

# GLOBAL SPOTLIGHT

## Chattanooga, Tennessee



## Volkswagen, 'livability' position Chattanooga for growth

- Chattanooga continues to rake in awards for its livability. Recently Forbes named Chattanooga as a great place for business; National Geographic said it was in the 50 next great towns; MSN Money named it the new hot retirement spot; and Outside magazine ranked Chattanooga the 2nd best place to live.
- Chattanooga's economic strength is evidenced by recent major business announcements, including Volkswagen's decision to build a \$1 billion auto assembly plant, Blue Cross Blue Shield of Tennessee's \$300 million office campus and Alstom's \$180 million plant expansion.
- Through mid-year 2008, the overall office vacancy rate stabilized at 8% with little movement by tenants and developers. Blue Cross Blue Shield of Tennessee is scheduled to complete its 900,000 square foot office campus by mid-2009. The health insurer will vacate up to 400,000 square feet of office space when it moves; however, some of the properties are already spoken for by mixed-use developers. The remaining space has created a freeze on relocations and new construction.
- The outlook for the industrial market is strong and positive. The Volkswagen assembly plant, being constructed on 1,350 acres in the city limits, will drive most industrial growth for the next decade. It will fuel 2,000 direct jobs and up to 10,000 ancillary jobs with the significant capital investment. Further the expansion of Alstom in the nuclear power sector has already created strength and growth of its service suppliers.
- The slowdown of the U.S. economy has impacted the retail market. The only current retail developments are due to Publix entering the market. Chattanooga's housing market remains stable due to controlled growth over the last few years, contributing to the existing retail centers' solid occupancies and stable sales.
- The national credit crisis has created a decline in investment sales. National investor interest has slowed but local investors are stepping in to fill the void because of the increase in cap rates. Multifamily developers are still active and interest is increasing because of VW and the difficulties in obtaining a home loan.

## Chattanooga At A Glance

Population	492,011
Location	Southeast Tennessee
Interest	6%
Unemployment	4.8%

Property	Rent/SF/Year Low	High	Vacancy Rate
Downtown Office Class A	\$17.00	\$24.00	6%
Metropolitan Office Class A	\$16.00	\$24.00	10%
Industrial Bulk Warehouse	\$2.65	\$4.00	15%
Retail (Multi-Tenant)	\$15.00	\$30.00	20%

NAI Charter is a full-service commercial real estate firm and is the largest service provider in southeast Tennessee and northwest Georgia.

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### At A Glance

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55	Countries
5,000	Professionals
\$45 billion	Annual Transaction Volume
200	MSF of Property Management

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