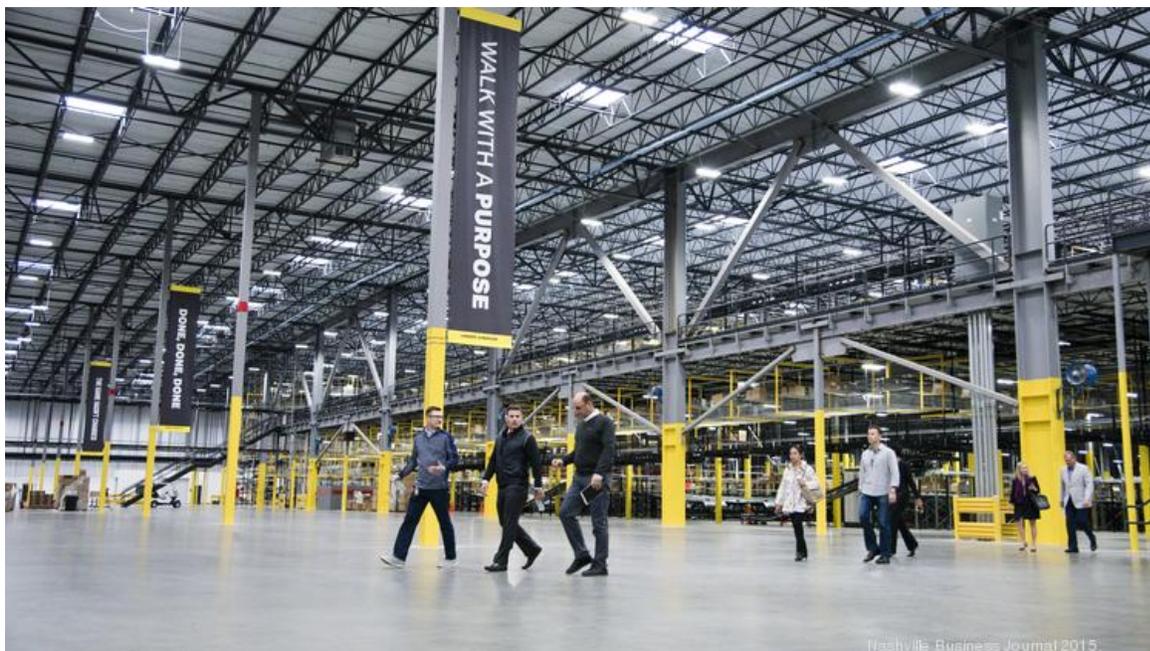


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## Suburban surge: 2015 brings \$2B, 10,000 jobs

They've come from as far away as the streets of Hong Kong and the rolling hills of northern Italy. They've also come from boardrooms in more familiar settings like Maryland Farms.

But all these companies have one thing in common: They're investing heavily, not just in downtown Nashville, but in communities throughout Middle Tennessee.



Under Armour CEO Kevin Plank and Governor Bill Haslam visit Under Armour's Nashville Distribution House, a one million square foot distribution center in Mt. Juliet for tours and a ribbon-cutting ceremony.

Even as scores of apartments, luxury hotels and office towers for Bridgestone Americas Inc. and HCA Holdings Inc. inch skyward — promising to alter downtown's skyline for decades to come — international, national and local companies alike are fueling an increasing appetite for Music City's suburbs, too.

In the past year alone, companies have promised to invest or have already committed nearly \$1.5 billion in Nashville's outlying communities — from Berry Farms south of Franklin to industrial parks in Lebanon

and Smyrna. Tack on Google's plans to invest \$600 million in a Clarksville data center and that total climbs above \$2 billion. The Nashville Area Chamber of Commerce pegs the corporate investment in Greater Nashville in the past two years as the strongest since the recession.

For the region, job growth in areas beyond major employment centers such as downtown and Midtown offers at least some relief to Middle Tennessee's mounting traffic congestion. It also means outlying cities and counties, while still leaning on the trajectory of Nashville proper, could blossom into viable job magnets in their own right — much like Cool Springs today.

"We want to be just like Marietta is to Atlanta," said Brian Hercules, the economic development chief for the Rutherford County Chamber of Commerce. "We're marketing ourselves as part of the Nashville MSA, as a destination that's a little less expensive than inside the Nashville loop ... and still close enough to all of the amenities.

"Anything we can do to bring those jobs locally and reduce the influx of cars on the highway is a positive from a transportation standpoint."

To Nashville's southeast, it's been a banner year for economic development.

Deals such as Nissan North America's \$160 million auto supplier park in Smyrna and Community Health Systems Inc.'s \$66 million back-office expansion in Antioch stand to boost their respective communities. But these type of investments have a much broader impact on the region.

"The economic development benefits don't begin and end at county lines," said John Boyd, a corporate site selection consultant with New Jersey-based Boyd Co., which has worked on projects in the Nashville region for decades. "The moment a company decides it wants to be in Middle Tennessee — anywhere — right there, everybody in the region benefits. The retail, the housing market and hospitality industries immediately benefit. It's a multiplier effect."

### **'Best of both worlds'**

Boyd, who worked with Dell as the tech giant sold its Murfreesboro Pike office building to HCA last year, recalls a recent Nashville visit with an overseas corporate executive.

"He just wanted to visit the George Jones Museum," Boyd said, adding that country music is just one piece of Nashville's brand, which is "one of the strongest in North America because of all the cultural amenities Nashville has to offer."

"These companies are wanting the best of both worlds," said Boyd, who helps corporations pick where to make investments. "They can leverage the rich Nashville brand and the labor market that exists in Nashville and do so in a lower-cost submarket to Davidson County. The abundance of attractively priced industrial sites puts Middle Tennessee on the short list of many advanced manufacturing searches."

Alongside lower operating costs, the existing base of industries, such as auto manufacturing in Rutherford County and distribution in Wilson County, are fueling interest.

Randy Boyd, the state commissioner of economic and community development, called the Nashville region “the easiest sell we have in our department.”

“In some cases, companies want to be near Nashville, but not in Nashville,” he said. “Having the neighboring counties with more property available gives prospects more options. They can get more land at a lower cost in a slightly more suburban environment.”



Nissan North America Chairman Jose Munoz announces the automaker's \$160 million supplier park in Smyrna, expected to bring 1,000 jobs.

Nashville's southern neighbor, Williamson County, has long pitched its Cool Springs area as a corporate destination — close enough to downtown and the airport, but with lower property taxes and a stronger school system. After a few slow years, Williamson revived its success in 2015 as two major local employers — finance pundit Dave Ramsey's firm and contractor

Lee Co. — moved forward with new headquarters south of Franklin.

But the recent string of company expansions and relocations goes beyond Williamson County. It's extended into fast-growing neighboring counties like Rutherford, Wilson and Sumner counties, who are making similar pitches to companies.

Hercules and his counterpart G.C. Hixson in Wilson County both point to Nashville's economic boom — and the heightened national attention that comes with it — as a key piece of their counties' success.

### **'Biggest year in a decade'**

Hercules, a former utility manager in Atlanta, has spent the past three years trying to woo employers to Rutherford County.

He beams when he talks about the growth happening in his hometown, pointing to the now bustling area around Murfreesboro's Medical Center Parkway — where a bevy of new restaurants and retail stores are popping up alongside new office buildings, including the first of a trio of high-end office buildings that bode to spark the city's efforts to lure more white-collar jobs.

In the past year, companies have promised to invest more than \$600 million to expand or relocate operations in Rutherford, a figure that is projected to generate more than 2,700 jobs, according to Hercules. It was a banner year for capital investments committed in Rutherford,

Hercules said, fueled in a big way by Middle Tennessee's biggest private employer, Nissan North America, which is moving forward with plans to build a \$160 million supplier park at its Smyrna campus, expected to initially bring 1,000 jobs, and likely more in the future.

And the looks from prospects aren't going away, Hercules said, adding the county has a pipeline of 40 possible corporate recruitments.

"With 2016, I don't think we're going to have a slow down," Hercules said. "We're in conversations with seven to nine companies right now. That's about five more than last year."

Rutherford County isn't alone.

"It's been the biggest year we've had in the 10 years I've been here," Hixson, the executive director for Wilson County's Joint Economic and Community Development Board, said of 2015. "And it was diverse: manufacturers, the food industry, distributors and e-commerce."

Companies have committed about \$500 million in capital in Wilson County in the past year, led by major investments from Under Armour and China-based ceramic tile maker Wonderful Group, which is pouring \$150 million into a new production plant in Lebanon — the single biggest investment by a Chinese firm ever in the state of Tennessee.

In December, Kevin Plank, CEO of Under Armour — which opened a 1 million-square-foot distribution center in Mt. Juliet — called the community an ideal location for the Baltimore sports apparel company to ship its products quickly to wholesalers, pointing to the track record of other major employers — like Amazon's distribution hubs — in Middle Tennessee.

### **'Where the workers are'**

The biggest driver for the ring counties' success is workforce.

In the past five years, Williamson County has been the second-fastest-growing county in the state and among the nation's top 100. Rutherford County isn't far behind. This type of surging population makes them attractive landing spots for companies.

"Companies today now go where the workers are," said John Boyd, the site selector. "What guides the site selection process today is companies want to be where the talent is."

One criteria for Under Armour, who is planning to eventually employ at least 1,500 people at its Mt. Juliet distribution hub, was the number of nearby rooftops.

Even within Davidson County, companies are showing a heightened interest in the suburbs. Just take Antioch, where CHS plans to eventually employ as many as 2,000 people at its back-office operation. CHS and other employers are finding Antioch to be a more attractive option in

recent years because of affordable land prices and a considerable influx of potential workers there.

And more people working in the communities where they live lessens the need to commute long distances to major downtown job centers.

Concerns over Nashville's traffic have drawn comparisons to Atlanta. And John Boyd said the regional growth, with new jobs heading to pockets within the region, does remind him of Atlanta. But to him, that's a good thing.

"Nashville's regional growth — it sure is [similar to Atlanta]," he said. "The fastest-growing areas of Atlanta are its submarkets. Alpharetta is getting Mercedes' corporate headquarters. This idea of regionalism is really the direction economic development has taken in recent years — entire regions benefit from cooperation. When they work against each other, nobody wins."

As it stands, most of the deals in the ring communities — excluding Williamson — are in manufacturing and distribution, typically more blue-collar jobs.

Moving forward, cities like Hendersonville, Murfreesboro and Mt. Juliet are aiming to diversify their employment opportunities, meaning these outlying areas may come in more direct competition for the white-collar jobs that tend to land in places like downtown, Midtown, Brentwood and Cool Springs.

John Boyd said Nashville's suburbs have the opportunity to take advantage of the region's auto manufacturing plants and translate that into office and headquarters jobs tied to the auto industry.

"The office sector related to the auto industry is one of the most exciting sectors for Middle Tennessee," he said. "Nashville can learn a lot from the success of Atlanta, which leverages their surrounding auto industry cluster in creative ways.

"Looking ahead, don't be surprised to see companies like Land Rover, Volvo and BMW looking to relocate their headquarter operations," he continued. "These are all projects Nashville should be a strong candidate for."

*Scott Harrison covers government and economic development, banking and law.*