related tax revenues

The economic strength and national prominence of the Nashville music industry may offer related economic and market opportunities in the Tri-County Study Area. This could include creating new music venues, music publishing facilities, recording space, and other music industry-related market opportunities.

2.3 Economics & Demographics

An analysis of the economic and demographic conditions of the Nashville MSA and Tri-County Study Area provides a context for economic and market potential for the Study Area. The current/existing economic and demographic conditions for the MSA and Study Area provide a perspective on the Study Area's position within the region and its respective share of the regional population and economy. Future economic and demographic trends, based on these existing conditions, are later used to determine future market and economic potential for the Study Area.

KEY FINDINGS

- The Tri-County Study Area makes up roughly one-fifth of the Nashville MSA's population and number of households.
- Similar to the MSA, the study area's population is concentrated toward young and middle-aged residents, with less than 10% of the population being over 65.
- Study area and MSA households are concentrated in the middle income brackets, with over one-third of all households making between \$30,000 and \$60,000 annually.
- The study area has a larger proportion of family households than the Nashville region as a whole (77% vs. 68%) and more persons per household on average (2.6 vs. 2.5), revealing a preponderance of larger, family-oriented households.
- Study area residents appear to have a strong demand for home improvement and garden supplies, sporting goods, and family dining venues. As these groups age, and more couples become empty nesters, they may also offer long-term demand for active adult or senior housing enabling them to age in place and remain close to friends and family.

EXISTING CONDITIONS

NASHVILLE MSA AND TRI-COUNTY STUDY AREA

The Tri-County Study Area has just under a quarter of the Nashville MSA population and households with about 323,000 residents and 122,000 households (compared to the Nashville MSA's 1.5 million residents and approximately 600,000 households). The median household income is about 4% higher in the Study Area (\$58,236) than the MSA (\$55,986). Household size varies between the Study Area and MSA. On average, the Study area has 2.6 persons per household compared to 2.5 persons per household in the MSA.

Exhibit 2-12: Selected Demographics - Tri-County Study Area and Nashville MSA (2007)

	Tri-County Study Area	Nashville MSA	Study Area as % of MSA
Population	322,989	1,507,461	21.4%
Households	122,500	594,722	20.6%
Median Household Income	\$58,236	\$55,986	104.0%
Average Household Size	2.61	2.47	105.6%

Source: ESRI, BBPC, 2008

Examining the breakdown of family to non-family households (Exhibit 2-13), the Study Area has a higher percentage of family households (77%) compared to the MSA (68%). Family households include married couples with/without children and relatives living in the same residence. Non-family households include unmarried couples, unrelated roommates or singles, and are likely to be smaller than family households.¹⁰

Exhibit 2-13: Family Households vs. Non-Family Households - Tri-County Study Area and Nashville MSA (2007)

	Tri-County Households	Tri-County % of Total	MSA Households	MSA % of Total
Family Households	97,951	76.8%	408,065	67.5%
Non-Family Households	29,589	23.2%	196,476	32.5%
Totals	127,540	100.0%	604,540	100.0%

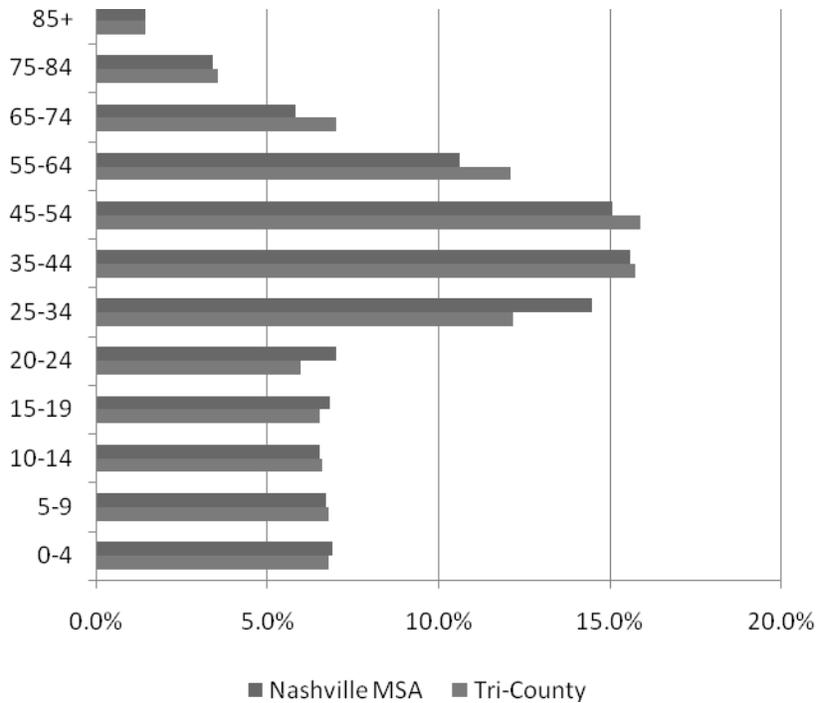
Source: ESRI, BBPC, 2008

Comparing the population by age cohort (Exhibit 2-14), the Tri-County Study Area and Nashville MSA have a similar makeup:

- The median age for the Study Area (38) and MSA (36) is similar, and the age 45-49 cohort makes up the largest portion of the Study Area and MSA population (about 8% of both populations).
- The Study Area and MSA populations are relatively young, being dominated by residents age 44 and younger (over 60% of both populations fall within the age 40-44 or younger cohorts).
- The population for both the MSA and Study Area is fairly well distributed between 0 and 44 years of age, while the size of the older cohorts gets progressively smaller.

¹⁰ ESRI, 2008.
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Exhibit 2-14: Population by Age Cohort - Tri-County Study Area and Nashville MSA 2007



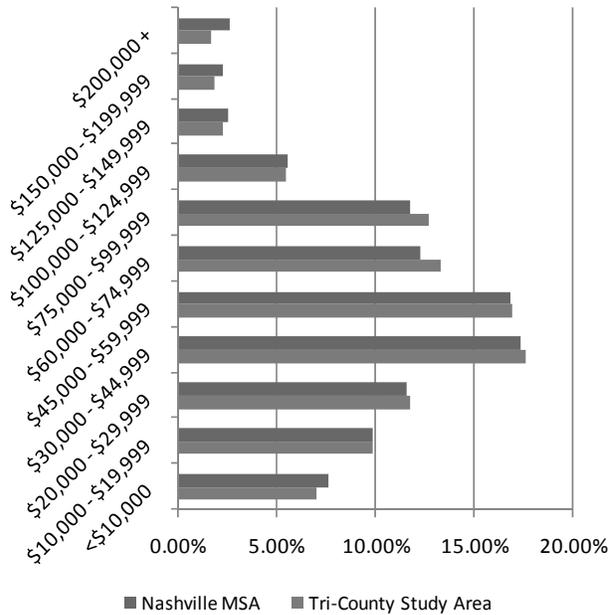
Source: ESRI, BBPC, 2008

Exhibit 2-15 displays the breakdown of Tri-County Study Area and Nashville MSA households by income.

The two areas exhibit similar patterns in household income:

- Households with annual incomes between \$30,000 and \$44,999 dominate the Study Area and MSA, representing just over 17% of both areas.
- Households making between \$45,000 and \$59,999 are the second most prominent group, representing just fewer than 17% of both areas.
- The majority of both the Study Area and MSA households (63%) make less than \$60,000 annually.
- Only 13% of the MSA and 11% of the Study Area households make \$100,000 or more annually.

Exhibit 2-15: Households by Income - Tri-County Study Area and Nashville MSA 2008



Source: ESRI, BBPC, 2008

TRI-COUNTY STUDY AREA AND SUBAREAS

Of the three subareas within the Tri-County Study Area, Sumner County has the largest population (155,320), comprising nearly half of the Study Area population (Exhibit 2-15). Wilson County has the second largest population (109,440), with approximately one-third of the Study Area population, while Robertson County has the smallest population (64,630) with less than one-fifth of the Tri-County population.

Exhibit 2-16: Selected Demographics - Robertson, Sumner, Wilson Counties and Study Area (2007)

	Population		Households		Median Household Income	Average Household Size
	Total	% of Total	Total	% of Total	Total	Total
Tri-County Study Area	322,989	100.0%	122,500	100.0%	\$58,236	2.61
Robertson County	64,363	19.9%	23,880	19.5%	\$53,638	2.67
Sumner County	152,235	47.1%	58,500	47.7%	\$57,588	2.58
Wilson County	106,391	32.9%	40,120	32.8%	\$61,919	2.62

Source: ESRI, BBPC, 2008

Looking across other categories reveals distinct characteristics of the three counties:

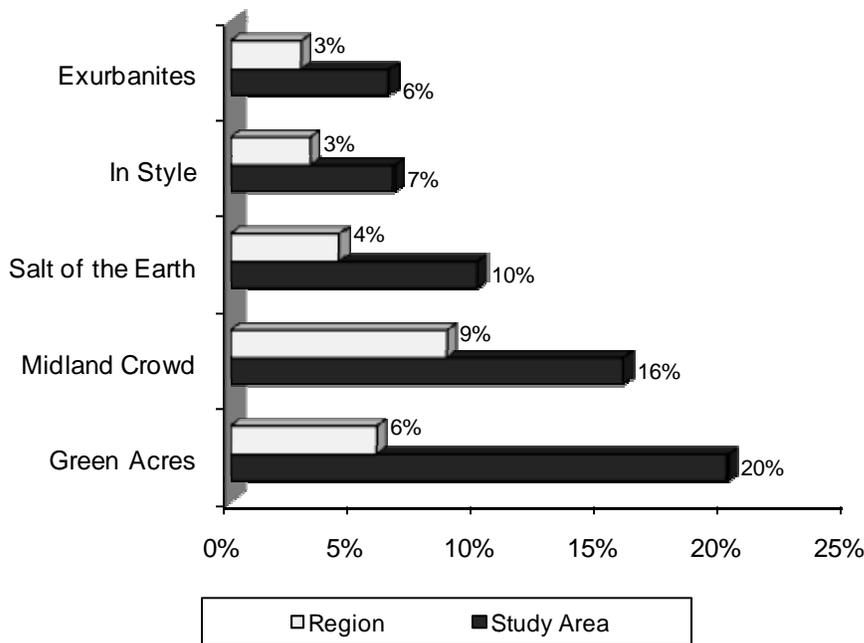
- Sumner County has the largest number of households (58,500), followed by Wilson County (40,120) and Robertson County (23,880).
- Wilson County has the highest median income (\$61,919), followed by Sumner County (\$57,588) and Robertson County (\$53,638).
- Average household size for Wilson County is similar to the Study Area average of 2.6 persons per household, while Robertson County is slightly higher at 2.7 persons per household and Sumner County is slightly lower at 2.5 persons per household.

TAPESTRY SEGMENT PROFILE

To identify the lifestyle characteristics and housing preferences of local residents, the project team performed an evaluation of top household tapestry segments. ESRI Business Information Solutions uses demographic information such as labor force characteristics, median income, age, and spending habits to categorize neighborhoods according to a trademarked Community Tapestry classification system.

The following table identifies the top tapestry segments in the Tri-County Study Area and their share of the region's households.

Exhibit 2-17: Top Tapestry Segment for Tri-County Study Area, and Nashville MSA 2007



Source: ESRI, BBPC, 2008

These segments share a number of common traits, including:

- **Married couples** – most residents are members of married-couple families, including those with children (mostly older children and teenagers). Empty nesters are a minor part of these segments.

- **Suburban and rural living** – single-family dwellings in exurban locations are the dominant lifestyle mode
- **Home and garden improvement** – most residents are do-it-yourselfers tackling lawn and garden and home improvement projects
- **Outdoor recreation** – residents take advantage of their proximity to rural and recreational spots by enjoying a variety of outdoor activities in their leisure time

Though these segments share traits, they each also have distinctive characteristics, as described below:

- **Green Acres** (20 percent of Tri-County households and 6 percent of regional households) – residents are primarily members of married couple families, many with older children and teenagers, and are of moderate income. Pets are considered family members as well. Residents are educated and employed in a variety of occupations, from health care to construction and manufacturing. Suburban communities close to the countryside are the preferred residence location for these households. Home and garden maintenance and outdoor recreational pursuits top their list of leisure time activities.
- **Midland Crowd** (16 percent of Tri-County households and 9 percent of regional households) – neighborhoods are located in rural locations and are comprised of housing built in the past few decades. Over half of residents are members of married-couple families and earn moderate incomes from a variety of occupations (including white-collar jobs and self-employment). Single-family homes in housing developments are the preferred choice of two out of three households.
- **Salt of the Earth** (10 percent of Tri-County households and 4 percent of regional households) – married couples (both with and without children) are the dominant household type in Salt of the Earth communities. Many households have multiple pets, primarily dogs or cats. Residents work in skilled labor occupations for manufacturing firms, in management and professional positions, and in unskilled labor jobs. Rural living in single-family dwellings predominates for these households. Home and garden improvement projects, dining out, baking, and outdoor recreational activities such as hunting and fishing are popular leisure time activities.
- **In Style** (7 percent of Tri-County households and 3 percent of regional households) – married couple families are the dominant household type, and most residents may be described as affluent professionals. Residents live in suburban communities in the metropolitan region, but prefer an urbane lifestyle. Townhomes in addition to single-family homes are popular; computer and Internet use is a daily necessity; financial planning is common; and healthy diet is key for these residents. Golfing is a popular leisure time pursuit.
- **Exurbanites** (6 percent of Tri-County households and 3 percent of regional households) – empty nester couples, followed by married couples with older children, dominate this segment. Residents are educated, affluent, and employed primarily in professional and management occupations. Roughly one-fifth have entered retirement. Households live in single-family dwellings in rural areas beyond the urban fringe. Financial planning, home and garden maintenance, and outdoor recreational activities are popular (e.g. boating, hiking, photography, and bird-watching).

The common interests of these tapestry segments indicate they may offer strong demand for home improvement and garden supplies, sporting goods, and family dining venues. As these groups age, and more couples become empty nesters, they may also offer long-term demand for active adult or senior housing to enable them to age in place and remain close to friends and family. This demand is explored in greater detail in the residential and retail market analysis sections, respectively.

2.4 Industry & Labor

Examining the industry and labor characteristics of the Nashville MSA and Tri-County Study Area gives insight into current labor force and employment factors and future trends. The current/existing industry and labor characteristics for the MSA and Study Area provide a perspective on the Study Area's respective share of the regional employment and labor supply. Future industry and labor trends, based on these existing conditions, are later used to determine future market and economic potential for the Study Area.

KEY FINDINGS

- Similar to the Nashville MSA, the Tri-County Study Area labor force is predominantly employed in the Services industry, which comprises 40% of the total study area labor force. Manufacturing (13%) and Retail Trade (13%) are the next most prominent labor force categories.
- The Services industry also dominates at-place employment in the study area, comprising 27% of total employment. Manufacturing the next largest employment industry in the study, representing a substantially larger portion of employment in they study area (16%) compared to the MSA (9%).
- In most industry categories, Tri-County Study Area employment is projected to grow at a greater rate than those industries at the MSA level from 2008-2035, with the greatest growth (compound annual) projected to occur in services (2.5%), Construction (2.4%) and Transportation/Utilities/Information (2.4%).
- Within the study area, Wilson County is projected to experience the highest employment growth rates overall from 2008 to 2035 (2.1% annually), with the most new jobs projected in Services (11,000), Retail Trade (7,700) and Construction (4,700).

EXISTING CONDITIONS

LABOR FORCE

An area's labor force is the employed and unemployed population over 16 years of age. The total Nashville MSA labor force is just under 750,000, representing about half of the MSA's 1.5 million residents. Unemployment is slightly lower in the study area (4.6%) than in the MSA (5.3%).

Exhibit 2-18 provides the distribution of Nashville MSA and Tri-County Study Area labor force across major industry categories:

- The MSA labor force is highly-concentrated in the Services industry (325,000), which represents close to half of the total labor force (43%).
- Retail Trade (86,000) and Manufacturing (80,000) are the next largest labor force industry categories, representing 12% and 11% of the total labor force, respectively.
- Individually, all remaining categories represent less than 10% of the total labor force.

Exhibit 2-18: Labor Force Summary – Study Area and Nashville MSA (2007)

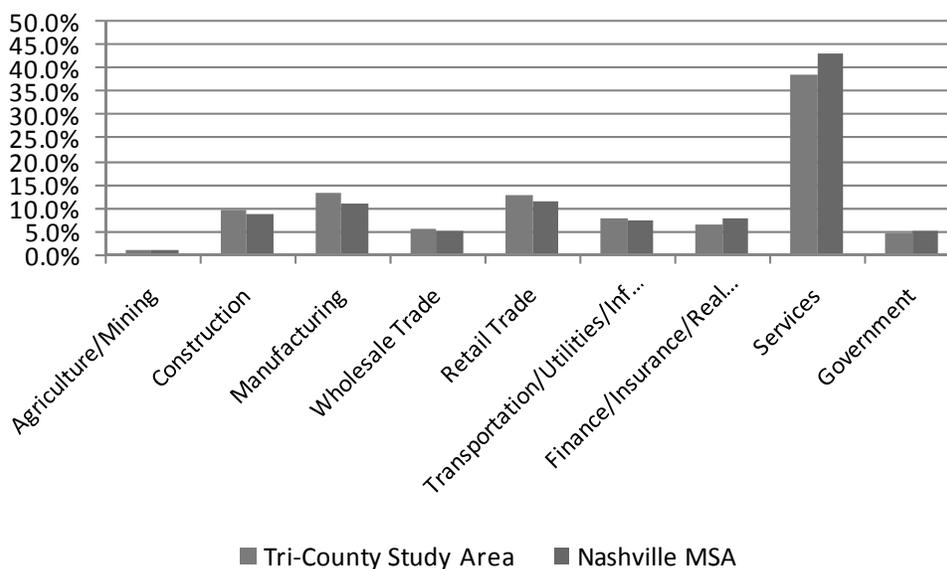
	Robertson County	Sumner County	Wilson County	Tri-County Study Area		Nashville MSA		SA as a % of MSA
	No.	No.	No.	No.	%	No.	%	%
Agriculture/Mining	753	528	381	1,662	1.0%	5,995	0.8%	27.7%
Construction	3,608	7,014	5,112	15,734	9.8%	65,950	8.8%	23.9%
Manufacturing	5,052	9,879	6,635	21,566	13.4%	80,190	10.7%	26.9%
Wholesale Trade	1,757	4,223	3,154	9,135	5.7%	36,722	4.9%	24.9%
Retail Trade	3,702	10,332	6,254	20,288	12.6%	86,185	11.5%	23.5%
Transportation/Utilities / Information	2,259	5,430	4,895	12,584	7.8%	55,458	7.4%	22.7%
Finance/Insurance/Real Estate	1,726	4,751	4,079	10,556	6.5%	56,957	7.6%	18.5%
Services	10,887	30,015	21,319	62,221	38.6%	325,256	43.4%	19.1%
Government	1,632	3,243	2,556	7,430	4.6%	36,722	4.9%	20.2%
Totals	31,376	75,415	54,384	161,175	100.0%	749,437	100.0%	21.5%

Source: ESRI, BBPC, 2008

Tri-County Study Area labor force (161,000) makes up just over 21% of the Nashville MSA labor force, but has a fairly similar distribution across the different industry categories:

- The Services industry (62,000) also dominates the Study Area, representing just under 40% of the Study Area’s total labor force.
- Manufacturing (22,000) is the second largest industry groups within the Study Area, representing just over 13% of the total labor force.
- Retail Trade (20,000) is the third largest industry category, representing just under 13% of the Study Area labor force.

Exhibit 2-19: Labor Force – Study Area vs. Nashville MSA (2007)



Source: ESRI, BBPC, 2008

Within the Study Area, Sumner County (75,000) makes up the largest portion of the Tri-County labor force, representing almost half (47%). Wilson County's labor force (54,000) makes up about one-third of the total Study Area labor force, and Robertson County's labor force of 31,000 represents just under one-fifth of the Tri-County labor force (19%).

AT-PLACE EMPLOYMENT

At-place employment denotes the workers employed at establishments within a particular region. Total Nashville MSA labor force is approximately 1 million. The at-place employment exceeds the MSA's labor force (750,000) by about 250,000, showing that there is a higher concentration of jobs within the region compared to the region's labor force.

Exhibit 2-20 provides the distribution of Nashville MSA and Tri-County Study Area at-place employment across major industry categories:

- MSA employment/jobs are highly-concentrated in the Services industry (400,000), which represents approximately 40% of total MSA employment.
- Retail Trade (173,000) and Manufacturing (96,000) are the next largest employment industry categories, representing 17% and 10% of total employment force, respectively.

Exhibit 2-20: At-Place Employment Summary – Study Area and Nashville MSA (2008)

	Robertson County	Sumner County	Wilson County	Tri-County Study Area		Nashville MSA		SA as a % of MSA
	No.	No.	No.	No.	%	No.	%	%
Agriculture/Mining	2,460	2,850	2,520	7,830	5.6%	26,810	2.6%	29.2%
Construction	2,570	4,460	5,160	12,190	8.7%	63,990	6.1%	19.0%
Manufacturing	7,530	7,350	7,150	22,030	15.7%	96,440	9.3%	22.8%
Wholesale Trade	700	2,360	2,120	5,180	3.7%	44,080	4.2%	11.8%
Retail Trade	4,430	8,910	10,350	23,690	16.9%	173,450	16.6%	13.7%
Transportation/Utilities/ Information	790	2,290	3,010	6,090	4.3%	50,360	4.8%	12.1%
Finance/Insurance/Real Estate	1,760	4,140	3,850	9,750	6.9%	84,050	8.1%	11.6%
Services	6,400	17,220	14,550	38,170	27.2%	400,890	38.5%	9.5%
Government	3,660	7,490	4,430	15,580	11.1%	101,800	9.8%	15.3%
Totals	30,300	57,070	53,140	140,510	100.0%	1,041,870	100.0%	13.5%

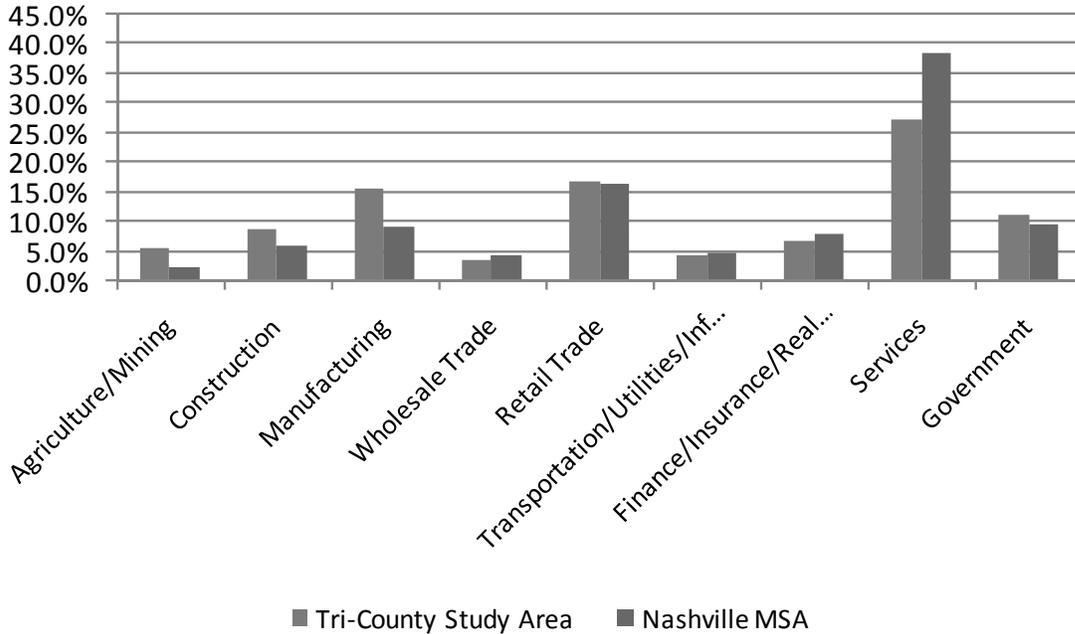
Source: Woods and Poole, BBPC, 2008

Tri-County Study Area employment (140,510) makes up 14% of the MSA's employment and has a somewhat distinct distribution across the different industry categories:

- Services also dominate Study Area employment, representing 27% of total employment, but this is relatively smaller than Services proportion of MSA employment (39%).
- Manufacturing, the Study Area's second largest employment sector, is more prominent in the Study Area (16%) than in the MSA as a whole (9%), showing that the study area may have a particular competitive strength in manufacturing.

- Retail Trade is the third largest employment sector in the Study Area, with a similar proportion of Study Area employment and proportion of MSA employment (both about 17%).

Exhibit 2-21: At-Place Employment – Study Area vs. Nashville MSA (2008)



Source: Woods and Poole, BBPC, 2008

Within the Tri-County Study Area, employment is concentrated both in Sumner County with 41% of total Study Area employment (57,070) and Wilson County with 38% of total employment (53,140). Robertson County only comprises about one-fifth of study area employment (21%) with just over 30,000 employees.

FUTURE TRENDS

TRI-COUNTY STUDY AREA AND NASHVILLE MSA EMPLOYMENT PROJECTIONS

Exhibits 2-22 through 2-27 show projected employment growth from 2008 to 2035 for the Robertson, Sumner and Wilson Counties, the Tri-County Study Area and the Nashville MSA. In addition to showing overall growth trends over the 22-year period, projected employment growth was broken down into the 2008-2020 and 2020-2035 periods in order to show near-term and longer-term trends.

From 2008-2035, annual growth is projected highest in the Construction, Transportation/Utilities/Information, and Services industry categories, all with around 2.3% annual growth. All three of these industries showed greater projected growth in the short term (2008-2020) than in the long term (2020-2035). Overall, the Tri-County Study Area is projected to experience 1.8% annual growth in total employment from 2008 to 2035, adding an estimated 86,000 jobs compared with regional annual growth of 1.6%.

Exhibit 2-22: Projected Employment Growth – Tri-County Study Area 2008 – 2035

Tri-County Study Area	Forecast			% Annual Growth (2008-2020)	% Annual Growth (2020-2035)	Net Change (2008-2035)	% Annual Growth (2008-2035)
	2008	2020	2035				
Agriculture/Mining	7,830	8,190	8,680	0.38%	0.39%	850	0.38%
Construction	12,190	16,740	22,630	2.68%	2.03%	10,440	2.32%
Manufacturing	22,030	23,820	25,960	0.65%	0.57%	3,930	0.61%
Wholesale Trade	5,180	6,510	8,140	1.92%	1.50%	2,960	1.69%
Retail Trade	23,690	31,310	40,760	2.35%	1.77%	17,070	2.03%
Transportation/ Utilities/ Information	6,090	8,340	11,170	2.65%	1.97%	5,080	2.27%
Finance/Insurance/Real Estate	9,750	12,130	15,080	1.84%	1.46%	5,330	1.63%
Services	38,170	53,220	71,120	2.81%	1.95%	32,950	2.33%
Government	15,580	18,880	22,850	1.61%	1.28%	7,270	1.43%
Totals	140,510	179,140	226,382	2.04%	1.57%	85,872	1.78%

Source: Woods and Poole, BBPC, 2008

Across the board, the study area exhibited greater projected compound annual employment growth in all categories than did the MSA. This shows that overall and in all individual categories, the study area is projected to have greater percentage growth in employment than the MSA over the next 22 years.

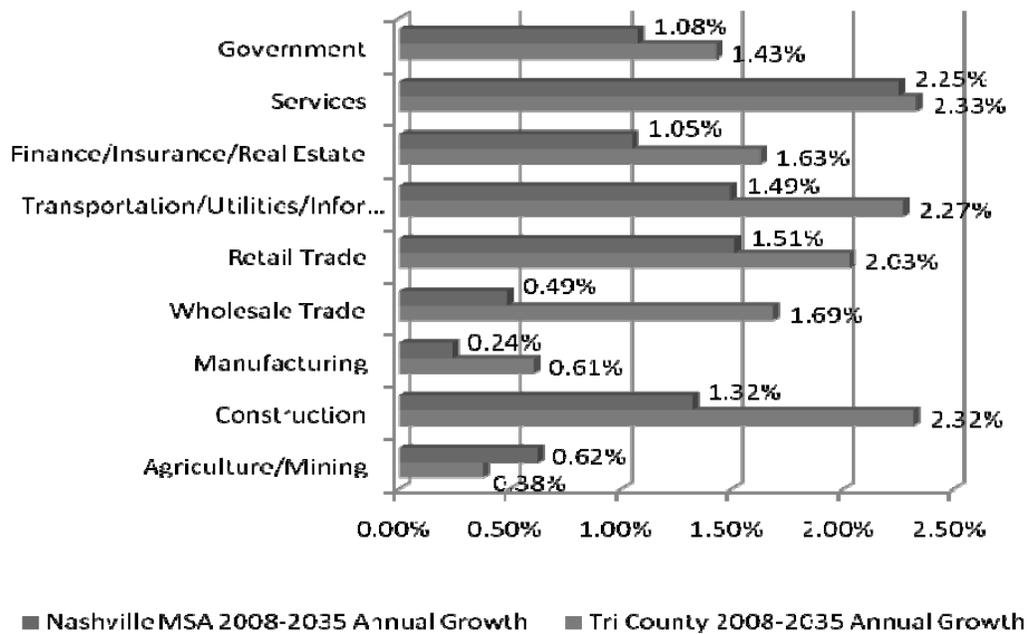
Exhibit 2-23: Projected Employment Growth – Nashville MSA 2008 – 2035

Nashville MSA	Forecast			% Annual Growth (2008-2020)	% Annual Growth (2020-2035)	Net Change (2008-2035)	% Annual Growth (2008-2035)
	2008	2020	2035				
Agriculture/Mining	26,810	28,980	31,720	0.65%	0.60%	4,910	0.62%
Construction	63,990	76,100	91,290	1.45%	1.22%	27,300	1.32%
Manufacturing	96,440	99,360	102,930	0.25%	0.24%	6,490	0.24%
Wholesale Trade	44,080	46,860	50,300	0.51%	0.47%	6,220	0.49%
Retail Trade	173,450	211,270	260,190	1.66%	1.40%	86,740	1.51%
Transportation/ Utilities/Information	50,360	61,410	75,180	1.67%	1.36%	24,820	1.49%
Finance/Insurance/Real Estate	84,050	96,110	111,440	1.12%	0.99%	27,390	1.05%
Services	400,890	543,490	731,490	2.57%	2.00%	330,600	2.25%
Government	101,800	116,680	136,030	1.14%	1.03%	34,230	1.08%
Totals	1,041,870	1,280,260	1,590,570	1.73%	1.46%	548,700	1.58%

Source: Woods and Poole, BBPC, 2008

Exhibit 2-24 provides a snapshot of the overall projected employment growth in the study area as compared to the MSA from 2008 to 2035. Projected employment growth is strongest in the Services industry for the two regions. The study area is projected to have a higher annual growth in employment in all industry categories except Agriculture & Mining from 2008 to 2035. In general, this shows that employment growth is relatively strong in the Tri-County Study Area compared to the rest of MSA. This may exhibit that the study area is well-positioned to capture new employment in the Nashville area in the future.

Exhibit 2-24: Projected Employment Growth – Study Area vs. Nashville MSA 2008 - 2035



Source: Woods and Poole, BBPC, 2008

Within the study area, Wilson County is forecasted to have the highest employment growth, projected to experience a 2.0% annual increase. Sumner County and Robertson County, in comparison, are projected to both experience a 1.6% annual increase in employment over the same period.

Exhibit 2-25: Projected Employment Growth – Robertson County 2008 – 2035

Robertson County	Forecast			% Annual Growth (2008-2020)	% Annual Growth (2020-2035)	Net Change (2008-2035)	% Annual Growth (2008-2035)
	2008	2020	2035				
Agriculture/Mining	2,460	2,470	2,500	0.03%	0.07%	40	0.06%
Construction	2,570	3,330	4,280	2.18%	1.68%	1,710	1.90%
Manufacturing	7,530	8,490	9,700	1.00%	0.89%	2,170	0.94%
Wholesale Trade	700	750	810	0.58%	0.52%	110	0.54%
Retail Trade	4,430	5,730	7,270	2.17%	1.89%	2,840	1.85%
Transportation/ Utilities/ Information	790	1,130	1,550	3.03%	2.13%	760	2.53%
Finance/Insurance/ Real Estate	1,760	2,140	2,610	1.64%	1.32%	850	1.47%
Services	6,400	8,950	11,710	2.83%	1.81%	5,310	2.26%
Government	3,660	4,710	5,970	2.12%	1.59%	2,310	1.83%
Totals	30,300	37,700	46,390	1.84%	1.39%	16,090	1.59%

Source: Woods and Poole, BBPC, 2008

The three counties differed in industry that represented their highest projected employment growth in terms of annual percentage. Transportation/Utilities/Information was the highest forecasted growth employment industry for Robertson County (2.5% projected annual increase); while Services was the highest growth employment industry for Sumner County (2.3% projected annual increase).

Exhibit 2-26: Projected Employment Growth – Sumner County 2008 – 2035

Sumner County	Forecast			% Annual Growth (2008-2020)	% Annual Growth (2020-2035)	Net Change (2008-2035)	% Annual Growth (2008-2035)
	2008	2020	2035				
Agriculture/Mining	2,850	3,140	3,490	0.81%	0.70%	640	0.75%
Construction	4,460	5,810	7,500	2.23%	1.72%	3,040	1.95%
Manufacturing	7,350	7,900	8,590	0.60%	0.56%	1,240	0.58%
Wholesale Trade	2,360	3,190	4,250	2.54%	1.93%	1,890	2.20%
Retail Trade	8,910	10,990	13,670	1.76%	1.47%	4,760	1.60%
Transportation/ Utilities/ Information	2,290	3,050	4,000	2.42%	1.82%	1,710	2.08%
Finance/Insurance/Real Estate	4,140	4,650	5,270	0.97%	0.84%	1,130	0.90%
Services	17,220	23,530	31,970	2.64%	2.06%	14,750	2.32%
Government	7,490	8,590	9,990	1.15%	1.01%	2,500	1.07%
Totals	57,070	70,850	88,730	1.82%	1.51%	31,660	1.65%

Source: Woods and Poole, BBPC, 2008

Overall Wilson County is projected to have the highest number of new jobs (38,000) from 2008 to 2035 as well as the highest annual growth in employment of the three counties in the study area (2.0%). These projected new jobs represent over 44% of all projected new jobs in the Tri-County Study Area.

The highest projected employment growth from 2008 to 2035 for the County is in the Construction industry (2.8% projected annual growth). The Retail Trade (2.4%) and Services (2.4%) industries showed strong projected employment growth for Wilson County.

Exhibit 2-27: Projected Employment Growth – Wilson County 2008 – 2035

Wilson County	Forecast			% Annual Growth (2008- 2020)	% Annual Growth (2020- 2035)	Net Change (2008-2035)	% Annual Growth (2008- 2035)
	2008	2020	2035				
Agriculture/Mining	2,520	2,580	2,690	0.20%	0.28%	170	0.24%
Construction	5,160	7,600	10,860	3.28%	2.40%	5,700	2.79%
Manufacturing	7,150	7,430	7,670	0.32%	0.21%	520	0.26%
Wholesale Trade	2,120	2,570	3,080	1.62%	1.21%	960	1.39%
Retail Trade	10,350	14,590	19,830	2.90%	2.06%	9,480	2.44%
Transportation/ Utilities/ Information	3,010	4,160	5,620	2.73%	2.03%	2,610	2.34%
Finance/Insurance/Real Estate	3,850	5,340	7,200	2.76%	2.01%	3,350	2.35%
Services	14,550	20,740	27,440	3.00%	1.88%	12,890	2.38%
Government	4,430	5,580	6,890	1.94%	1.41%	2,460	1.65%
Totals	53,140	70,590	91,260	2.39%	1.73%	38,120	2.02%

Source: Woods and Poole, BBPC, 2008

3. MARKET ANALYSIS

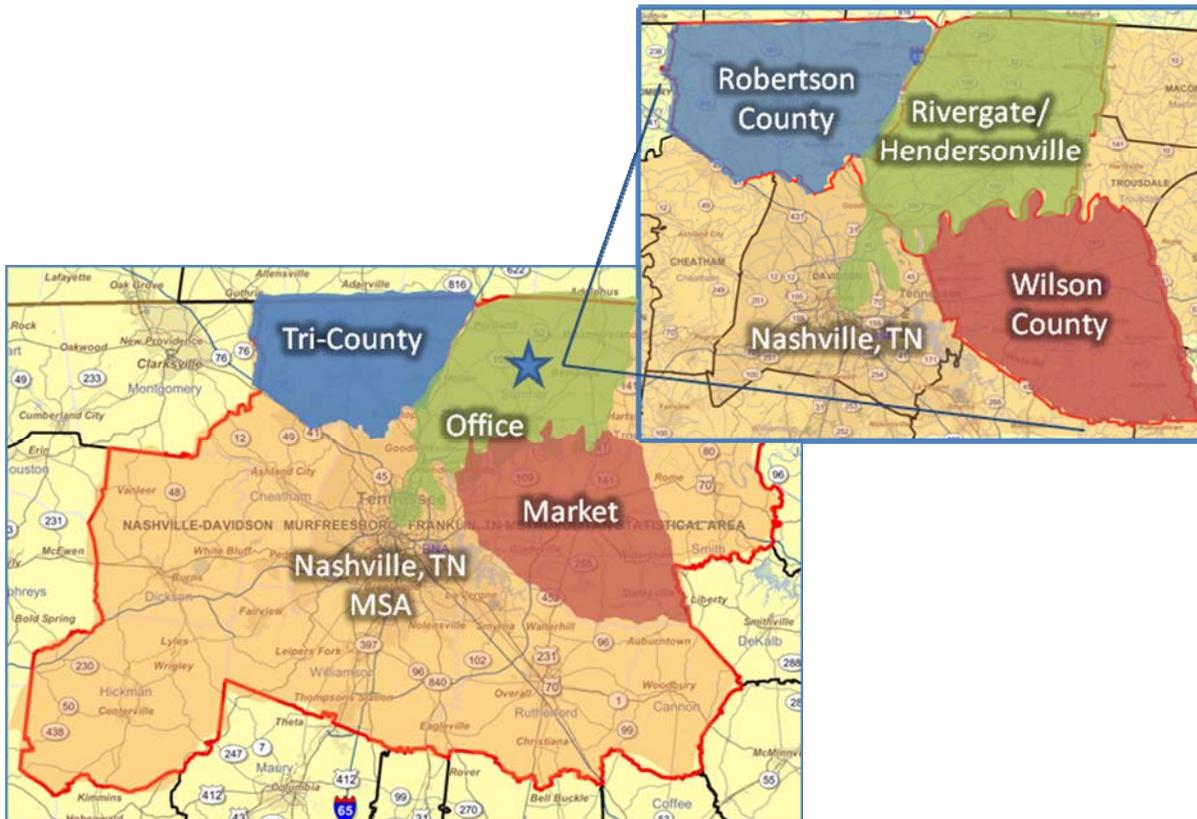
3.1 Office Market

OFFICE MARKET OVERVIEW

Evaluating trends in the office real estate market for the Nashville region and Tri-County study area provides insight regarding the level of new office development (and associated employment) that may be expected over the near- and long-term. The identification of this future development (e.g. amount, type, etc.) may then be incorporated in baseline growth projections (e.g. growth which is projected based on existing conditions and trends) and alternative growth projections for land use and transportation planning.

The Tri-County study area primarily falls within three regional office submarkets: 1) Rivergate-Hendersonville, which encompasses much of the land to the north and northeast of Nashville; 2) Wilson County; and 3) Robertson County.

Exhibit 3-1: Tri-County Office Submarkets and Nashville MSA



Since trends occurring in local submarkets as well as the larger Nashville regional market influence the potential for office development in the Tri-County study area, each of the surrounding submarkets and regional market have been analyzed to establish past trends and future outlook.

TRI-COUNTY OFFICE MARKET SNAPSHOT

Total Office Inventory	3.9 million SF
Office Vacancy Rate	10.5%
Recent Deliveries	133,000 SF
Under Construction	120,000 SF

KEY FINDINGS

Existing conditions and future trends in the Nashville regional and Tri-County office markets indicate the following:

- The Tri-County office market is a small but emerging player in the regional office market
- The Nashville regional office market inventory contains 58 million square feet of office space with 18 percent in the Downtown submarket (10.4 million square feet)
- Submarkets within the Tri-County study area contain 7 percent of the regional inventory (4 million square feet)
- The regional inventory is balanced across three space types (Class A, B, and C) appealing to a variety of occupants' needs
- The combined vacancy rate in the Rivergate/Hendersonville, Wilson County, and Robertson County submarkets, at 10.5 percent, is slightly higher than the regional vacancy rate of 9.3 percent
- Vacancy rates are lower in Wilson County (7.1 percent) and Robertson (3.7 percent), indicating relatively strong demand for space in those markets compared to supply
- From 1982-2008, the Nashville Office Market has seen average annual deliveries of 1.1 million square feet
- At the regional level, office development activity was a brisk 2.2 million square feet in the first quarter of 2008, undoubtedly benefiting from the relocation of several major corporations and organizations in the Nashville region (e.g. Nissan North America, Healthways, Vanderbilt Medical, and Verizon Wireless)
- Construction activity was relatively modest in submarkets surrounding the Tri-County study area (120,000 square feet under construction in the combined Rivergate/Hendersonville, Wilson County, and Robertson County submarkets)

Based on these recent trends and current conditions, the project team assumes that the Tri-County study area will experience modest office development and office-based employment growth relative to other parts of the region that have traditionally served as dominant office nodes.

INVENTORY

Together, the Rivergate/Hendersonville, Wilson County, and Robertson County office submarkets represented a relatively modest share of the Nashville regional office space inventory:

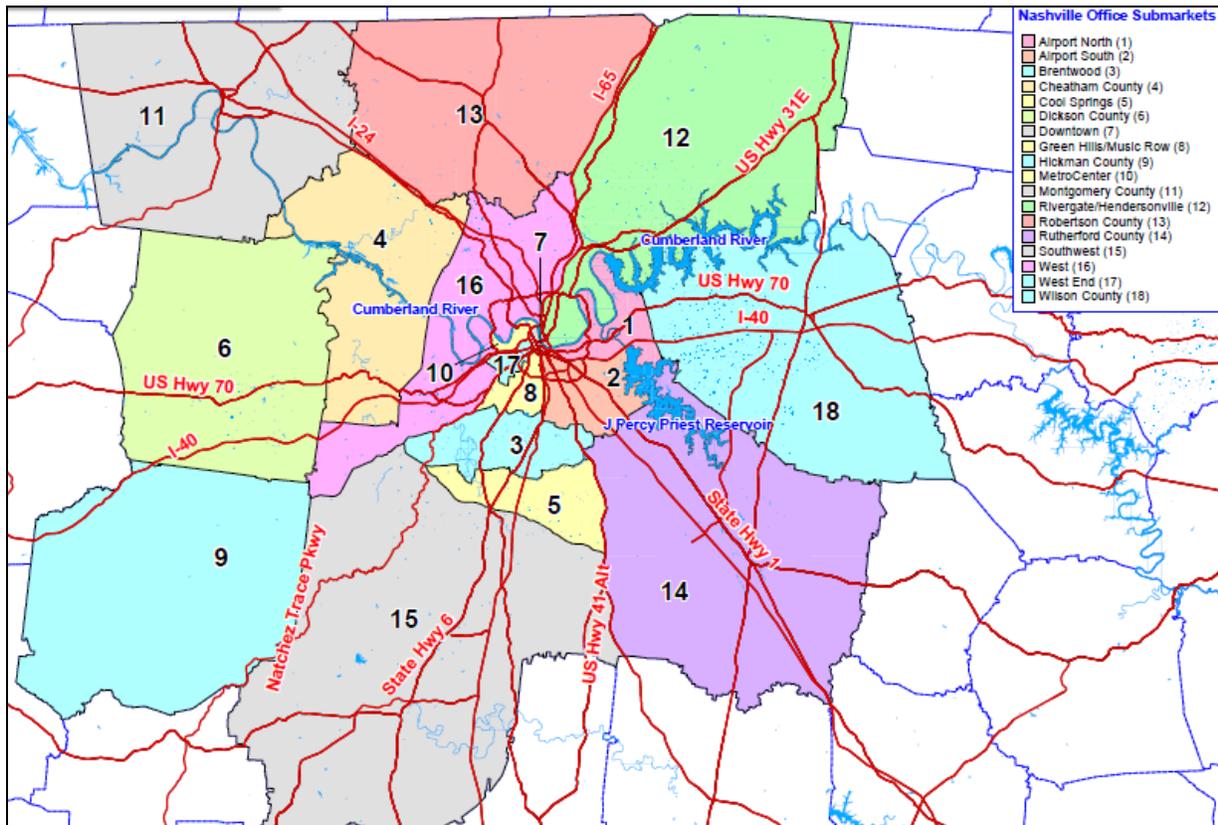
- Approximately 4 million square feet, or 7 percent of the region’s 58 million square feet
- For reference, the Tri-County share of regional office space is slightly less than half of the downtown submarket’s regional share (10 million square feet, or 18 percent of the regional inventory)
- At 10.5 percent (combined), the Rivergate/Hendersonville, Wilson County, and Robertson County office vacancy rate was on par with the regional vacancy rate of 9.3 percent
- Both the Wilson County and Robertson County submarkets have lower vacancy rates at 7.1 and 3.7 percent, respectively
- In contrast, the Rivergate/Hendersonville market has a higher vacancy rate at 13.9 percent

Exhibit 3-2: Nashville Selected Office Market and Submarkets 2008 (All Classes)

Market	Total Rentable Building Area (Square Feet)	% Vacant
Downtown	10,441,608	10.1%
West End	7,731,019	4.6%
Brentwood	6,584,411	7.4%
Cool Springs	6,420,366	8.2%
Airport North	5,519,186	17.1%
Green Hills/Music Row	5,243,043	3.8%
Airport South	5,061,764	14.2%
Rivergate/Hendersonville	2,958,590	13.9%
MetroCenter	2,579,245	4.9%
Rutherford County	2,438,693	8.4%
Wilson County	987,399	7.1%
West	887,161	3.7%
Southwest	697,733	25.9%
Maury County	403,554	5.8%
Robertson County	107,215	3.7%
Nashville Office Total	58,060,987	9.3%

Source: CoStar, BBPC, 2008

Exhibit 3-3: Nashville Office Submarkets 2008 (All Classes)



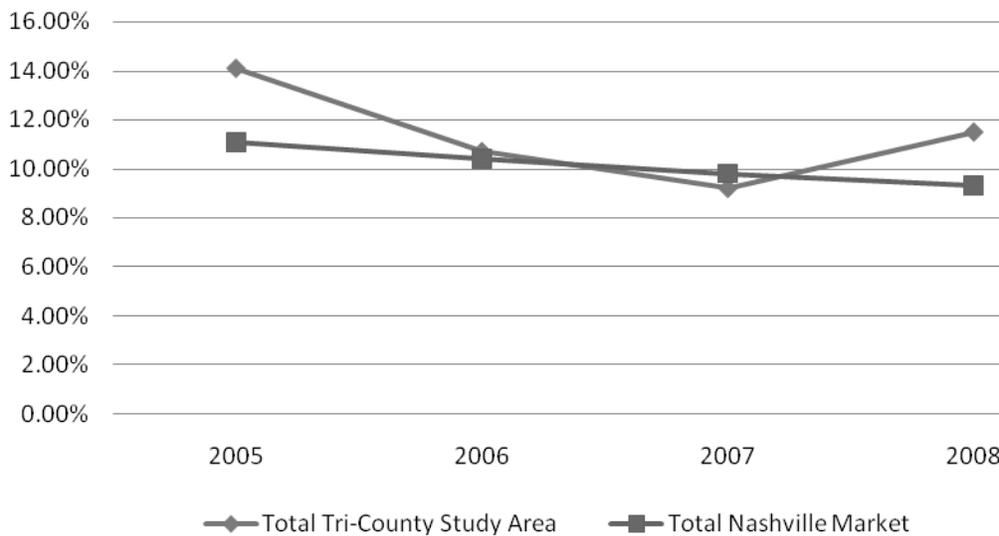
Source: CoStar, 2008

Exhibit 3-4: Tri-County Submarkets and Nashville Office Market 2008

Market	Total Rentable Building Area (Square Feet)	% Vacant
Robertson County	107,215	3.7%
Rivergate/Henderson	2,958,590	13.9%
Wilson County	987,399	7.1%
Total Tri-County Study Area	3,945,989	12.3%
Total Nashville Market	58,060,987	9.3%

The vacancy rates for the Nashville office market decreased modestly from 2005 to 2008 to a rate of 9.3 percent as of the first quarter of 2008. Office vacancy rates in the Tri-County Study Area decreased from just over 14% in 2005 to just under 10% in 2007, but increased in 2008 to 11.5%.

Exhibit 3-5: Nashville Office Market & Tri-County Study Area Vacancy Rate Trends 2005-2008



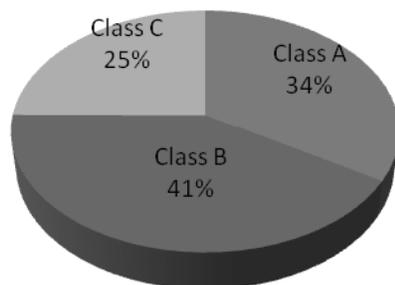
Source: CoStar, BBPC, 2008

With an inventory split roughly equally across Class A (33.7 percent), Class B (41.4 percent), and Class C (24.9 percent) space types, the Nashville regional office inventory provides a balanced space mix appealing to a variety of occupants' needs.

The regional inventory includes (as of first quarter 2008):

- 19 million square feet of Class A space in 172 buildings;
- 23 million square feet of Class B space in 877 buildings; and
- 14 million square feet of Class C space in 1,652 buildings.

**Exhibit 3-6: Office Inventory by Office Class
Percent of Total Square Footage - Nashville MSA**



Source: CoStar, 2008

DELIVERIES AND DEVELOPMENT UNDER CONSTRUCTION

CONSTRUCTION ACTIVITY

At the regional level, office development activity was brisk in the first quarter of 2008, but modest in submarkets surrounding the Tri-County study area:

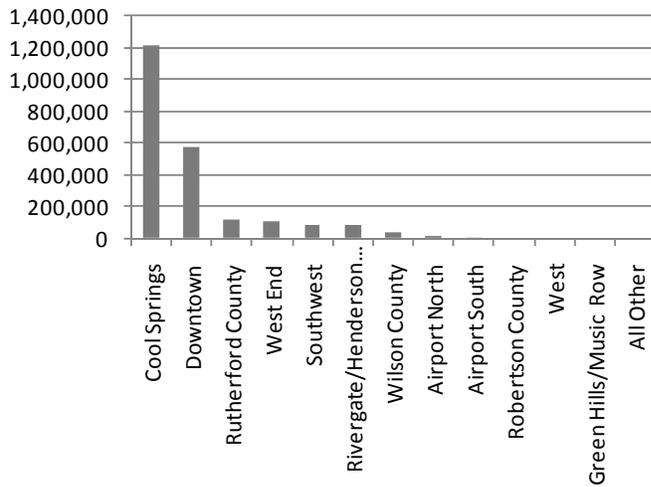
- Approximately 2.2 million square feet of space under construction in the Nashville office market
- Over half of office space under construction during this period in Nashville was located in the Cool Springs submarket, which has 1.2 million square feet of office space under construction across 10 buildings
- Downtown Nashville captured one quarter of all office space under construction in the region, with approximately 575,000 square feet under construction
- Rivergate/Hendersonville, though relatively modest in comparison to Cool Springs and Downtown, was the sixth most active office submarket with 80,000 square feet of space under construction
- Wilson and Robertson Counties were relatively less active submarkets, with 40,000 and 0 square feet under construction, respectively

Exhibit 3-7: Nashville Office Submarkets Ranked by Square Footage Under Construction 2008

Submarket	Total RBA Under Construction (Square Feet)	% of RBA Under Construction
Cool Springs	1,218,490	54.2%
Downtown	575,431	25.6%
Rutherford County	123,000	5.5%
West end	109,066	4.9%
Southwest	87,000	3.9%
Rivergate/Hendersonville	80,000	3.6%
Wilson County	40,414	1.8%
Airport North	10,791	0.5%
Airport South	4,500	0.2%
Robertson County	0	0.0%
West	0	0.0%
Green Hills/Music Row	0	0.0%
All Other	0	0.0%
Nashville Office Total	2,248,692	100.0%

Source: CoStar, 2008

Exhibit 3-8: Nashville Office Submarkets - Square Footage Under Construction 2008

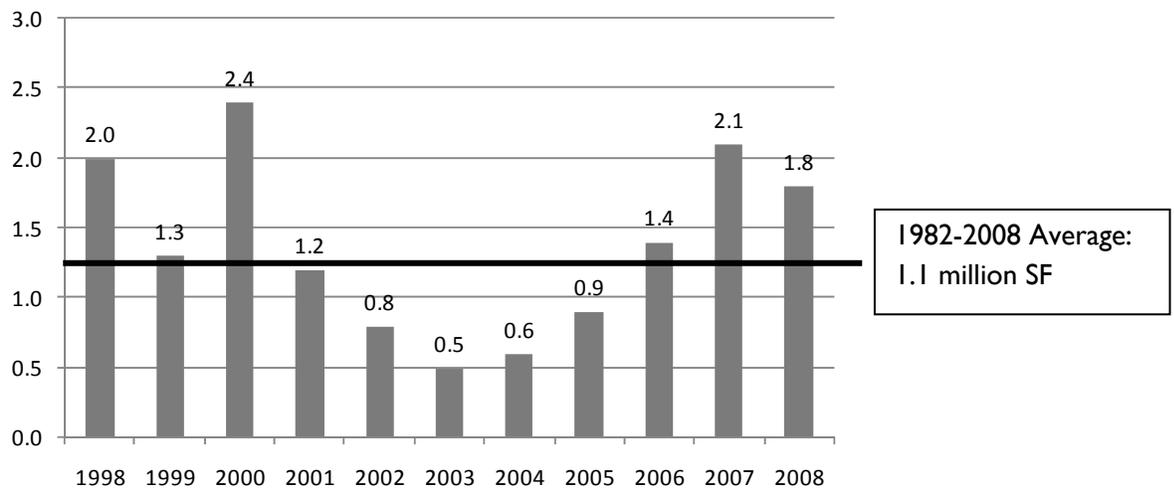


Source: CoStar, BBPC, 2008

DELIVERIES AND DEVELOPMENT UNDER CONSTRUCTION

Construction activity in the Nashville Office Market has fluctuated in the last couple decades (Exhibit 3-9), displaying peak activity in 1986, 2000 and most recently in 2007. Between 1982 and 2008, the market has seen deliveries averaging 1.1 million square feet annually.

Exhibit 3-9: Nashville Office Market – Historical Deliveries 1998-2008 (in millions of SF)



Source: CoStar, BBPC, 2008

Within the Tri-County Study Area, recent development has been focused in the Rivergate/Hendersonville submarket. Development activity in this submarket was limited as of first quarter 2008:

- One new office building (Parkside Plaza, a 53,000 square foot Class A office building that was 71 percent occupied as this quarter) was delivered in the Rivergate/Hendersonville office submarket
- One new office building (the 80,000 square foot Phase Four of the Northcreek Business Park, a Class B office building being built on a speculative basis) was under construction in this quarter

OFFICE SUMMARY – STRENGTHS, CONSTRAINTS AND OPPORTUNITIES

The Tri-County study area is situated within small existing office submarkets in the Nashville region. The Rivergate/Hendersonville, Wilson County, and Robertson County submarkets have traditionally served as relatively minor locations for office uses, but offer potential for limited office development activity.

In particular, new office developments in the Tri-County study area could take advantage of growth in residential and retail markets with mixed-use developments offering live-work-play opportunities; the 400-acre Indian Lake Village in Hendersonville is an example of this type of development.

The following table summarizes key conclusions regarding the strengths, constraints, and opportunities related to the potential for new office development in the Tri-County study area.

Strengths	Constraints	Opportunities
<ul style="list-style-type: none"> ▪ Brisk development activity at regional office market level ▪ Relatively low office vacancy rates in Wilson and Robertson Counties, indicative of strong demand for existing space ▪ Growing populations in Tri-County Study Area could create potential for live-work environment and demand for further office space 	<ul style="list-style-type: none"> ▪ Lack of strong office nodes and corridors compared to other parts of region (e.g. Downtown, Cool Springs) ▪ Limited commercial activity in submarkets within and around the Tri-County study area 	<ul style="list-style-type: none"> ▪ Office development within the context of mixed-use residential/retail/office environments ▪ Update space in Rivergate/Hendersonville Submarket to promote greater occupancy ▪ Facilitate office development in Robertson County and Wilson County to meet existing demand

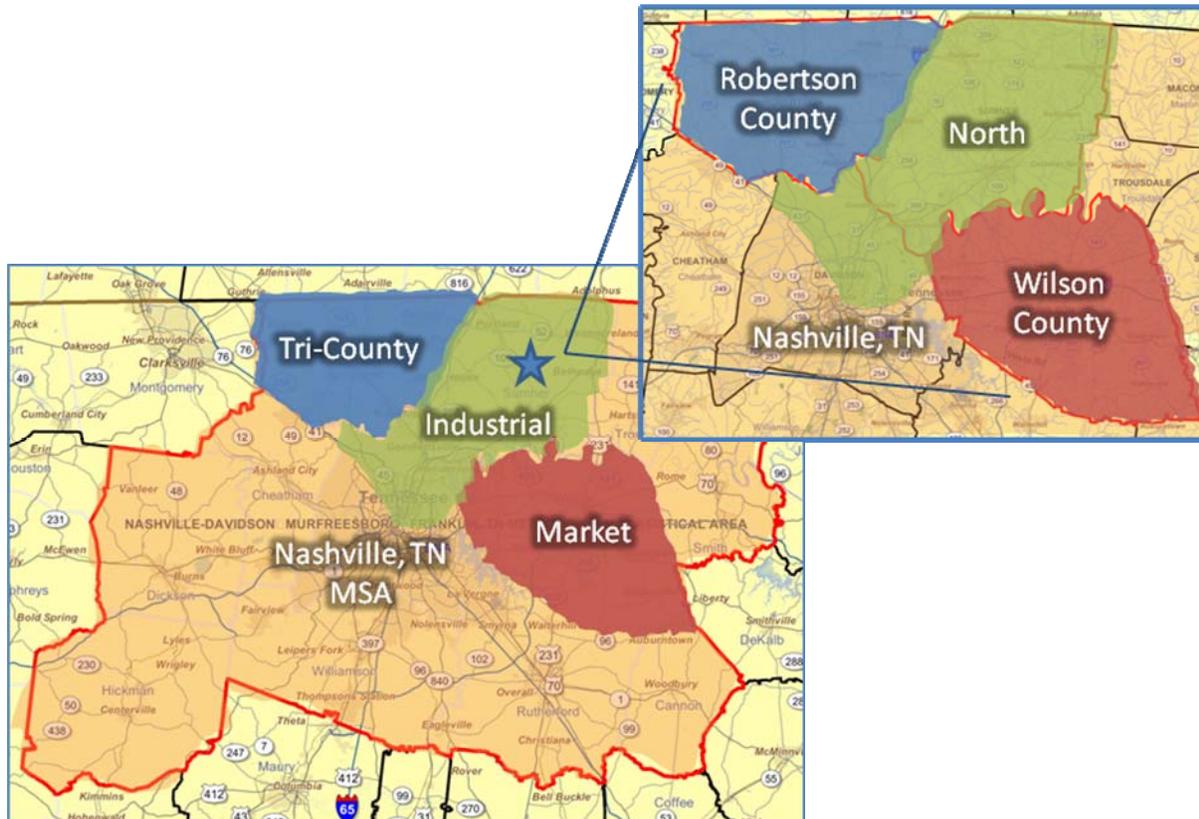
3.2 Industrial Market

INDUSTRIAL MARKET OVERVIEW

Industrial market activity in the region and Tri-County study area – as measured by construction levels, absorption of new space, and vacancy rates – provides guidance as to the potential near-term and long-term demand for new industrial space. This estimation of current demand may then be fed into baseline projections of future industrial development and associated employment growth for land use planning purposes.

The Tri-County study area falls within the Nashville regional industrial market and three industrial submarkets: 1) North Industrial (which encompasses Sumner County); 2) Wilson County; and 3) Robertson County.

Exhibit 3-10: Tri-County Industrial Submarkets and Nashville MSA



Source: CoStar, 2008

Demand for industrial space has been evaluated at the regional and submarket levels to understand the Tri-County Study Area’s current competitive position and its near- and long-term potential for growth.

TRI-COUNTY INDUSTRIAL MARKET SNAPSHOT

Total Industrial Inventory	45.1 million SF
Industrial Vacancy Rate	15.8%
Recent Deliveries	278,000 SF
Under Construction	2.8 million SF

KEY FINDINGS

The Tri-County Study Area is home to a mix of industrial submarkets – one an established node in the region (North Industrial), one a rapidly emerging center for distribution space (Wilson County), and one a relatively minor industrial area (Robertson County). All considered, the Tri-County Study Area offers strong potential for industrial growth based on recent conditions and trends:

- Nashville regional industrial market is strong, and has become a national destination for distribution operations, having attracted major corporate headquarters and regional offices of distribution companies
- Tri-County Study Area offers one-third of the region’s industrial inventory, much of which is located in the North Industrial market
- Warehouse space is by far the dominant type of industrial product available in Nashville, while flex/research and development is a very minor part of the industrial market
- Vacancy rates are higher in the Tri-County Study Area than the region, reflective of high levels of recent speculative construction
- Average annual deliveries in the Nashville Industrial Market was 2.4 million square feet between 1982 and 2008
- Construction activity as of first quarter 2008 was a robust 3 million square feet, 1 million square feet higher than the level of office development under construction
- Wilson County is the dominant submarket for new industrial construction activity, catalyzed in part by the provision of sewer service in recent years and the explosion of developer interest in the SR 840 corridor

These conditions and trends foretell a bright future for the Nashville regional industrial market and the Tri-County Study Area, which has an opportunity to target large distribution companies and continue building off the critical mass of industrial space being established in Wilson County and already established in the North Industrial market.

INVENTORY

Industrial submarkets comprising the Tri-County study area – the North, Robertson County, and Wilson County submarkets – together provide a major share of the region’s industrial inventory:

- Combined inventory is a substantial 30 percent, or 45 million square feet, of the region’s 150 million square feet; this share of space is equivalent to the region’s dominant submarket, the Southeast Industrial submarket, which offers 45 million square feet focused primarily along I-24
- With a combined vacancy rate of nearly 16 percent, the submarkets surrounding the Tri-County study area have relatively higher levels of vacant space than the region (at nearly 9 percent vacancy rate)

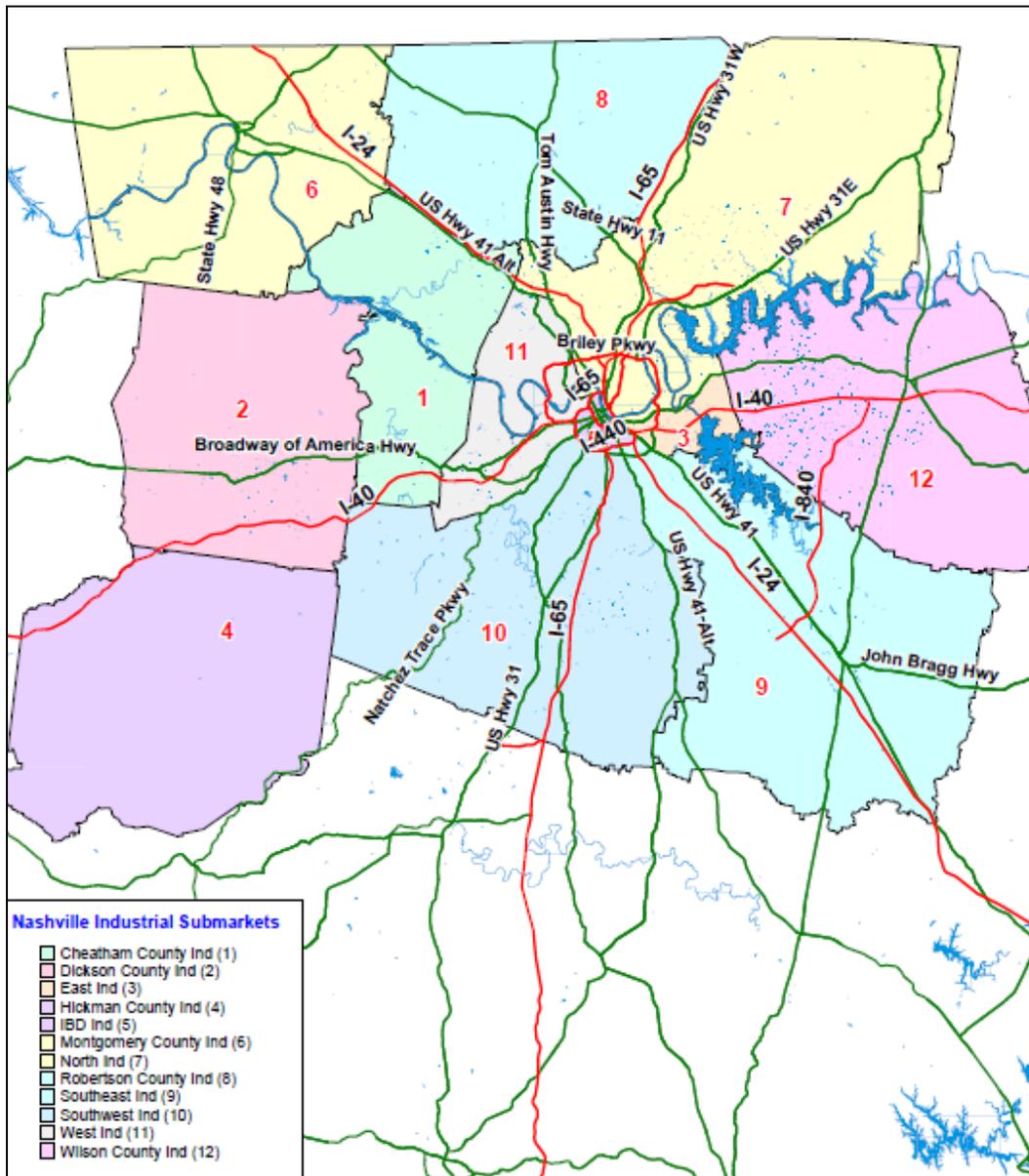
Exhibit 3-11: Nashville Selected Industrial Market and Submarkets 2008 (Flex & Warehouse)

Market	Total Rentable Building Area (Square Feet)	% Vacant
East Industrial	16,993,189	6.00%
IBD Industrial	18,910,144	7.30%
Maury County Industrial	3,045,807	5.30%
North Industrial¹	29,825,133	10.8%
Southeast Industrial	45,905,124	8.80%
Soutwest Industrial	15,529,663	4.80%
West Industrial	6,704,876	7.70%
Robertson County Industrial	4,427,936	19.3%
Wilson County Industrial	10,870,546	17.2%
Nashville Industrial Total	152,212,418	8.8%

¹ The North Industrial submarket includes significant areas not within the Tri-County study area

Source: CoStar, BBPC, 2008

Exhibit 3-12: Nashville Industrial Submarkets 2008 (Flex & Warehouse)



Source: CoStar, 2008

Among the three industrial submarkets surrounding the Tri-County study area, the North industrial submarket is dominant in terms of its relatively high industrial space inventory and lower vacancy rate

- The North industrial submarket, with nearly 30 million square feet of industrial space, is a major industrial hub and second in size only to the Southeast industrial submarket in terms of share of regional industrial inventory
- At 10.8 percent, the North Industrial submarket's vacancy rate is slightly higher than the regional vacancy rate but well below that of Wilson County (17.2 percent) and Robertson County (19.3 percent)

- Wilson County has traditionally served as a modest player in the regional industrial market, with 11 million square feet of space (roughly one-third of the inventory located in the North submarket)
- With 4 million square feet of space, Robertson County is among the smallest of the Nashville region's industrial submarkets, and also exhibits the highest vacancy rate at 19.3 percent

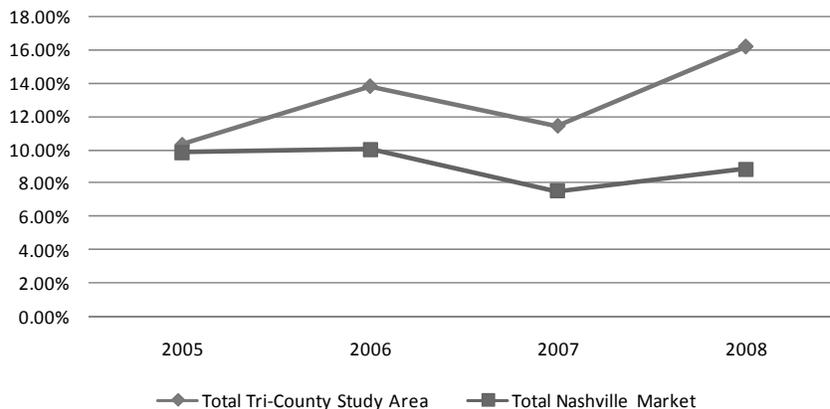
Exhibit 3-13: Tri-County Industrial Submarkets and Nashville Industrial Market 2008

Market	Total Rentable Building Area (Square Feet)	% Vacant
Robertson County	4,427,936	19.30%
North Industrial	29,825,133	10.80%
Wilson County	10,870,546	17.20%
Total Tri-County Study Area	45,123,615	15.77%
Total Nashville Market	152,212,418	8.8%

Source: CoStar, BBPC, 2008

Since 2005, vacancy rates in submarkets surrounding the Tri-County Study Area have surpassed vacancy levels in the region, reflective of large bulk distribution centers being built in these submarkets on speculative construction (with vacant deliveries increasing the vacancy rate in these years).

Exhibit 3-14: Nashville Industrial Market, North & Wilson County Submarkets - Vacancy Rate Trends 2005-2008 (Flex & Warehouse)



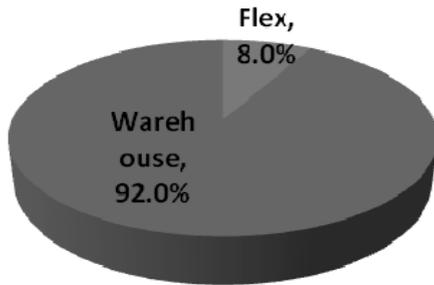
Source: CoStar, BBPC, 2008

Warehouse (including distribution) space is the overwhelmingly dominant type of industrial space in the Nashville region:

- Warehouse space represents 92 percent of the regional inventory
- The region has rapidly earned a national reputation as a preferred location for new distribution facilities, and the distribution space market is entering a growth cycle

- Relocation and expansion of large national and regional distribution operators supports the warehouse sector
- Flex/research & development space is a relatively minor piece of the regional industrial market, with a current inventory of 8 percent

Exhibit 3-15: Nashville Regional Industrial Inventory by Type – Square Footage



Source: CoStar, BBPC, 2008

DELIVERIES AND DEVELOPMENT UNDER CONSTRUCTION

CONSTRUCTION ACTIVITY

The Nashville regional industrial market is experiencing robust growth, and a dramatic expansion is occurring in Wilson County

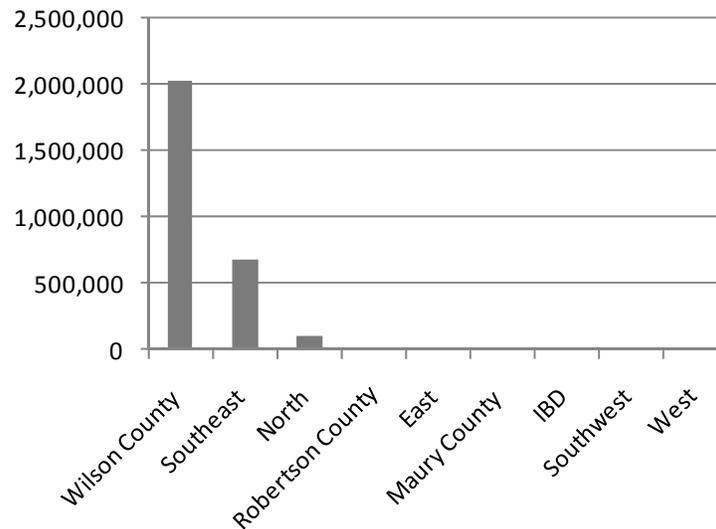
- Nearly 3 million square feet of new industrial space is under construction in the region, reflective of Nashville’s emergence as a national distribution center
- Wilson County is home to two thirds of the regional industrial space under construction, which has been spurred in part by the County’s investment in infrastructure to support growth (e.g. sewer service provision in recent years) and the County’s strategic proximity to major transportation networks (SR 840, along which much of the new development is focused)
- The North Industrial and Robertson County submarkets are witnessing less development activity, with approximately 100,000 and 0 square feet under construction, respectively

Exhibit 3-16: Nashville Industrial Submarkets Ranked by Square Footage Under Construction 2008

Submarket	# of Buildings	Total RBA Under Construction (Square Feet)	% of Nashville Market
Wilson County	5	2,023,400	72.0%
Southeast	4	678,082	24.1%
North Industrial	1	108,000	3.8%
Robertson County	0	0	0.0%
East	0	0	0.0%
Maury County	0	0	0.0%
IBD	0	0	0.0%
Southwest	0	0	0.0%
West	0	0	0.0%
Nashville Industrial Total	10	2,809,482	100.0%

Source: CoStar, BBPC, 2008

Exhibit 3-17: Nashville Industrial Submarkets - Square Footage Under Construction 2008

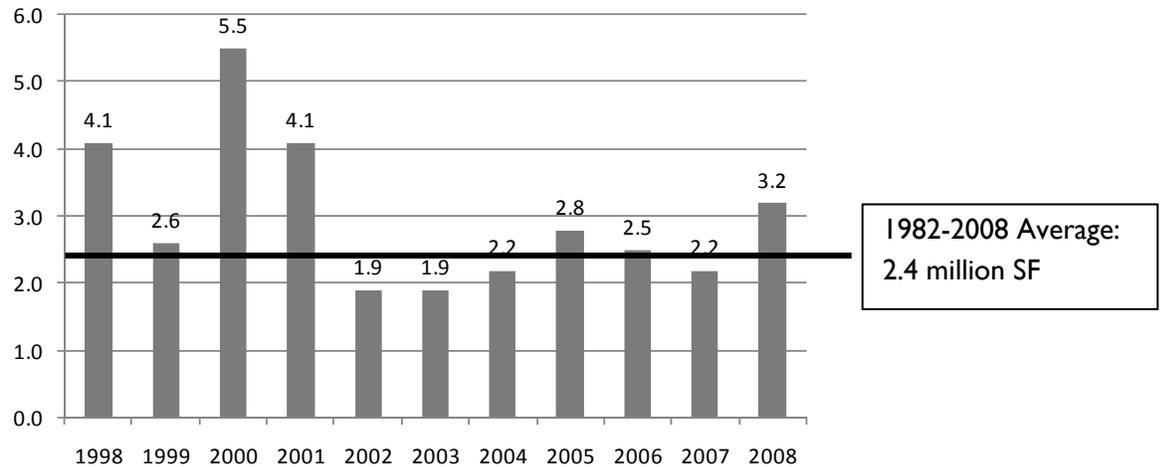


Source: CoStar, BBPC, 2008

DELIVERIES AND DEVELOPMENT UNDER CONSTRUCTION

Over the past nearly three decades, the Nashville region has witnessed a long-term average annual delivery of 2.4 million square feet of industrial space. Peak construction activity occurred in 1986 (3.9 million square feet) and 2000 (a robust 5.5 million square feet).

Exhibit 3-18: Nashville Industrial Market – Historical Deliveries 1998-2008



Source: CoStar, BBPC, 2008

Note: 2008 deliveries are for Q1-Q4 estimates, based on current under construction buildings

In recent years, Wilson County has led the Tri-County submarkets, with a high level of industrial construction. Most of this development is occurring on a speculative basis, indicating that developers have confidence in the strength of demand for space in this area. Selected recent deliveries and properties under construction in industrial submarkets surrounding the Tri-County Study Area include:

Wilson County

- Commerce Farms IV – 275,000 square feet in Wilson County, with half of the space already occupied
- Couchville Building I – 70,000 square feet of speculative construction
- Wilson Commerce Center – 550,000 square feet of speculative space
- 840 Business Center – 440,000 square feet of speculative construction
- Rockdale III in Wilson County – 300,000 square feet of speculative space
- 5510 Division Street – 30,000 square feet of space with 33 percent pre-leased

North Industrial Submarket

- 530 Red River Road – 290,000 square feet of space, with 35 percent pre-leased

Exhibit 3-19: Recent Deliveries and Properties Under Construction– Tri-County Industrial Submarkets - First Quarter 2008

Building	Submarket	Rentable Building Area (Square Feet)	% Occupied/ Preleased
DELIVERIES			
Commerce Farms IV	Wilson County	277,500	49%
UNDER CONSTRUCTION			
Couchville Building I	Wilson County	70,000	0%
Wilson Commerce Center – Building A	Wilson County	556,600	0%
840 Business Center	Wilson County	436,800	0%
Rockdale III	Wilson County	300,000	0%
530 Red River Road	North	288,000	35%
5510 East Division Street	Wilson County	30,000	33%
Subtotal:		1,681,400	

Source: CoStar, BBPC, 2008

INDUSTRIAL SUMMARY – STRENGTHS, CONSTRAINTS AND OPPORTUNITIES

The Tri-County Study Area is located within a major industrial hub in the Nashville region that offers nearly one-third of the region’s industrial space. The North Industrial submarket is already an established industrial market, with nearly 30 million square feet of space, while Wilson County (and more specifically the SR 840 corridor) continues to experience a red-hot transformation into a center for distribution activities.

The Nashville region has cultivated a national reputation as a preferred location for distribution operations, and new development in the Tri-County Study Area can take advantage of this specialization by catering to the interests of national and regional corporations. Further, the development of high-quality retail and residential communities in the Tri-County Study Area will provide added attraction for these firms as they consider the Tri-County area as a location for their next headquarters or regional office.

The following table summarizes key conclusions regarding the strengths, constraints, and opportunities related to the potential for new industrial development in the Tri-County study area.

Strengths
<ul style="list-style-type: none"> ▪ Critical mass of industrial space in North Industrial and Wilson County submarkets to attract additional development ▪ Emergence of Wilson County as a hub for industrial development activity ▪ Favorable infrastructure provision in Wilson (e.g. sewer service and access to SR 840) ▪ Regional strength of warehouse sector and growing reputation as national location for distribution operations

Constraints
<ul style="list-style-type: none"> ▪ Limited demand for flex/research and development space ▪ Excess space in Robertson and Wilson Counties, as evidenced by high vacancy rates

Opportunities
<ul style="list-style-type: none"> ▪ Focus recruitment on national headquarters and regional offices of large distribution operators to fill new space ▪ Expand retail and residential development proximate to industrial corridor in Wilson to provide added amenities for businesses

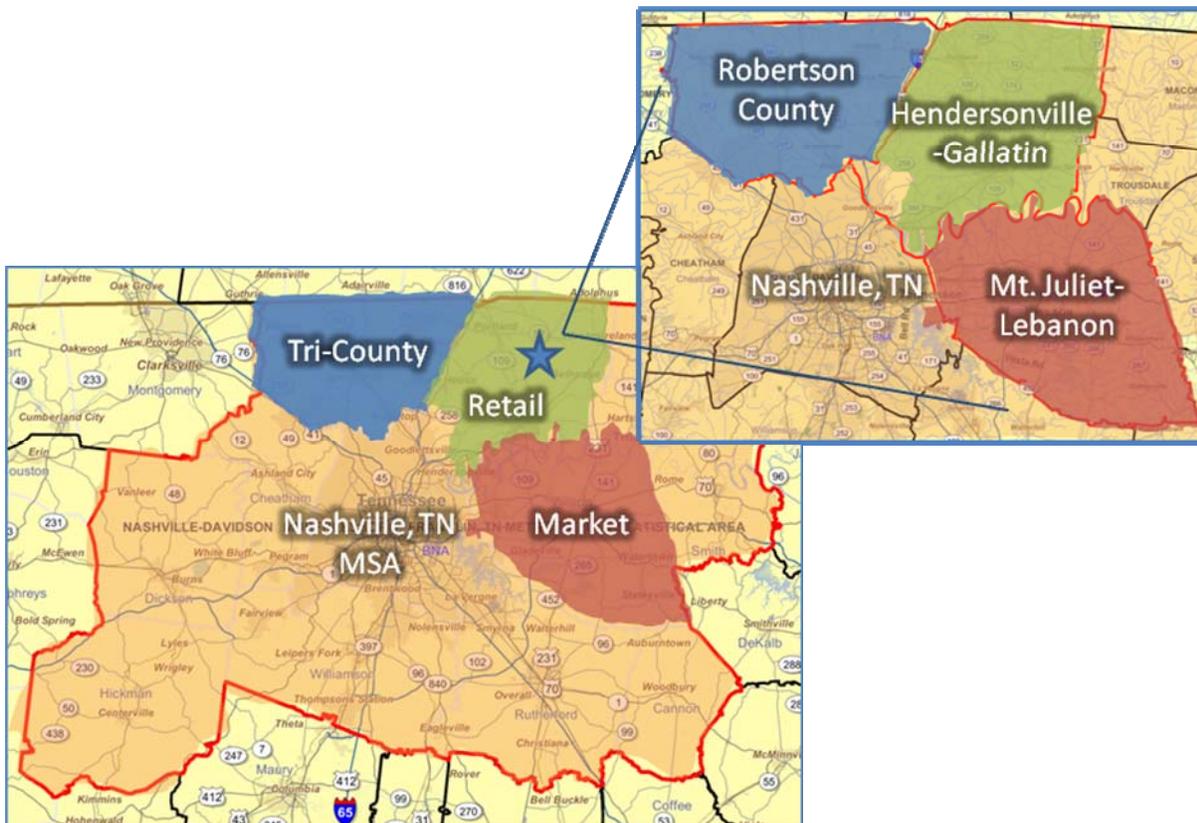
3.3 Retail Market

RETAIL MARKET OVERVIEW

The Tri-County study area is located within the Nashville regional retail market and three retail submarkets: 1) Hendersonville-Gallatin (which encompasses Sumner County); 2) Mt Juliet-Lebanon (which encompasses Wilson County); and 3) Robertson County.

Assessing retail development activity in the Nashville region and Tri-County Study Area offers a benchmark with which to predict future demand for retail space in Robertson, Sumner, and Wilson Counties, which may be incorporated in the transportation and land use planning growth alternatives.

Exhibit 3-20: Tri-County Retail Submarkets and Nashville MSA



Current conditions and trends at the regional and submarket levels have been evaluated and compared to assess the Tri-County Study Area's potential for future retail growth.

TRI-COUNTY RETAIL MARKET SNAPSHOT

Total Retail Inventory	11.7 million SF
Retail Vacancy Rate	3.1%
Recent Deliveries	96,000 SF
Under Construction	246,000 SF

KEY FINDINGS

With two established and growing retail nodes (e.g. Streets of Indian Lake in the Hendersonville-Gallatin submarket and the Mount Juliet Crossing and Paddocks of Mount Juliet in the Mt Juliet-Lebanon submarket), and a small but desirable node in Robertson County (as evidenced by very low vacancy rates) the Tri-County Study Area offers strong potential for retail growth as supported by recent conditions and trends:

- Nashville region is healthy despite national macroeconomic woes (credit crunch, troubled housing market, rising gas prices, etc.)
- Recruitment of major national corporations has supported (and will continue to support) spin-off retail goods and services development close to new corporate centers and residential communities
- The provision of high quality, amenity-rich retail environments is an important part of supporting the Nashville region's high quality of life, which in turn supports corporate expansion and household growth
- Tri-County Study Area represents roughly 15 percent of the regional space inventory, and continues to maintain this share with new developments underway
- Mixed-use developments, lifestyle centers, and power centers are the preferred retail product types being developed in the Tri-County Study Area
- Hendersonville-Gallatin and Mt Juliet-Lebanon (encompassing Sumner and Wilson Counties, respectively) offer a critical mass of retail space, while Robertson County is a minor player in the regional retail market

With strong fundamentals of a growing economy, the Nashville region is poised for continued retail growth. In the Tri-County Study Area, this development will likely take the form of additional mixed-use and lifestyle centers catering to area residents and employees, and be situated with convenient access to residential communities and corporate centers.

INVENTORY

The Tri-County Study Area is home to an expanding share of the region's inventory of shopping centers and retail buildings:

- Together, the Hendersonville-Gallatin, Mt Juliet-Lebanon, and Robertson County submarkets represent 15 percent (12 million square feet) of the region's retail inventory (82 million square feet)

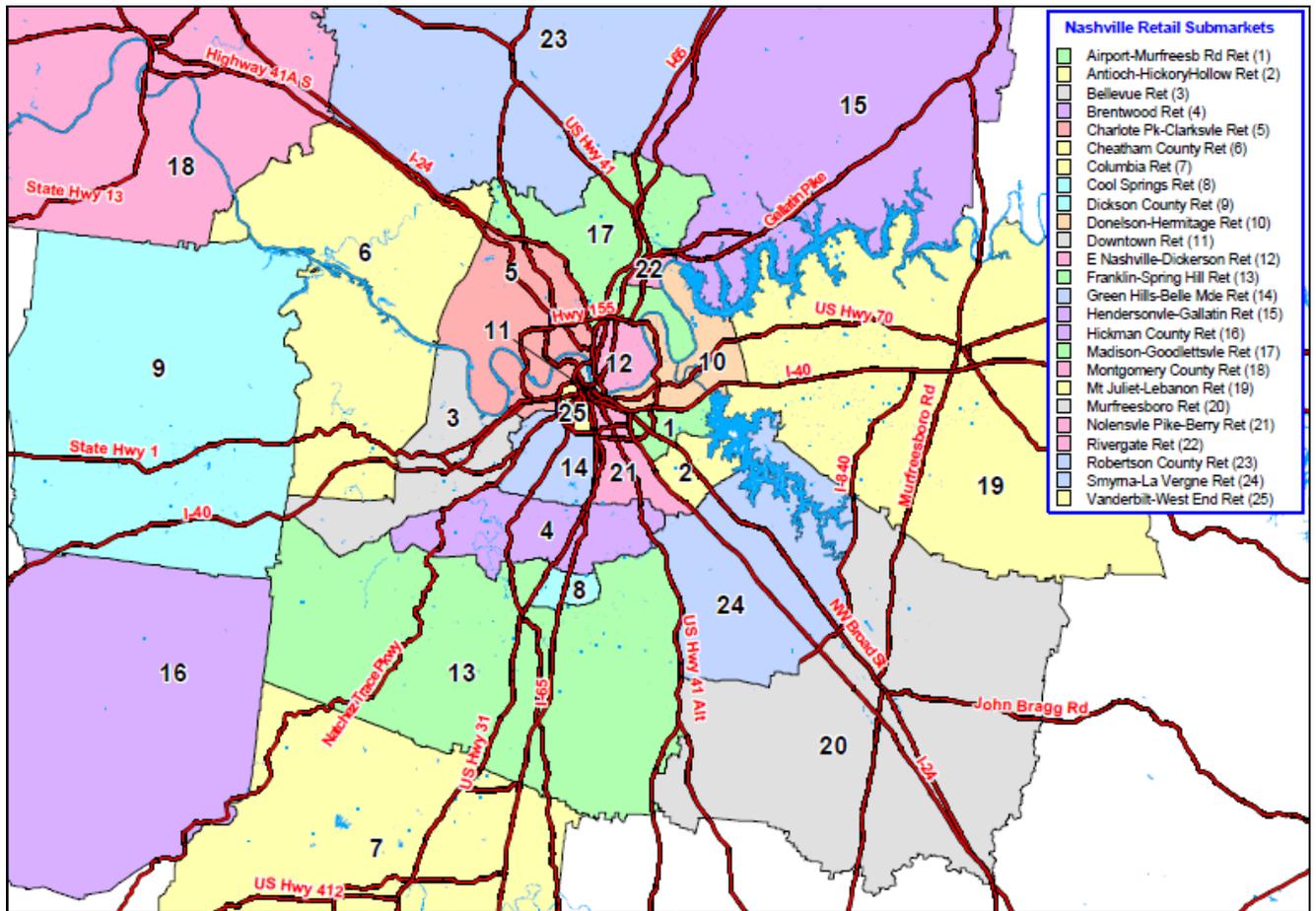
- At 3.1 percent, the combined vacancy rate in the Tri-County retail submarkets is lower than the regional average vacancy of 5.8 percent and indicative of heightened demand for retail space in this growing area

Exhibit 3-21: Nashville Selected Retail Market and Submarkets 2008 (All Types)

Submarket	Total Rentable Building Area (Square Feet)	% Vacant
Robertson County	1,457,109	0.8%
Vanderbilt-West End	2,974,083	3.0%
Cool Springs	5,653,465	3.1%
Brentwood	2,358,918	3.4%
Charlotte Pk - Clarksville	2,682,800	3.4%
Green Hills-Belle Mde	3,043,542	3.6%
Rivergate	4,145,764	3.8%
Hendersonville-Gallatin	5,195,816	3.9%
E Nashville-Dickerson	1,545,668	4.0%
Airport - Murfreesboro	960,501	4.2%
Donelson-Hermitage	5,734,521	4.6%
Mt Juliet-Lebanon	5,054,724	4.7%
Downtown	3,992,392	6.7%
Smyrna-La Vergne	2,491,783	6.9%
Bellevue	3,452,821	7.2%
Murfreesboro	8,990,391	7.3%
Antioch - Hickory Hollow	4,333,394	7.5%
Nolensville Pike-Berry	7,032,472	7.6%
Franklin-Spring Hill	4,337,455	7.9%
Columbia	3,862,122	9.0%
Madison Goodlettsville	2,542,799	9.6%
Nashville Retail Total	81,842,540	5.8%

Source: CoStar, BBPC, 2008

Exhibit 3-22: Nashville Retail Submarkets 2008 (All Types)



Source: CoStar, 2008

Developers in the Tri-County Study Area are focusing new retail growth in Hendersonville, Gallatin, and Mount Juliet:

- New development in the Hendersonville-Gallatin and Mt Juliet-Lebanon submarkets build from an existing critical mass of retail space (each submarket offers 5 million square feet)
- Robertson County is a relatively minor player in the regional retail market, with 1.5 million square feet of space
- Vacancy rates are low in each of the Tri-County Study Area submarkets (below the regional average of 5.8 percent), suggesting strong demand to support further retail expansion
- Robertson County exhibits a particularly low vacancy rate (0.8 percent), suggesting there is relatively strong demand for space in the County

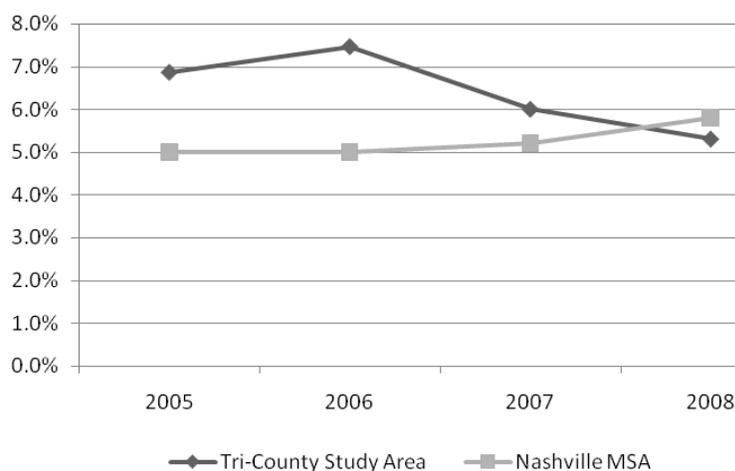
Exhibit 3-23: Tri-County Retail Submarkets and Nashville Retail Market 2008

Market	Total Rentable Building Area (Square Feet)	% Vacant
Robertson County	1,457,109	0.80%
Henderson-Gallatin	5,195,816	3.90%
Mt Juliet-Lebanon	5,054,724	4.70%
Total Tri-County Study Area	11,707,649	3.1%
Total Nashville Market	81,842,540	5.8%

Source: CoStar, BBPC, 2008

Retail vacancy rates rose between 2005 and 2006, but have since dipped to below the average Nashville MSA vacancy rates. This may be in part due to the growth in residential population in the study area in recent years, and therefore heightened demand for retail.

Exhibit 3-24: Nashville Retail Market - Vacancy Rate Trends 2005-2008 (All Types)



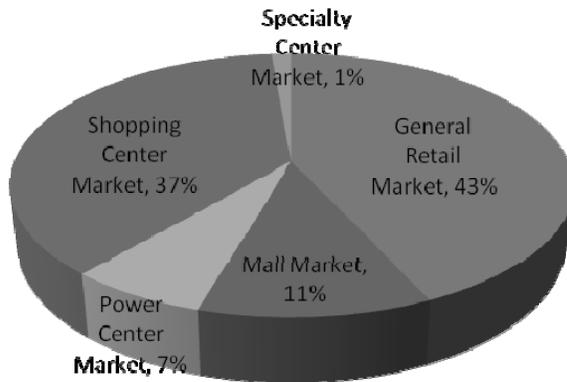
Source: CoStar, BBPC, 2008

The Nashville region is home to a broad mix of retail development product types, ranging from traditional malls to more recently constructed power centers, but recently delivered space is focusing primarily on development of a few key product types (especially in outlying suburban markets):

- Power centers
- Lifestyle centers
- Mixed-use developments

As these development types gain in popularity, the traditional shopping mall format is losing currency (and some malls in the region are being redeveloped with other uses).

Exhibit 3-25: Retail Inventory by Type –Percent of Total Square Footage– Total Nashville Industrial Market



Source: CoStar, BBPC, 2008

DELIVERIES AND DEVELOPMENT UNDER CONSTRUCTION

CONSTRUCTION ACTIVITY

New construction of retail space is strong in Nashville and moderate in the Tri-County Study Area:

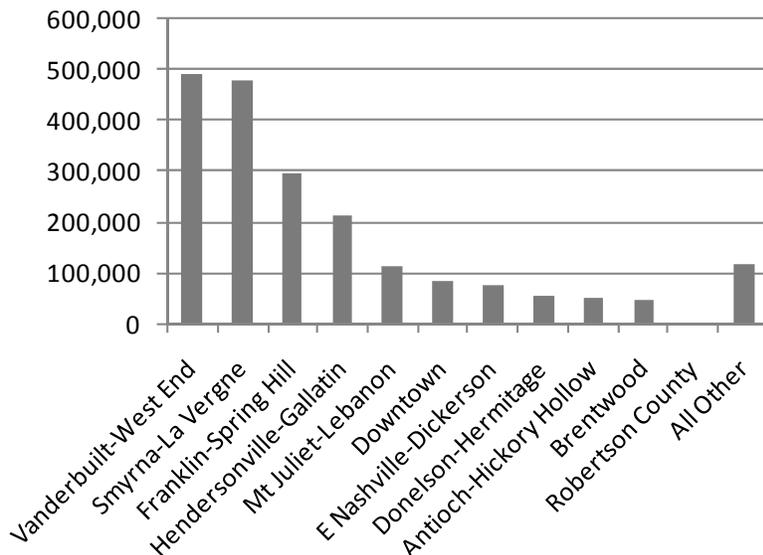
- Over 2 million square feet of new retail space is under construction in the region
- New construction in the Tri-County Study Area represents 15 percent of all the space underway in the region, which is on par with the Tri-County Study Area's current share of the retail inventory
- **The Hendersonville-Gallatin submarket has attracted 10 percent of the regional inventory under construction, two-thirds higher than its current share (6 percent) of the existing regional retail inventory**
- Mixed-use development, lifestyle centers, and power centers are dominant new construction types in Hendersonville, Gallatin, and Mount Juliet, where developers are taking advantage of the live-work-play mantra
- No new space is under construction in Robertson County, so vacancy (0.8 percent) in that submarket is likely to remain very low in the near-term

Exhibit 3-26: Nashville Selected Retail Submarkets Ranked by Square Footage Under Construction 2008

Submarket	# of Buildings	Total RBA Under Construction (Square Feet)	% of Nashville Market
Vanderbilt-West End	2	493,440	24.5%
Smyrna-La Vergne	2	478,750	23.8%
Franklin-Spring Hill	3	294,786	14.6%
Hendersonville-Gallatin	6	213,454	10.6%
Mt. Juliet-Lebanon	4	111,729	5.5%
Downtown	4	83,200	4.1%
East Nashville-Dickerson	2	73,816	3.7%
Donelson-Hermitage	4	52,289	2.6%
Antioch-Hickory Hollow	2	49,274	2.4%
Brentwood	2	47,871	2.4%
Robertson County	0	0	0.0%
All Other	9	115,418	5.7%
Nashville Industrial Total	40	2,014,027	100.0%

Source: CoStar, BBPC, 2008

Exhibit 3-27: Nashville Retail Submarkets - Square Footage Under Construction 1Q 2008

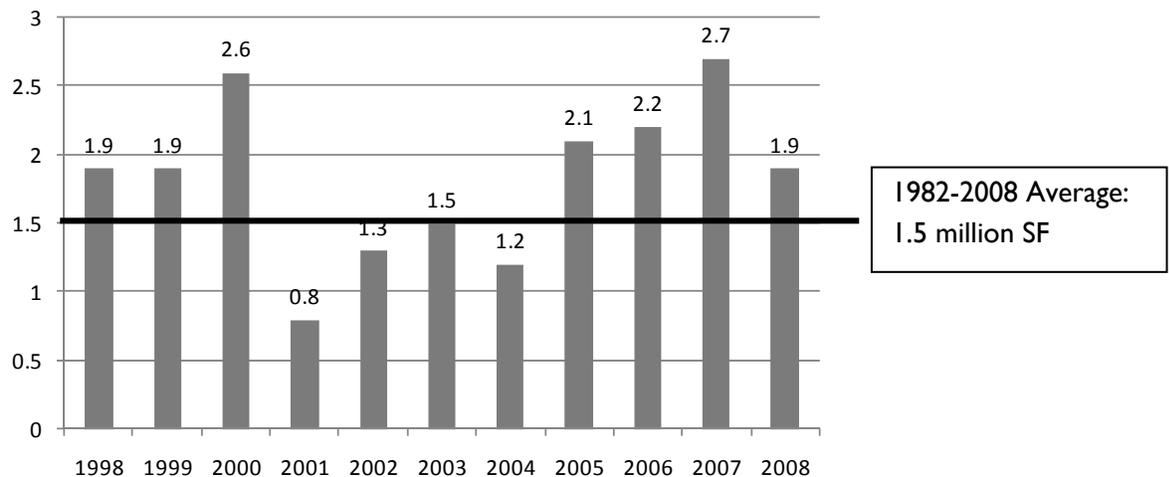


Source: CoStar, BBPC, 2008

DELIVERIES AND DEVELOPMENT UNDER CONSTRUCTION

Since 1982, Nashville's long term average delivery of new retail space has been 1.5 million square feet per year. Annual delivery peaked in 1988 (3 million square feet), 2000 (2.6 million square feet), and recently in 2007 (2 million square feet). Given the cyclical nature of the retail market, it is reasonable to expect the annual delivery of new space to oscillate over time, but the long-term annual average has been 1.5 million square feet.

Exhibit 3-28: Nashville Retail Market – Historical Deliveries 1998-2008 (in millions of SF)



Source: CoStar, BBPC, 2008

In the Tri-County Study Area, the Hendersonville-Gallatin retail submarket has experienced strong activity with large retail centers recently constructed or underway. Selected retail developments recently constructed or underway in the Tri-County Study Area include:

Hendersonville-Gallatin

- The Streets of Indian Lake (Phase I) – 150,000 square foot lifestyle center to be anchored by Regal Cinemas that is completely preleased
- Barnes and Noble – 40,000 square feet
- Hendersonville Marketplace – 25,000 square feet
- 1025 Nashville Pike – Phase II – 18,000 square feet
- September's – 7,500 square feet

Mt Juliet-Lebanon

- Mt. Juliet Commons – 5,500 square feet
- Mt. Juliet Shopping Center – 45,000 square feet

Exhibit 3-29: Recent Deliveries and Properties Under Construction – Tri-County Retail Submarket - First Quarter 2008

Building	Submarket	Rentable Building Area (Square Feet)	% Occupied/Preleased
DELIVERIES			
Barnes & Noble	Hendersonville-Gallatin	40,594	100%
Hendersonville Marketplace	Hendersonville-Gallatin	25,000	0%
1025 Nashville Pike – Phase II	Hendersonville-Gallatin	17,552	0%
September’s	Hendersonville-Gallatin	7,359	100%
Mt. Juliet Commons	Mt. Juliet-Lebanon	5,662	38%
Subtotal:		96,167	
UNDER CONSTRUCTION			
The Streets of Indian Lake – Phase I	Hendersonville/Gallatin	52,254	100%
Mt. Juliet Shopping Center	Mt. Juliet-Lebanon	44,660	37%
The Streets of Indian Lake – Phase I	Hendersonville/Gallatin	42,282	100%
The Streets of Indian Lake – Phase I	Hendersonville/Gallatin	38,393	100%
Two Rivers Ford	Mt. Juliet-Lebanon	34,700	100%
The Streets of Indian Lake – Phase I	Hendersonville/Gallatin	33,597	100%
Subtotal:		245,886	

Source: CoStar, BBPC, 2008

RETAIL SUMMARY – STRENGTHS, CONSTRAINTS AND OPPORTUNITIES

With a positive business climate and high quality of life, the Nashville region’s steady employment and household expansion supports a healthy climate for retail growth. As Nashville has recruited major national corporations in the office and industrial sectors, retail developers have clamored to provide facilities for retail goods and services close to new corporations and spin-off housing developments.

Retail growth is occurring in outlying suburban counties, including the Tri-County Study Area. The Hendersonville-Gallatin and Mount Juliet-Lebanon retail submarkets have taken advantage of this expansion and attracted a critical mass of shopping center development that continues to take shape.

The following table summarizes key conclusions regarding the strengths, constraints, and opportunities related to the potential for new retail development in the Tri-County study area.

Strengths	Constraints	Opportunities
<ul style="list-style-type: none"> ▪ Attraction of major employers continues to lead to spin-off demand for retail goods and services ▪ Low vacancy rates and strong developer interest in Tri-County Study Area indicates solid demand for new space 	<ul style="list-style-type: none"> ▪ Certain retail product types (e.g. traditional malls) have fallen out of favor 	<ul style="list-style-type: none"> ▪ Retain high quality of life with amenity-rich mixed-use retail, housing, and employment centers ▪ Build off critical mass of retail space present in Hendersonville-Gallatin and Mt Juliet-Lebanon ▪ Recruit retailers in advance of construction

3.4 Residential Market

RESIDENTIAL MARKET OVERVIEW

Assessing residential development activity in the Nashville region and Tri-County Study Area offers a benchmark with which to predict future demand for residential units in Robertson, Sumner, and Wilson Counties, which may be incorporated in the transportation and land use planning growth alternatives.

KEY FINDINGS

- Residential development in Tri-County Study Area is concentrated in Hendersonville-Gallatin and Mt. Juliet areas
- Home values in the Tri-County Study Area range from the low \$100s to over \$450,000 (median value of \$177,500), revealing a variety of housing sizes and types that create appeal for many different markets
- Lakefront development and communities on golf courses are most valued amenities and tend to be highest priced properties.

Exhibit 3-30: Residential Market Profile – Tri-County Study Area and Nashville MSA 2007

	Robertson County	Sumner County	Wilson County	Total Study Area	Nashville MSA	Study Area as % of MSA
Total Housing Units	20,995	51,657	42,518	129,073	634,482	20.3%
Owner-Occupied Units	18,509	44,766	32,909	96,159	406,703	23.6%
Renter-occupied units	5,370	13,731	7,228	26,331	187,807	14.0%
Vacant Units	1,099	3,079	2,381	6,583	39,972	16.5%
Vacancy %	4.4%	5.0%	5.3%	5.1%	6.3%	81.0%
Median home value (owner-occupied)	\$155,333	\$175,380	\$197,556	\$177,582	\$172,910	102.7%
Median rent*	\$638	\$693	\$691	\$675	\$722	91.3%
Single-Family %*	77%	74.6%	79.8%	77.1%	68.2%	113.9%
Multi-Family %*	10.7%	17.8%	10.9%	13.1%	25.3%	49.0%
Other Home Types %*	12.3%	7.6%	9.3%	9.8%	6.5%	152.3%

* 2005-2007 American Communities Survey for Robertson, Sumner and Wilson Counties, MSA data for Nashville - Davidson

Source: ESRI, BBPC, 2008

TRI-COUNTY HOUSING STOCK CHARACTERISTICS

The Tri-County Study Area housing stock represents roughly one-fifth of the Nashville MSA's housing stock. Median home values for owner-occupied units in the study area were slightly higher than home values for the MSA, although study area rents were slightly lower than in the region as a whole.

Additionally, the study area displayed the following characteristics:

- An estimated total of 129,073 housing units were located within the Study Area in 2007;
- Approximately 75% are owner-occupied, 20% are renter-occupied, with the remaining units vacant;
- 2007 median value of owner occupied housing units are \$177,582 for Study Area and \$172,910 for MSA;
- 2007 median gross rents range from an average of \$638 for Robertson County to \$691 in Wilson County, with the Nashville-Davidson average of \$722 per month;
- As of 2007, an average of approximately 77% of the housing units in the Study Area are single-family units with 13.1% multi-family and 9.8% other home types (e.g. mobile homes)

RESIDENTIAL CONSTRUCTION ACTIVITY

Exhibit 3-31 shows the number of building permits issued in the Tri-County Study Area and Nashville MSA between 1996 and 2008. This provides insight into the general amount of residential construction activity occurring within the study area and the region.

Exhibit 3-31: Residential Building Permits by Type – Tri-County Study Area and Nashville MSA 1996-2008

	Total	Avg. Annual	% Distribution
<i>Robertson County</i>			
Single-Family Units	6,353	578	94.2%
Multi-Family Units	390	35	5.8%
Subtotal	6,743	613	100.0%
<i>Sumner County</i>			
Single-Family Units	15,136	1,376	89.7%
Multi-Family Units	1,746	159	10.3%
Subtotal	16,882	1,535	100.0%
<i>Wilson County</i>			
Single-Family Units	12,202	1,109	90.3%
Multi-Family Units	1,304	119	9.7%
Subtotal	13,506	1,228	100.0%
<i>Tri-County Study Area</i>			
Single-Family Units	33,691	3,063	90.7%
Multi-Family Units	3,440	313	9.26%
Subtotal	37,131	3,376	100.00%
<i>Nashville MSA</i>			
Single-Family Units	121,524	11,048	83.2%
Multi-Family Units	24,591	2,236	16.8%
TOTAL	146,115	13,283	100.0%

Source: U.S Census Bureau, BBPC, 2008

Between 1996 and 2008, just over 37,00 residential building permits were issued in the Tri-County Study Area, representing 25% of the 146,000 building permits issued in the Nashville MSA over the same period. Single-family permits represented 91% of the total in the study area, while they represented only 83% of residential permits in the MSA. This shows a trend for more suburban, single-family unit development in the study area as compared to the region.

The study area averaged roughly 3,400 permits per year, with almost half being issued in Sumner County (1,500 annually; 17,000 total from 1996 to 2008). Wilson was the next most active county for residential development, with about 1,250 permits issued on average per year and 13,500 being issued in total over the 12-year period. Robertson County had the most modest residential construction activity, representing under a fifth (18%) of issued permits in the study area (6,700 total), averaging only 600 residential permits per year.

RESIDENTIAL SUMMARY – STRENGTHS, CONSTRAINTS AND OPPORTUNITIES

The Tri-County Study Area is already capturing much of the Nashville’ regions robust residential growth. Enhancement of amenities in the area (waterfront communities, golf courses, etc.) and increased residential growth has also facilitated greater retail development in the Tri-County Study Area.

New residential growth is currently concentrated in the Hendersonville-Gallatin area in Sumner County and the Mt. Juliet area of Wilson County. Demand for further residential development exists, but the need for expanded infrastructure (roads, sewer, utilities, etc.) is a vital factor in facilitating increased future growth in the study area.

The following table summarizes key conclusions regarding the strengths, constraints, and opportunities related to the potential for new residential development in the Tri-County Study Area.

Strengths	Constraints	Opportunities
<ul style="list-style-type: none"> ▪ Lakes and golf courses in Hendersonville/ Gallatin area provide appealing residential amenity ▪ Range of home values provides variety of housing opportunities ▪ Substantial existing and new retail in study area to create greater demand for new residential development 	<ul style="list-style-type: none"> ▪ Infrastructure does not provide sufficient capacities for new residential in many high-growth areas ▪ Relatively less office space to support live-work environment within study area 	<ul style="list-style-type: none"> ▪ High-quality mixed-use development (residential/retail/office) could create even greater appeal for residential ▪ Anticipate infrastructure needs to maintain or reduce residential traffic ▪ Develop “aging in place” and senior communities to meet needs of aging population

4.0 FUTURE DEMAND ANALYSIS

The economic and demographic overview, as well as the overview of the office, industrial, retail and residential markets provides the foundation for conducting future development demand analysis. This first involves forecasting employment projections for the relevant development types (office, industrial, retail) and the number of households in the future (to determine the demand for residential development).

Next, the employment and household projections are used to determine the future potential demand for office, industrial, retail, industrial and residential development in terms of square footage. This provides a general idea of future development potential in the Tri-County Study Area that will provide a basis for alternative growth scenarios provided later in the *Tri-County Transportation & Land Use Study*.

4.1 Employment and Household Growth Projections

Using the data from the economics & demographics and industry & labor sections above and 2008-2035, employment and household growth projections were made from 2008 to 2035. These projections were broken into two time periods – 2008-2020 and 2020-2035 – to distinguish between near-term and longer-term employment and household growth.

Employment was broken into three categories: office, industrial and retail. The projections for these categories were computed by assigning percentages of employment from Woods & Poole's employment categories into office, industrial and retail classifications based on industry standards and assumptions for the Tri-County Study Area (Wilson, Sumner and Robertson Counties) and the Nashville MSA.¹¹

KEY FINDINGS

- Wilson County is projected to experience the most growth in office, industrial and retail employment in the Tri-County Study Area (both in terms of number of new jobs and percentage growth) from 2008 to 2035, making it the main potential generator for future employment growth in the study area.
- Sumner County is projected to experience the second highest growth rate in office and industrial employment in terms of both number of jobs and percentage growth.
- Robertson County is projected to experience the second highest growth rate in retail employment (1.9% annually), although Sumner County is projected to add more retail jobs overall (3,900) from 2008 to 2035.
- Sumner County is expected have the largest increase in households (30,000), but Wilson County is projected to have the highest household growth rate in (2.2% annually).
- Growth trends in the study area and Nashville MSA are similar for all three employment categories and households, with greater growth occurring in the short-term (2008-2020) and then decreasing in the longer-term period (2020-2035).

¹¹ The specific breakdown according to the Woods & Poole employment category is as follows: *Office Employment*: 20% Transportation, Communication & Public Utilities; 100% Financial, Insurance & Real Estate; 33% Services. *Industrial Employment*: 100% Construction; 100% Manufacturing; 80% Transportation, Communications & Public Utilities; 100% Wholesale Trade; 33% Services. *Retail Employment*: 100% Retail Trade.

OFFICE EMPLOYMENT

Office, industrial and retail employment was designated by breaking down the industry categories displayed in the industry & labor section into these three employment categories corresponding with the three development types. The categories were broken down based on industry and market standards used in prior studies. Projections were based on Woods & Poole employment projections from 2008 to 2035, broken into two time periods – 2008-2020 and 2020-2035.

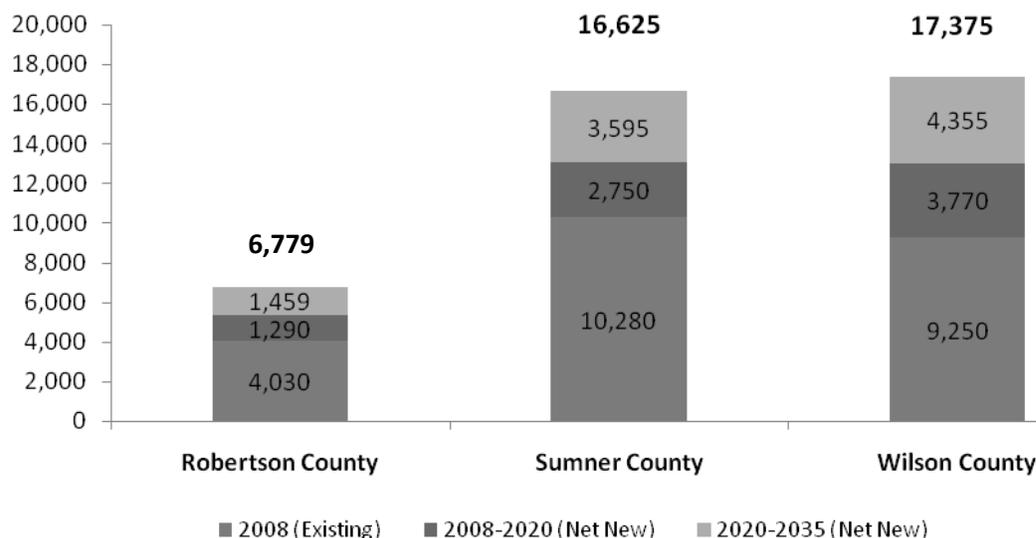
Exhibit 4-1: Projected Office Employment – Tri-Counties 2008 – 2035

County	Forecast			% Annual Growth (2008- 2020)	% Annual Growth (2020- 2035)	Net Change (2008-2035)	% Annual Growth (2008- 2035)
	2008	2020	2035				
Robertson County	4,030	5,320	6,780	2.34%	1.63%	2,750	1.94%
Sumner County	10,280	13,030	16,630	2.00%	1.64%	6,350	1.80%
Wilson County	9,250	13,020	17,380	2.89%	1.94%	8,130	2.36%
Tri-County Study Area	23,560	31,370	40,780	2.41%	1.76%	17,220	2.05%
Nashville MSA	226,410	287,670	367,870	2.02%	1.65%	141,460	1.81%

Source: Woods and Poole, BBPC, 2008

Exhibit 4-1, 4-2 and 4-3 show the projected office employment for three counties of the Tri-County Study Area in comparison to the Nashville MSA from 2008-2035. The compound annual growth rate for office employment in the study area (2.05%) is projected to be higher than that of the MSA (1.81%), showing relatively strong potential for future office employment growth in the Tri-County area. Both the study area and MSA are projected to have higher annual growth in the near-term (2008-2020) than in the longer-term (2020-2035).

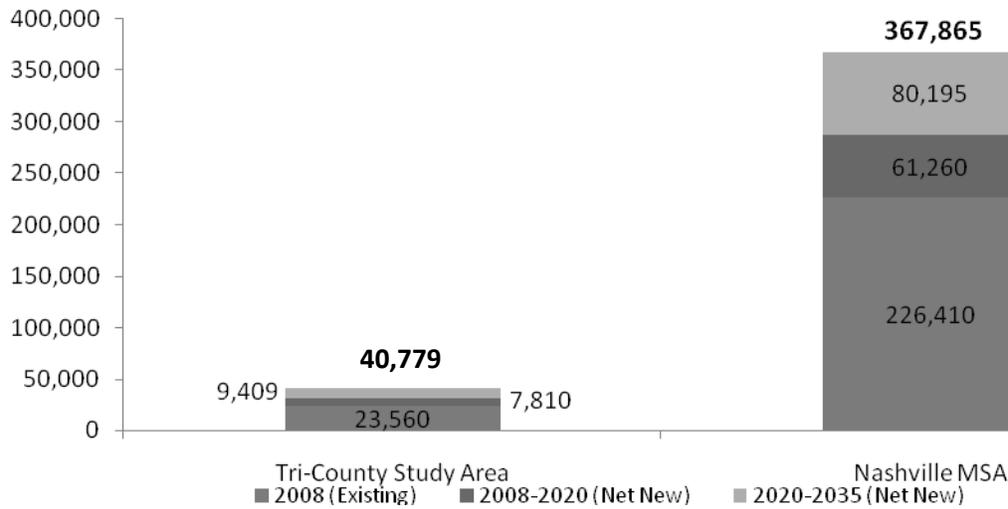
Exhibit 4-2: Projected Office Employment – Robertson, Sumner and Wilson Counties 2008 - 2035



Source: Woods and Poole, BBPC, 2008

The most growth within the Tri-County Study Area is expected in Wilson County (6,620 new office jobs) followed by Sumner County (5,170 new office jobs). Robertson County is expected to have relatively less growth over the 22-year period (2,240 new office jobs). More growth is expected to occur in the near term (2008-2020) in all counties, with the study area averaging 2.41% compound annual growth in the 2008-2020 period and 1.83% in the 2020-2035 period.

Exhibit 4-3: Projected Office Employment – Tri-County Study Area and Nashville MSA 2008 - 2035



Source: Woods and Poole, BBPC, 2008

INDUSTRIAL EMPLOYMENT

Exhibit 4-4 and 4-5 show the projected industrial employment for three counties of the Tri-County Study Area in comparison to the Nashville MSA from 2008-2035. The annual growth rate for industrial employment in the study area (1.7%) is projected to be higher than that of the MSA (1.4%), showing relatively strong potential for future industrial employment growth in the Tri-County area. Both the study area and MSA are projected to have higher annual industrial employment growth in the near-term (2008-2020) than in the longer-term (2020-2035).

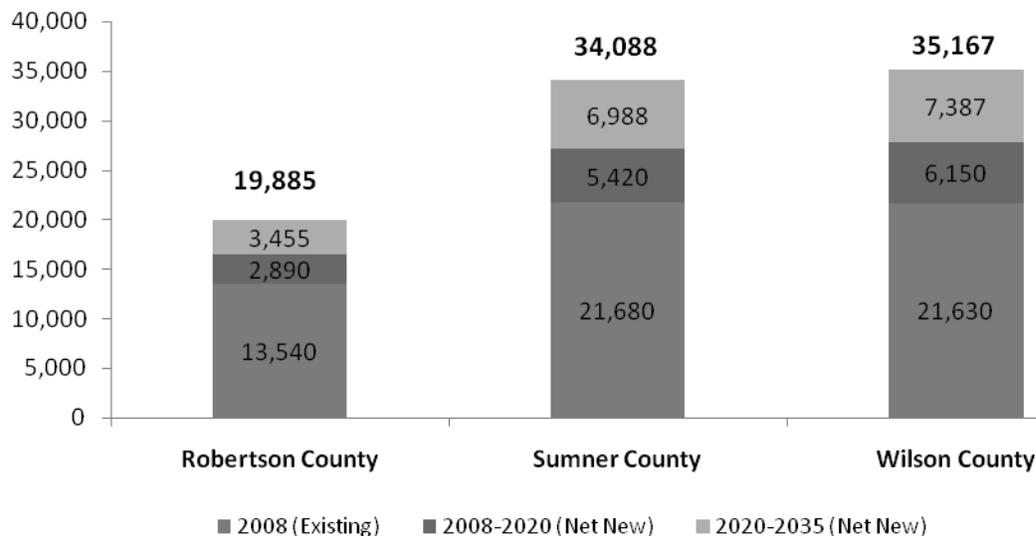
**Exhibit 4-4: Projected Industrial Employment – Tri-Counties and Nashville MSA
2008 – 2035**

County	Forecast			% Annual Growth (2008-2020)	% Annual Growth (2020- 2035)	Net Change (2008-2035)	% Annual Growth (2008- 2035)
	2008	2020	2035				
Robertson County	13,540	16,430	19,890	1.63%	1.28%	6,350	1.43%
Sumner County	21,680	27,100	34,090	1.88%	1.54%	12,410	1.69%
Wilson County	21,630	27,780	35,170	2.11%	1.58%	13,540	1.82%
Tri-County Study Area	56,850	71,310	89,140	1.91%	1.50%	32,290	1.68%
Nashville MSA	377,090	450,790	546,050	1.50%	1.29%	168,960	1.38%

Source: Woods and Poole, BBPC, 2008

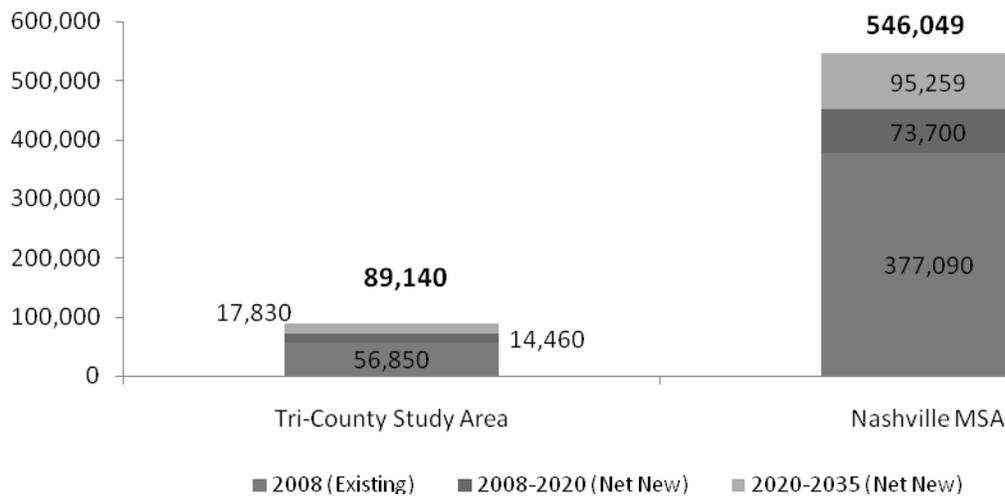
The most growth within the Tri-County Study Area is projected in Wilson County (13,540 new industrial jobs) followed by Sumner County (12,410 new industrial jobs). Robertson County is projected to have somewhat less growth over the 27-year period (6,350 new industrial jobs). More growth is expected to occur in the near term (2008-2020) in all counties, with the study area averaging 1.91% annual growth in the 2008-2020 period and 1.50% in the 2020-2035 period.

**Exhibit 4-5: Projected Industrial Employment – Robertson, Sumner and Wilson Counties
2008 - 2035**



Source: Woods and Poole, BBPC, 2008

Exhibit 4-6: Projected Industrial Employment – Tri-County Study Area and Nashville MSA 2008 - 2035



Source: Woods and Poole, BBPC, 2008

RETAIL EMPLOYMENT

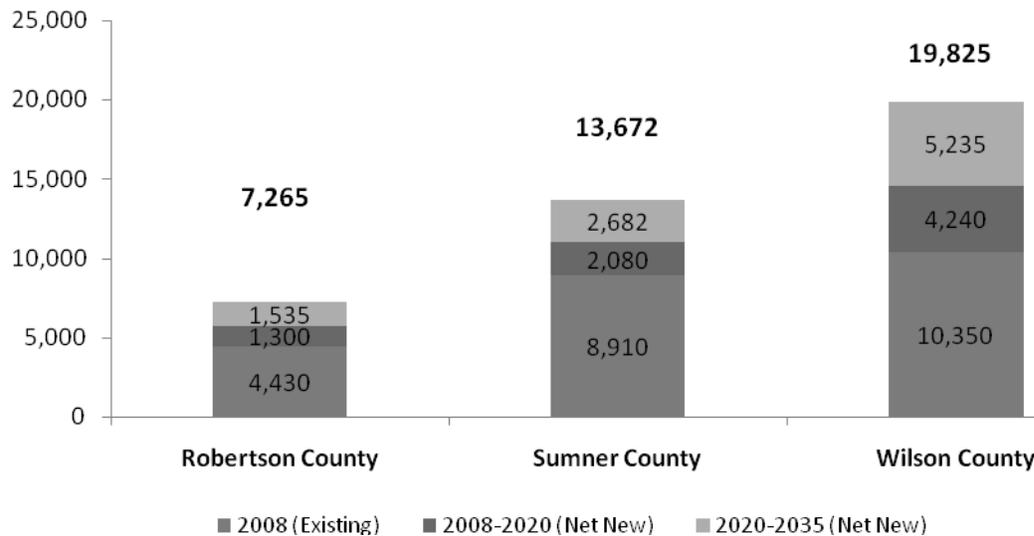
Exhibit 4-7 and 4-8 show the projected retail employment for three counties of the Tri-County Study Area in comparison to the Nashville MSA from 2008-2035. The compound annual growth rate for retail employment in the study area (2.0%) is projected to be higher than that of the MSA (1.5%), showing relatively strong potential for future retail employment growth in the Tri-County area. Both the study area and MSA are projected to have higher annual retail employment growth in the near-term (2008-2020) than in the longer-term (2020-2035).

Exhibit 4-7: Projected Retail Employment – Tri-Counties and Nashville MSA 2008 – 2035

County	Forecast			% Annual Growth (2008-2020)	% Annual Growth (2020- 2035)	Net Change (2008-2035)	% Annual Growth (2008- 2035)
	2008	2020	2035				
Robertson County	4,430	5,730	7,270	2.17%	1.59%	2,840	1.85%
Sumner County	8,910	10,990	13,670	1.76%	1.47%	4,760	1.60%
Wilson County	10,350	14,590	19,830	2.90%	2.06%	9,480	2.44%
Tri-County Study Area	23,690	31,310	40,760	2.35%	1.77%	17,070	2.03%
Nashville MSA	173,450	211,270	260,190	1.66%	1.40%	86,740	1.51%

Source: Woods and Poole, BBPC, 2008

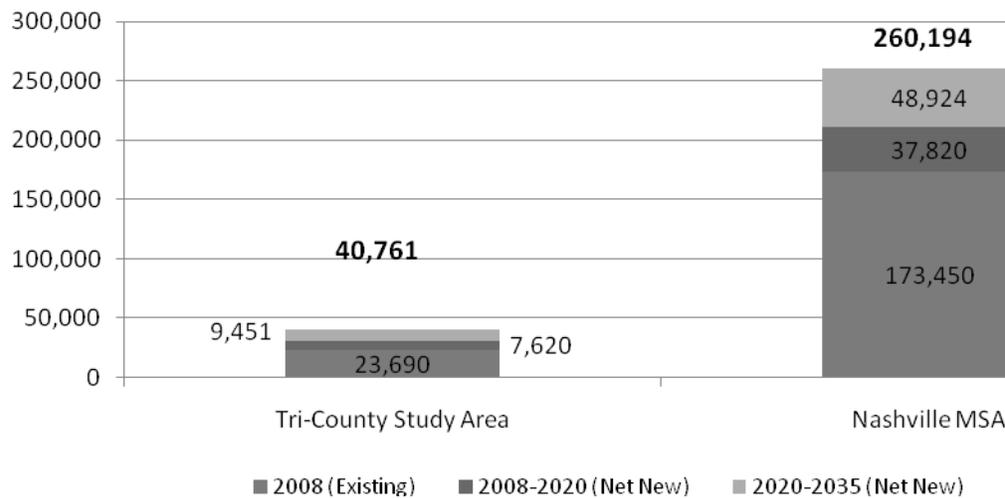
Exhibit 4-8: Projected Retail Employment – Robertson, Sumner and Wilson Counties 2008 - 2035



Source: Woods and Poole, BBPC, 2008

The most growth within the Tri-County Study Area is projected in Wilson County (9,480 new retail jobs) followed by Sumner County (4,760 new retail jobs). Robertson County is projected to have somewhat less growth over the 27-year period (2,840 new retail jobs), but at a higher compound annual rate of growth than Sumner County (1.9% compared to 1.6%). More growth is expected to occur in the near term (2008-2020) in all counties, with the study area averaging 2.4% compound annual growth in the 2008-2020 period and 1.8% in the 2020-2035 period.

Exhibit 4-9: Projected Retail Employment – Tri-County Study Area and Nashville MSA 2008-2035



Source: Woods and Poole, BBPC, 2008

HOUSEHOLDS

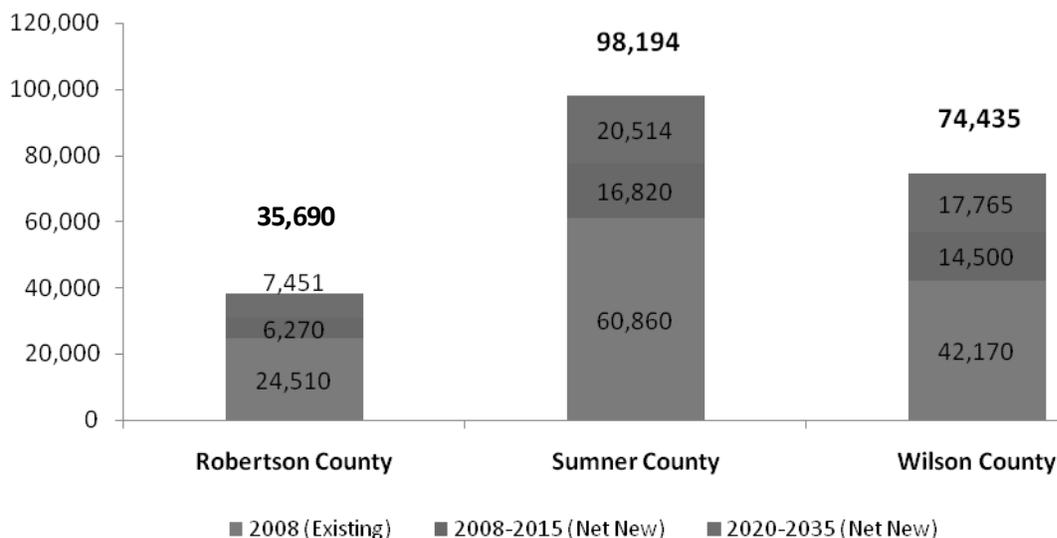
Future household growth projections were based on Woods & Poole household growth projections from 2008 to 2035. The projections were divided into two time periods – 2008-2020 and 2020-2035. Exhibits 4-10, 4-11 and 4-12 show projected household growth for the three counties of the Tri-County Study Area in comparison to the Nashville MSA from 2008-2035.

Exhibit 4-10: Projected Households – Tri-Counties 2008 – 2035

County	Forecast			% Annual Growth (2008-2020)	% Annual Growth (2020-2035)	Net Change (2008-2035)	% Annual Growth (2008- 2035)
	2008	2020	2035				
Robertson County	24,510	30,780	38,230	1.92%	1.46%	13,720	1.66%
Sumner County	60,860	77,680	98,190	2.05%	1.57%	37,330	1.79%
Wilson County	42,170	56,670	74,440	2.49%	1.83%	32,270	2.13%
Tri-County Study Area	127,540	165,130	210,860	2.18%	1.64%	83,320	1.88%
Nashville MSA	604,550	747,850	915,970	1.79%	1.36%	311,420	1.55%

Source: Woods and Poole, BBPC, 2008

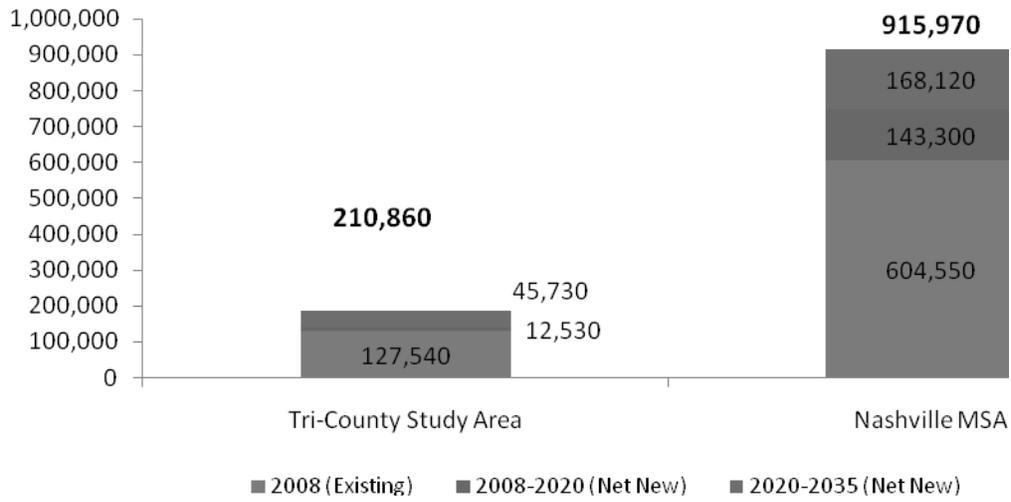
Exhibit 4-11: Projected Households – Robertson, Sumner and Wilson Counties 2008 - 2035



Source: Woods and Poole, BBPC, 2008

The compound annual growth rate for households in the study area (1.9%) is projected to be higher than that of the MSA (1.6%), showing relatively strong potential for future household growth in the Tri-County area. Both the study area and MSA are projected to have higher annual household growth in the near-term (2008-2020) than in the longer-term (2020-2035).

Exhibit 4-12: Projected Households – Tri-County Study Area and Nashville MSA 2008 - 2035



Source: Woods and Poole, BBPC, 2008

4.2 Projected Development Demand

Based on the employment and household growth projections from Section 4.1, the consulting team calculated the projected demand for office, industrial, retail and residential development in the Tri-County Study Area and Nashville MSA from 2008-2035. Employment projections were converted into square footage of demand based on industry standards and assumptions of square footage per employee (e.g. office: 250 square feet/employee; industrial: 350 square feet/employee; retail: 333 square feet/employee.)

The projections were broken down into two time periods – 2008-2020 and 2020-3035. This was done to show the near-term demand for the different types of development and longer-term demand resulting after 2020. These projections will provide a basis for the alternative growth models presented later in the plan.

KEY FINDINGS

- Future demand for new office space in the Tri-County Study Area from 2008 to 2035 is moderate at 160,000 square feet per year (3.5 million square feet total), representing 12% of the total projected new office demand for the Nashville MSA.
- Wilson County is projected to have the most future demand for new office space in the study area, with the potential to add 75,000 square feet per year from 2008 to 2030 for a total of 1.7 million square feet of new demand over the 22-year period (49% of new office demand for the study area).
- Future demand for new industrial space in the study area is projected to be robust, with 9.2 million square feet of new demand from 2008 to 2030 (420,000 square feet per year), representing 19% of total future demand for new industrial space in the MSA.
- Wilson County is projected to have the most future demand for new industrial space from 2008 to 2030, with potential to add 175,000 square feet per year (3.9 million square feet total), followed by Sumner County, with the potential to add 160,000 square feet per year (3.5 million square feet total).
- Demand for new retail space in the study area is projected to be strong, with opportunities for approximately 210,000 square feet per year from 2008 to 2030, representing 20% of the total projected demand for new retail in the Nashville MSA.
- The potential future demand for new residential development is very robust for the Tri-County Study Area; while the study area comprises about 21% of the MSA population, it is projected to represent 27% of the region's future demand for new residential units.
- Projected demand for new residential units is particularly strong in Sumner and Wilson counties, with the potential for 2.8 million new square feet per year and 2.4 million new square feet per year, respectively (potentially increasing both counties' housing stocks about 60% by 2030).

PROJECTED OFFICE DEVELOPMENT DEMAND 2008-2035

Trends for the overall 2008-2035 period generally followed those of the short-term and long-term periods, with Wilson County having the greatest projected demand for new office space (2.0 million square feet overall and 75,000 square feet annually, followed by Sumner County (1.6 million square feet overall and 59,000 square feet annually) and Robertson County (690,000 square feet overall and 25,000 square feet annually). Overall, the study area's projected demand for new office space (4.3 million square feet) represented 12% of the total MSA's projected new demand (35.5 million square feet).

Exhibit 4-13: New Office Space Demand Projections: 2008-2035

	Office Employment Growth Projection 2008-2035	Total Demand for Office Square 2008-2035	Annual Demand for Office Space (SF) 2008-2035
Robertson County	2,750	687,500	25,455
Sumner County	6,350	1,586,500	58,750
Wilson County	8,130	2,031,000	75,227
Tri-County Study Area	17,220	4,300,000	159,432
Nashville MSA	141,460	35,500,000	1,309,773

Source: Woods and Poole, BBPC, 2008

Overall projected demand for office space from 2008 to 2020 was 2 million square feet for the Tri-County Study Area and 15.3 million square feet for the Nashville MSA (Exhibit 4-14). This translated into 163,000 square feet of demand for the study area annually and 1.3 million square feet for the MSA. Within the study area, Wilson County was projected to have the most demand for office space over the 12-year period (over 940,000 overall and 79,000 square feet annually), followed by Sumner County (690,000 square feet overall and 57,000 square feet annually).

Exhibit 4-14: New Office Space Demand Projections: 2008-2020

	Office Employment Growth Projection 2008-2020	Total Demand for Office Space (SF) 2008-2020	Annual Demand for Office Space (SF) 2008-2020
Robertson County	1,290	322,500	26,880
Sumner County	2,750	687,500	57,290
Wilson County	3,770	942,500	78,540
Tri-County Study Area	7,810	1,952,500	162,710
Nashville MSA	61,260	15,315,000	1,276,250

Source: Woods and Poole, BBPC, 2008

From 2020 to 2035, the annual demand for office space was larger than the 2008-2020 period for the Nashville MSA, but slightly lower for the Tri-County Study Area, showing that office space demand may slightly taper off in the long term. Wilson County is projected to have the most demand for new office space over the 2020-2035 period as well (1,088,500 square feet overall and 72,580 square feet annually), followed by Sumner County (899,000 square feet overall and 59,920 square feet annually) and Robertson County (365,000 square feet overall and 24,320 square feet annually).

Exhibit 4-15: New Office Space Demand Projections: 2020-2035

	Office Employment Growth Projection 2020-2035	Total Demand for Office Square 2020-2035	Annual Demand for Office Space (SF) 2020-2035
Robertson County	1,460	365,000	24,320
Sumner County	3,600	899,000	59,920
Wilson County	4,360	1,088,500	72,580
Tri-County Study Area	9,400	2,350,000	156,810
Nashville MSA	80,200	20,049,000	1,336,590

Source: Woods and Poole, BBPC, 2008

PROJECTED INDUSTRIAL DEVELOPMENT DEMAND 2008-2035

Trends for the overall 2008-2035 period generally followed those of the short-term and long-term periods, with Wilson County having the greatest projected demand for new industrial space (4.7 million square feet overall and 175,000 square feet annually, followed by Sumner County (4.3 million square feet overall and 160,000 square feet annually) and Robertson County (2.2 million square feet overall and 82,000 square feet annually). Overall, the study area's projected demand for new industrial space represented 19% of the total MSA's projected new demand.

Exhibit 4-16: New Industrial Space Demand Projections: 2008-2035

	Industrial Employment Growth Projection 2008-2035	Total Demand for Industrial Space 2008-2035	Annual Demand for Industrial Space (SF) 2008-2035
Robertson County	6,350	2,221,000	82,250
Sumner County	12,400	4,343,000	160,840
Wilson County	13,540	4,738,000	175,480
Tri-County Study Area	32,290	11,301,500	418,570
Nashville MSA	168,960	59,135,500	2,190,200

Source: Woods and Poole, BBPC, 2008

Overall projected demand for industrial space from 2008 to 2020 was 5 million square feet for the Tri-County Study Area and 25.8 million square feet for the Nashville MSA (Exhibit 4-17). This translated into 420,000 square feet of demand for the study area annually and 2.1 million square feet for the MSA. Within the study area, Wilson County was projected to have the most demand for industrial space over the 12-year period (2.2 million square feet overall and 180,000 square feet annually), followed by Sumner County (1.9 million square feet overall and 160,000 square feet annually).

Exhibit4-17: New Industrial Space Demand Projections: 2008-2020

	Industrial Employment Growth Projection 2008-2020	Total Demand for Industrial Space (SF) 2008-2020	Annual Demand for Industrial Space (SF) 2008-2020
Robertson County	2,890	1,011,500	84,292
Sumner County	5,420	1,897,000	158,083
Wilson County	6,150	2,152,500	179,375
Tri-County Study Area	14,460	5,061,000	421,750
Nashville MSA	73,700	25,795,000	2,149,583

Source: Woods and Poole, BBPC, 2008

From 2020 to 2035, the annual demand for industrial space was lower than the 2008-2020 period for the Nashville MSA (33.3 million) and the Tri-County Study Area (6.2 million), showing that industrial space demand may slightly taper off in the long term. Wilson County is projected to have the most demand for new industrial space over the 2020-2035 period as well (2.6 million square feet overall and 172,000 square feet annually), followed closely by Sumner County (2.4 million square feet overall and 163,000 square feet annually) and Robertson County (1.2 million square feet overall and 80,000 square feet annually).

Exhibit 4-18: New Industrial Space Demand Projections: 2020-2035

	Industrial Employment Growth Projection 2020-2035	Total Demand for Industrial Space (SF) 2020-2035	Annual Demand for Industrial Space (SF) 2020-2035
Robertson County	3,460	1,209,500	80,620
Sumner County	6,990	2,446,000	163,050
Wilson County	7,390	2,585,500	172,360
Tri-County Study Area	17,830	6,240,500	416,020
Nashville MSA	95,260	33,340,500	2,222,700

Source: Woods and Poole, BBPC, 2008

PROJECTED RETAIL DEVELOPMENT DEMAND 2008-2035

Trends for the overall 2008-2035 period generally followed those of the short-term and long-term periods, with Wilson County having the greatest projected demand for new retail space (3.1 million square feet overall and 117,000 square feet annually, followed by Sumner County (1.6 million square feet overall and 59,000 square feet annually) and Robertson County (944,000 square feet overall and 35,000 square feet annually). Overall, the study area's projected demand for new retail space represented 20% of the total MSA's projected new demand.

Exhibit 4-19: New Retail Space Demand Projections: 2008-2035

	Retail Employment Growth Projection 2008-2035	Total Demand for Retail Space (SF) 2008-2035	Annual Demand for Retail Space (SF) 2008-2035
Robertson County	2,840	944,000	34,970
Sumner County	4,760	1,585,500	58,730
Wilson County	9,480	3,155,000	116,850
Tri-County Study Area	17,070	5,685,000	210,550
Nashville MSA	86,740	28,885,500	1,069,840

Source: Woods and Poole, BBPC, 2008

Overall projected demand for retail space from 2008 to 2020 was 2.5 million square feet for the Tri-County Study Area and 12.6 million square feet for the Nashville MSA (Exhibit 4-20). This translates into 210,000 square feet of demand for the study area annually and 1 million square feet for the MSA. Within the study area, Wilson County was projected to have the most demand for retail space over the 12-year period (1.4 million square feet overall and 110,000 square feet annually), followed by Sumner County (690,000 square feet overall and 60,000 square feet annually).

Exhibit 4-20: New Retail Space Demand Projections: 2008-2020

	Retail Employment Growth Projection 2008-2020	Total Demand for Retail Space (SF) 2008-2020	Annual Demand for Retail Space (SF) 2008-2020
Robertson County	1,300	432,900	36,075
Sumner County	2,080	692,640	57,720
Wilson County	4,240	1,411,920	117,660
Tri-County Study Area	7,620	2,537,460	211,455
Nashville MSA	37,820	12,594,060	1,049,505

Source: Woods and Poole, BBPC, 2008

From 2020 to 2035, the annual demand for retail space was lower than the 2008-2020 period for the Nashville MSA (16.3 million square feet) and the Tri-County Study Area (3.1 million square feet), showing that retail space demand may slightly taper off in the long term. Wilson County is projected to have the most demand for new retail space over the 2020-2035 period as well (1.7 million square feet overall and 116,000 square feet annually), followed by Sumner County (893,000 square feet overall and 60,000 square feet annually) and Robertson County (511,000 square feet overall and 34,000 square feet annually).

Exhibit 4-21: New Retail Space Demand Projections: 2020-2035

	Retail Employment Growth Projection 2020-2035	Total Demand for Retail Space (SF) 2020-2035	Annual Demand for Retail Space (SF) 2020-2035
Robertson County	1,540	511,000	34,080
Sumner County	2,680	893,000	59,540
Wilson County	5,240	1,743,000	116,210
Tri-County Study Area	9,450	3,147,000	209,820
Nashville MSA	48,920	16,291,500	1,086,110

Source: Woods and Poole, BBPC, 2008

PROJECTED RESIDENTIAL DEVELOPMENT DEMAND 2008-2035

Trends for the overall 2008-2035 period generally followed those of the short-term and long-term periods, with Sumner County having the greatest projected demand for new residential units (76.1 million square feet overall and 2.8 million square feet annually), followed by Wilson County (65.8 million square feet overall and 2.4 million square feet annually) and Robertson County (27.9 million square feet overall and 1 million square feet annually). Overall, the study area's projected demand for new residential units (169.9 million square feet) represents 27% of the total MSA's projected new demand (635.3 million square feet) from 2008 to 2035.

Exhibit 4-22: New Residential Unit Demand Projections in SF: 2008-2035

	Household Growth Projection 2008-2035	Total Demand for Residential Units (SF) 2008-2035	Annual Demand for Residential Units (SF) 2008-2035
Robertson County	13,720	27,990,500	1,036,690
Sumner County	37,330	76,160,500	2,820,760
Wilson County	32,270	65,820,500	2,437,800
Tri-County Study Area	83,320	169,972,000	6,295,260
Nashville MSA	311,420	635,298,000	23,529,550

Assumes 80 percent of new units are single-family detached with an average size of 2,300 SF, and 20 percent of new units are multi-family or attached units with an average size of 1,000 SF, based on national size standards provided by the National Association of Home Builders

Source: Woods and Poole, BBPC, 2008

Overall projected demand for new residential development from 2008 to 2020 was 76.7 million square feet for the Tri-County Study Area and 292 million square feet for the Nashville MSA (Exhibit 4-23). This translates into 6.4 million square feet for the study area annually and 24.4 million square feet for the MSA. Within the study area, Sumner County is projected to have the most demand for new housing over the 12-year period (34.3 million square feet overall and 2.9 million square feet annually), followed by Wilson County (29.6 million square feet overall and 2.5 million square feet annually).

Exhibit 4-23: New Residential Unit Demand Projections in SF: 2008-2020

	Household Growth Projection 2008-2020	Total Demand for Residential Development (SF) 2008-2020	Annual Demand for Residential Units (SF) 2008-2020
Robertson County	6,270	12,790,800	1,065,900
Sumner County	16,820	34,312,800	2,859,400
Wilson County	14,500	29,580,000	2,465,000
Tri-County Study Area	37,590	76,683,600	6,390,300
Nashville MSA	143,300	292,332,000	24,361,000

Assumes 80 percent of new units are single-family detached with an average size of 2,300 SF, and 20 percent of new units are multi-family or attached units with an average size of 1,000 SF, based on national size standards provided by the National Association of Home Builders

Source: Woods and Poole, BBPC, 2008

From 2020 to 2035, the annual demand for new residential units is projected to be lower than the 2008-2020 period for the Nashville MSA (22.8 million square feet) and the Tri-County Study Area (6.2 million square feet), showing that demand for new residential development may slightly taper off in the long term. Sumner County is also projected to have the most demand for new residential units over the 2020-2035 period (41.8 million square feet overall and 2.8 million square feet annually), followed by Wilson County (36.2 million square feet overall and 2.4 million square feet annually) and Robertson County (15.2 million square feet overall and 1 million square feet annually).

Exhibit 4-24: New Residential Unit Demand Projections in SF: 2020-2035

	Household Growth Projection 2020-2035	Total Demand for Residential Development (SF) 2020-2035	Annual Demand for Residential Units (SF) 2020-2035
Robertson County	7,450	15,200,000	1,013,320
Sumner County	20,510	41,848,000	2,789,860
Wilson County	17,770	36,240,500	2,416,040
Tri-County Study Area	45,730	93,288,000	6,219,220
Nashville MSA	168,120	342,966,000	22,864,380

Assumes 80 percent of new units are single-family detached with an average size of 2,300 SF, and 20 percent of new units are multi-family or attached units with an average size of 1,000 SF, based on national size standards provided by the National Association of Home Builders

Source: Woods and Poole, BBPC, 2008