



Economics Group

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Nashville's Economy is Cruising Along at a Healthy Clip

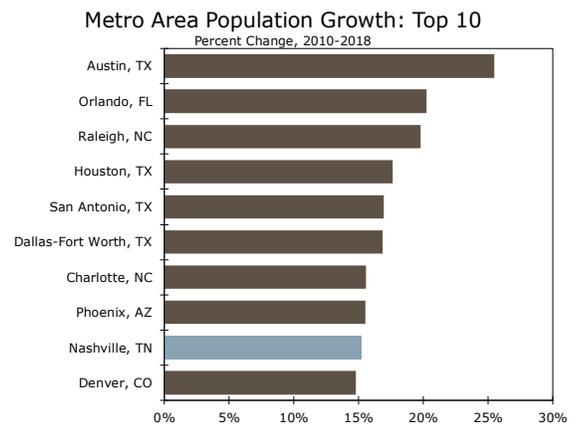
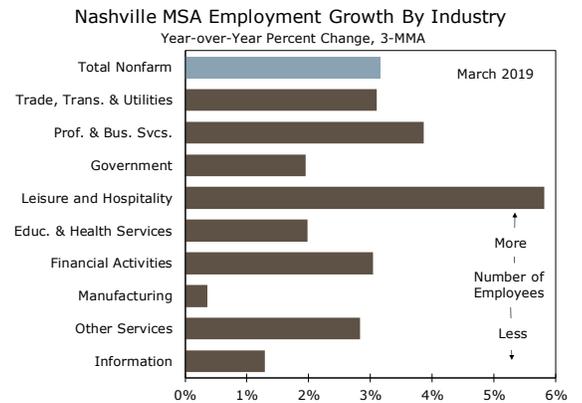
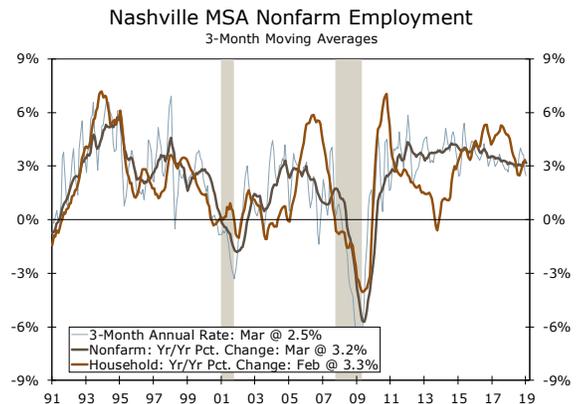
The NFL Draft is bringing increased attention to the Nashville area, which has been one of the strongest economies in the country this decade. A string of major corporate relocations will help extend this run.

The Music City Has Quietly Become a Star Itself

While many people have trekked to Nashville in search of stardom, the region's red-hot economy has made the city a star in its own right. Nashville has consistently ranked as one of the nation's fastest growing job markets since the Great Recession ended, with nonfarm payrolls rising 3% or better every year since 2010. The only major metropolitan area to top that performance is Austin, which is a market that many other cities have tried to emulate but Nashville had no need to. Job gains have been extraordinarily broad based throughout this expansion, building on Nashville's inherent strengths in healthcare, entertainment, manufacturing and logistics. The unemployment rate has steadily declined over the course of the decade and has averaged just 2.7% over the past year.

The strength in job growth has set off a building boom that is particularly evident in downtown Nashville, which has been a destination for young, creative workers. The move back into the city has been a hallmark of this expansion and is a common element to all of the nation's fastest growing metropolitan areas. Downtown Nashville had a strong start relative to many other areas due to its strong roots in tourism and entertainment. This made its investment in a new convention center a relatively safe bet that has paid off handsomely. The growing convention business has augmented a strong tourist trade, which has fueled a great deal of hotel development. Twenty new hotels are slated to open this year, and construction is set to begin on the Four Seasons, which will tower some 40 stories along the Cumberland River. The buzz from all the growth in the tourism and entertainment sectors has made Nashville a relatively easy sale to young workers desiring to live in an active urban environment. Nashville has seen a slew of new apartment buildings which have transformed an area with few residents into one of the fastest growing parts of town. More than 35,000 apartments have been completed since 2010 and another 8,000 are currently under construction. The onslaught of new apartments has slightly exceeded demand, which has pushed vacancy rates modestly higher and helped hold down rents.

Nashville's strong run of economic gains looks set to continue. This past year saw the Music City snag two marquee relocations. AllianceBernstein announced they would move its global headquarters from Manhattan, bringing more than 1,000 high-paying jobs to the region. The firm recently signed a lease for 205,000-square feet of office space in an office building being developed at Fifth & Broadway, which also includes a residential tower. Nashville also landed Amazon's Operations Center of Excellence, which is being housed in a new office building being built at Nashville Yards and will eventually host 5,000 workers focusing on logistics. These two relocations build on Nashville's existing strengths and will position the region to better compete for relocations from other high-tech firms.



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