



**NASHVILLE
DOWNTOWN
PARTNERSHIP**

2007 ANNUAL REPORT



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(Term ended August, 2007)*

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JACK WOOD
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Shirley Zeitlin & Company, Realtors

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Young Leaders Council Board Intern
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LIVE

WORK

PLAY

INVEST

1

DOING WHAT IT TAKES

We represent the new downtown Nashville—including commercial property owners, businesses, unique arts and entertainment venues, and a growing community of residents. We want to address their expectations so that downtown remains their location of choice. Whatever it takes—adequate and affordable parking inventory, competitive pricing and design of Class A office space, diverse housing opportunities, an urban neighborhood that is clean, safe and attractive, successful retail, a preschool facility—that is where we focus our energy and resources.

The stakeholders of Nashville Downtown Partnership and the entire city have every reason to celebrate the unparalleled development taking place in our dynamic urban center. And many other important decisions and investments are on the horizon—including a new downtown convention center, riverfront development, ownership of the Nashville Predators, and development of the Thermal site.

This is also a time of major transition, as we build on highly successful public-private partnerships and continue working for the greater good of downtown. We anticipate continued successes in 2008—a year characterized by a new public partnership team and a new decade-long investment from Central Business Improvement District and Gulch Business Improvement District property owners representing an expanded area and new constituents.

Our greatest assets are Board members, staff, community supporters and public servants who are committed, creative and generous with their time, talent and resources. Let's continue working together "to make downtown Nashville the compelling urban center in the Southeast in which to LIVE, WORK, PLAY and INVEST."

Thomas D. Turner
President and CEO

NASHVILLE DOWNTOWN PARTNERSHIP STAFF

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President and CEO

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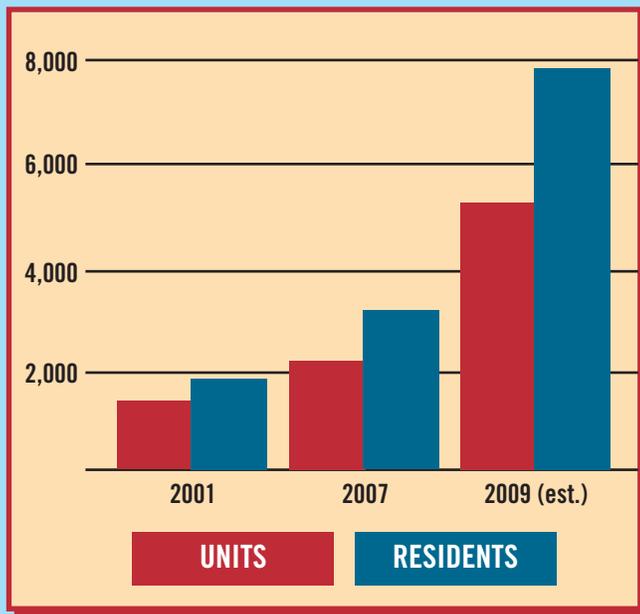




RESIDENTIAL DEMAND STRONG, GROWTH SUSTAINABLE

Tony Giarratana, Chair, Residential Development Committee

Strong residential demand and sustainable additional growth for downtown Nashville are documented in the Annual Downtown Residential Report (July, 2007) prepared by Nashville Downtown Partnership (online at www.nashvilledowntown.com).



DOWNTOWN NASHVILLE RESIDENTIAL MILESTONES:

- Surpassed 3,000 downtown residents in 2007.
- The downtown housing inventory is expected to grow by more than 3,000 new units within the next four years, with 1,180 currently under construction.
- First high-rise condo development in SoBro—Encore—under construction now and finished for residents in 2008.
- Currently 51% of downtown housing inventory is purchase and 49% is rental. Major shift since 2004, when ratio was 83% rental and 17% purchase. By 2010, ratio is projected to be 68% purchase and 32% rental.
- Church Street continues to thrive as a leading residential corridor, with 744 existing units and 400 more luxury condos to come in the spectacular 70-story Signature Tower. The Signature Tower will include a 200-key Hotel Palomar, an upscale hotel and unique amenity. A \$18.9 million expansion of the Downtown YMCA at Church and McLemore will be complete in early 2009. Other recent enhancements along this street include the H.G. Hill Urban Market, Dunn Bros. Coffee, Bar 12•21 at Morton's and Fire Finch boutique.

- The Gulch is a rapidly emerging mixed-use neighborhood, with three residential developments currently under construction and a growing number of dining and entertainment venues. The existing housing inventory in the Gulch is 80 units, another 688 are under construction, 265 are taking reservations and an additional 645 units announced.
- The fourth Annual LIVE IT UP! Downtown Home Tour in April, 2007 confirms the growing interest in living downtown. A cooperative venture of Nashville Downtown Partnership and Nashville Civic Design Center, the 2007 tour had an economic impact of \$16.8 million, with 28 unit sales and 8 leases.
- Residential Survey (June, 2007) indicated that 50% work downtown, 49% are between the ages of 22 and 34 and 30% 45 and older. Annual salaries for 44% of downtown residents are between \$60,000 and \$150,000 and 8% earn more than \$150,000. The top three elements that most positively influence continued downtown living are Urban Experience (60%), Close to Work (51%) and Arts, Cultural, Sporting Events (43%).
- Database of rental, corporate lease, and purchase options on website at www.nashvilledowntown.com.
- Monthly e-newsletter (*Residential Confidential*) implemented for downtown residents.

KEY OPPORTUNITY: RESIDENTIAL DEVELOPMENT COMMITTEE

Four out of every ten employees in downtown Nashville earn between 80% and 150% of the median family income. For this group of over 19,000 urban workers, most of the current downtown residential development is not affordable. The market potential of this segment of the workforce is significant and needs to be captured.

A subcommittee is exploring opportunities to develop additional workforce housing in the downtown mix.





RETAIL FOLLOWS ROOFTOPS

Michelle Boucher, Chair, Retail Development Committee

- The healthy growth rate of downtown residential and commercial inventories underscores the immediate need for a comprehensive retail strategy.
- The complex urban market calls for a diverse and high quality retail mix to serve office workers, residents and visitors.
- Assets of downtown Nashville that are favorable to retail development: strong cultural and tourism base, active residential and office development.
- Organized a Retail Development Committee in January, 2007.

KEY OPPORTUNITIES: RETAIL DEVELOPMENT COMMITTEE

After an RFP process, Downtown Works, a specialty practice group of Washington, D.C.-based Economics Research Associates (ERA), was selected. The team began their on-site research and market assessment of downtown Nashville in July, 2007.

The retail consulting firm will work on a merchandise mix plan for downtown Nashville and an implementation plan to include the hiring and training of a Retail Recruiter.

By mid-August, 2007, twenty-six corporate investors committed \$141,500 in 2007 to fund the downtown retail strategy and implementation plan. Of these investors, 50% agreed to repeat their annual investment during a three-year cycle to ensure the ongoing success of downtown.



RETAIL STRATEGY INVESTORS

5

2007 TOTAL INVESTMENT AS OF AUGUST 25: \$141,500

The Nashville Downtown Partnership gratefully acknowledges the following groups who are making significant investments in the development and implementation of a comprehensive retail strategy for downtown Nashville.

THREE-YEAR COMMITMENTS

Fifth Third Bank
MarketStreet Enterprises
Regions Bank
Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
Bass, Berry & Sims PLC
Crosland Tennessee
FirstBank
Giarratana Development, LLC/Novare Group
SunTrust
Waller Lansden Dortch & Davis, LLP
The Bank of Nashville
Village Real Estate Services/Core Development Services, LLC
Music City Suites, LLC

2007 COMMITMENTS

AT&T
Martha and Bronson Ingram Foundation
NAI Nashville
Central Parking Corporation
First Tennessee Foundation
Genesco
MDHA - The Metropolitan Development and Housing Agency
Pinnacle Financial Partners
Tower Investments, LLC
Vanderbilt University
DZL Management Co., LLC
The Hermitage Hotel
Nashville Electric Service





STAYING COMPETITIVE WITH COMMERCIAL INVENTORY

Kirby Davis, Chair, Business Development Committee

- In April, 1957, the L&C Tower on Church Street celebrated its grand opening. At the half-century mark, this stately skyscraper remains a vibrant workplace adjacent to the new high-rise Viridian.
- Downtown Nashville has ten Class A office buildings with a total of 3,673,546 square feet and a 10.6% vacancy rate (second quarter 2007).
- Two new Class A buildings under construction will add more than 850,000 square feet to the downtown commercial inventory by 2010.
- Both SunTrust Plaza and The Pinnacle at Symphony Place are important factors in the retention of major downtown banks and law firms.
- Opening in December, 2007, SunTrust Plaza is the first new downtown commercial space construction since 2000. A \$60 million investment, the 13-story building with 500 parking spaces has SunTrust Bank and Stites & Harbison as key tenants.
- The Pinnacle at Symphony Place will be the first commercial space construction in SoBro and the first new downtown building to gain LEED Silver Certification. A \$110 million investment, the 29-story tower has Bass, Berry & Sims and Pinnacle Financial Partners as key tenants. Opening First Quarter 2010.

KEY OPPORTUNITIES: BUSINESS DEVELOPMENT COMMITTEE

Major development investment and new commercial space product are essential for downtown to remain competitive. Both business retention and the successful recruitment of additional companies to fill vacancies where relocation occurs are critical to downtown business development.

To accommodate growth of downtown business tenants, the parking requirements for existing commercial inventory must be met. A Task Force of the Access and Transportation Committee is developing a feasibility study on creating parking inventory in the central business district. This group will analyze the long-term parking needs for downtown as well as the financial feasibility and potential sites for additional parking facilities.

A survey of major downtown employers will be used to assess the demand for additional downtown preschool facility space. The Downtown Partnership will serve as a facilitator to locate an appropriate site and operator for a preschool facility supported by a consortium of employers.



PARK AND RIDE PROGRAM TURNS FIVE

Jack Wood, Chair, Access and Transportation Committee

- The LP Field park and ride initiative marked five years of service to downtown employees on May 1, 2007.
- Key public sector partners include the Mayor's Office, Metro Sports Authority, Metro Finance, Metro Public Works and Metro Council. This successful program is a model of a unique public-private partnership.
- The shuttle program managed by the Nashville Downtown Partnership frees up about 11% of the total downtown parking capacity.
- Currently provides free weekday parking and optional shuttle service to almost 2,000 employees on four separate routes.
- Sixteen bright yellow Park It! Express shuttles are available Monday through Friday to transport employees between LP Field and their office buildings. Free LunchLINE shuttles also circulate a downtown route weekdays from 11 a.m. to 1:30 p.m.
- With a \$25 monthly shuttle pass, a rider on the original route can save \$1,000 or more each year in parking costs.
- To utilize the shuttles more fully and to meet transportation needs for evening and weekend events, the Partnership makes them available for leasing by other groups. Park It! Express shuttles are used for Nashville Symphony patrons, LIVE IT UP! Downtown Home Tour participants and art lovers attending the First Saturday Gallery Crawl.

KEY OPPORTUNITIES: ACCESS AND TRANSPORTATION COMMITTEE

Task force focused on the long-term demand, financial feasibility and potential locations for one or more new downtown parking garages. To remain competitive, the downtown office market must have access to adequate parking capacity at affordable rates.

Continued development of the shuttle program for downtown employee groups as well as evening and weekend expansion opportunities.

Successful implementation of a new three-year contract (2007-2010) to manage two downtown Metro parking facilities (garages at the Library and the Metro Public Square). The Partnership has managed Metro parking facilities since January, 2003.

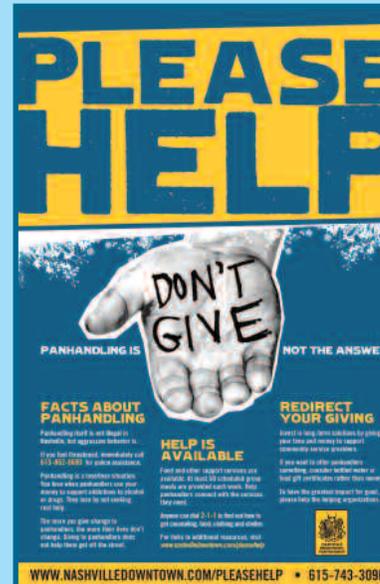




KEEPING DOWNTOWN CLEAN AND SAFE

Brack Reed, Chair, Public Space Committee

- From January through July, 2007, teams removed 73 tons of trash, almost 5,600 square feet of graffiti and power washed 182 block faces.
- Community Service Teams from the Davidson County Sheriff's Office have provided assistance valued at over \$300,000 since January, 2005. They work with the Clean Team on special projects including intensive cleaning of sidewalks, plazas and alleys.
- Online Clean and Safe Services Request Form available to schedule assistance with removing trash, debris, graffiti, pressure washing sidewalks, or escorting employees to parking areas. Request form available at www.nashvilledowntown.com/clean_safe.
- Safety Ambassadors (including those on bicycles and Segways) monitor downtown streets and sidewalks, the Metro parking garages and the LP Field lots utilized by the park and ride program.
- Supplemental patrols (approximately 18 hours per week) by off-duty Metro Police utilize the Segways to concentrate on "hot spots."
- To address a growing trend of aggressive panhandling, implemented a focused public education campaign in July, 2007. Annual surveys of downtown businesses and residents documented the impact of this trend.
- The *Please Help. Don't Give.* campaign encourages the public to redirect their generosity by supporting local service organizations and to offer panhandlers basic referral information on available services. Print materials and training sessions reached over 13,000 downtown employees and residents during the first two months. Additional resources and links to helping agencies are listed at www.nashvilledowntown.com/pleasehelp.



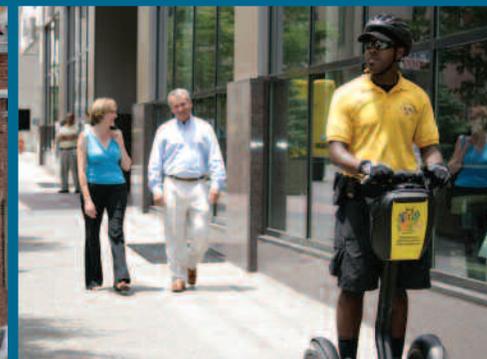
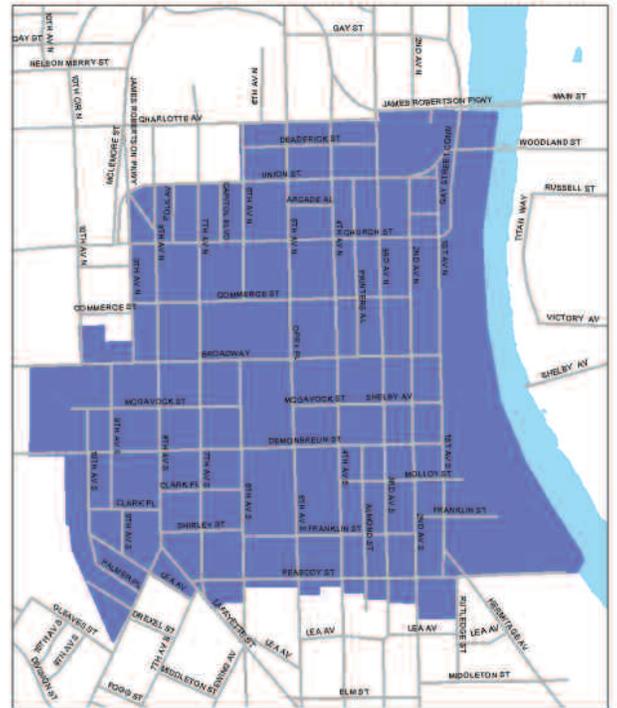
CLEAN AND SAFE

KEY OPPORTUNITIES: PUBLIC SPACE COMMITTEE

In August, 2007, implemented a 12-month agreement with The Gulch CBID to provide bike patrols by Safety Ambassadors and regular service by Clean Teams.

Expanded service area beginning January, 2008, with an increased level of clean and safe services in the CBID, a top priority for commercial and residential property owners. Annual hours for the Clean and Safe Teams will double next year. Clean and safe services will utilize 51% of the total 2008 CBID budget.

Central Business Improvement District Boundaries for Downtown Nashville, Tennessee

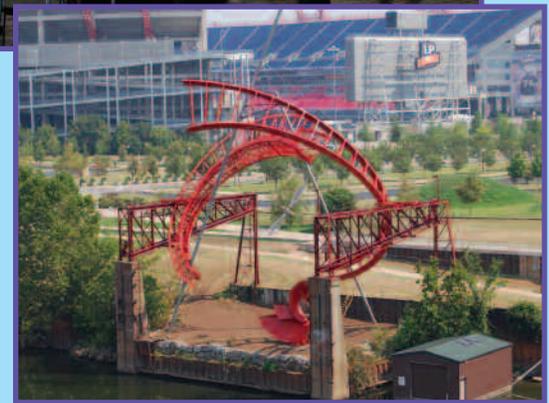




DOWNTOWN – THE CENTER FOR ARTS, SPORTS, AND ENTERTAINMENT

Leading Indicator of Economic Growth

- *BusinessWeek.com* ranked Nashville number 7 on its list of the “10 Best Places for Artists in America” in February, 2007. Nashville was also named as a “city on the verge” of being a Cultural Center in a July, 2007 ranking by *Fast Company* magazine.
- With almost 20 art galleries in the greater downtown, clusters have developed on 5th Avenue (designated “Avenue of the Arts”), in The Arcade and on Broadway and 8th Avenue North.
- Artists and galleries bring creativity to the area and are a leading indicator of continued economic growth. Downtown galleries also provide lively, contemporary uses for historic buildings and fill previously vacant space.
- Launched in December, 2006, the First Saturday Gallery Crawls attract hundreds of art lovers downtown each month. The Nashville Downtown Partnership provides free shuttle service for these events.
- The “Our Team Nashville” campaign has brought fans, businesses and community leaders together to keep the Nashville Predators downtown. With growing local support for the NHL team, the potential for local ownership is gaining momentum.
- Almost 3 million people attended events last year in world class facilities in downtown Nashville, the regional resource for arts, sports and entertainment.



PUBLIC AND PRIVATE INVESTMENTS IN DOWNTOWN NASHVILLE

Catalysts for Economic Development

- Since 2000, public and private investments valued at more than \$3 billion have either been completed, started construction or been planned in downtown Nashville.
- The public investments of more than \$1 billion downtown between 2000 and 2010 have proved to be a strong catalyst for private investments.
- Over \$220 million was for construction or renovation of commercial office buildings and over \$200 million for construction and renovation of hotels.
- Between 2000 and 2010, about \$1 billion will be invested in downtown residential development.
- From 1999 through 2007, property owners in the downtown Central Business Improvement District (CBID) have invested over \$5 million to supplement city services with clean and safe programs and other initiatives that enhance the downtown business and residential environment.
- Property owners in The Gulch are also investing in their CBID to provide initiatives to keep this rapidly developing neighborhood clean, safe and attractive.



KEY OPPORTUNITIES: CENTRAL BUSINESS IMPROVEMENT DISTRICT (CBID)

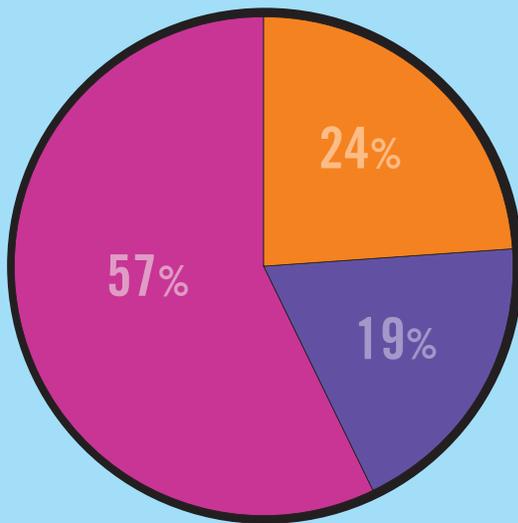
CBID success is based on a strong private-public partnership and allows property owners to speak with a unified voice on issues related to their downtown investments.

During the next 10-year term (2008-2017), owners of residential condos and commercial properties within the assessed district will participate in the implementation of the Management and Improvements Plan they helped develop.



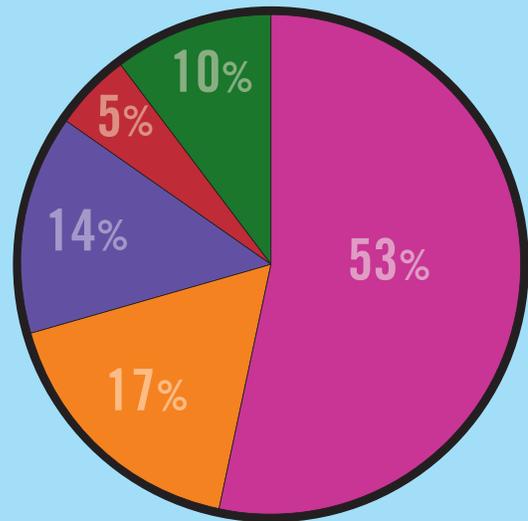


2007 RESOURCE ALLOCATION



REVENUES

- EARNED
- CBID PROPERTY ASSESSMENTS
- CONTRIBUTIONS, SPONSORSHIPS, AND MEMBERSHIPS



EXPENDITURES

- ACCESS AND TRANSPORTATION
- PUBLIC SPACE MANAGEMENT
- ECONOMIC DEVELOPMENT
- IMAGE AND COMMUNICATIONS
- ADVOCACY/ADMINISTRATION





JEANNIE R. HASTINGS VISION AWARD

*Introduced on September 20, 2007
in honor of*



JEANNIE R. HASTINGS

Nashville Downtown Partnership Chair, 2005



Her legacy as a community leader inspires
the highest level of personal commitment,
a passion for excellence and
the boldness required to fulfill a vision.

This prestigious award, the highest honor
presented by the Nashville Downtown Partnership,
will be reserved for exceptional individuals
who exemplify this level of outstanding leadership
for the greater good of downtown Nashville.



Pinnacle Financial Partners has contributed this space.

Knock. **Knock.**

When business opportunities come knocking, it's important that you're there to answer. That's why AT&T proudly supports the Nashville Downtown Partnership. Bringing people together to network and create new connections is key to real business success. And when you connect like-minded people who are working to better their business, you never know what doors might open.

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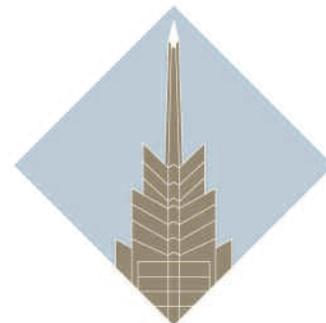
BROADWAY

7TH AVE

Sunday Bible Study	9:00 A.M.
Sunday Worship	10:30 A.M.
Sunday Night Seminars	5:00 P.M.
Tuesday Men's Fraternity	6:00 A.M.
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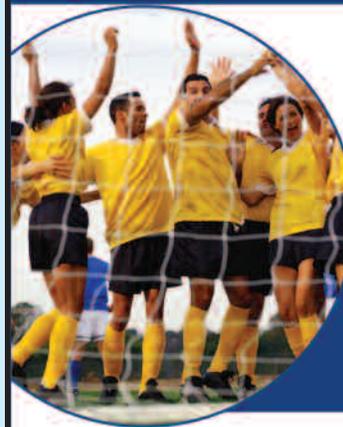


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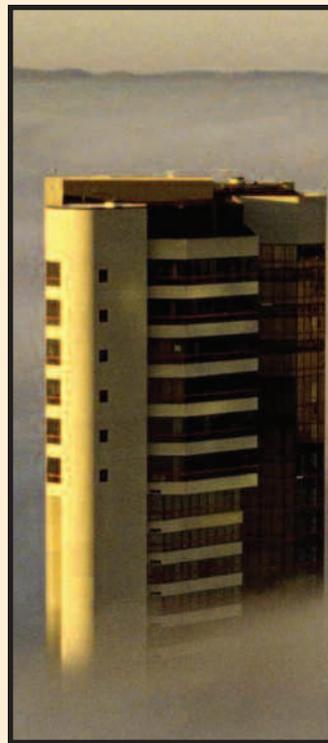
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- Consider moving downtown and visit the Downtown Development Center for information and customized research on downtown Nashville.
- Consider the Park It! Express park and ride program for your employees.
- Call 242-9909 to request services from the Clean and Safe Team or complete an online service request form at www.nashvilledowntown.com/clean_safe/
- Sign up for downtown e-newsletters and copies of The Guidebook.
- Contact us about membership, sponsorships and marketing opportunities.
- Reserve the Center's meeting space for your group-- staff, clients, developers, prospective downtown commercial or retail tenants.
- Get involved with the Nashville Downtown Partnership's dynamic committees and Board of Directors.



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