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Retail and Food Services in Rutherford County Current Status, Trends, and Supply/Demand Balance

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Abstract

This study examines the prospects for growth in Rutherford County's retailing and food services industry. In particular, the study estimates the potential for capturing Rutherford County spending that occurs in other counties, called 'spending leakage', and also estimates the potential for attracting spending from households in nearby counties. The first section examines comparative demographic and income trends as the basis for retail growth in Rutherford County, followed with a review of the importance of retailing and food services as a source of jobs and income for the county. The next section overviews retail growth trends for the county and for La Vergne, Smyrna, and Murfreesboro. An analysis of the county's retail supply and demand balance is next, with attention to retail sectors that are under-supplied in Rutherford County. The potential for capturing household spending from nearby counties is discussed next, followed with a summary of retail development currently planned for the county. A final section offers conclusions.

Key words: retail sales, retail leakage

JEL categories: R1, L81

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Introduction

This study examines the prospects for growth in Rutherford County's retailing and food services industry. In particular, the study estimates the potential for capturing Rutherford County spending that occurs in other counties, called 'spending leakage', and also estimates the potential for attracting spending from households in nearby counties. The first section examines comparative demographic and income trends as the basis for retail growth in Rutherford County, followed with a review of the importance of retailing and food services as a source of jobs and income for the county. The next section overviews retail growth trends for the county and for La Vergne, Smyrna, and Murfreesboro. An analysis of the county's retail supply and demand balance is next, with attention to retail sectors that are under-supplied in Rutherford County. The potential for capturing household spending from nearby counties is discussed next, followed with a summary of retail development currently planned for the county. A final section offers conclusions.

Population, housing, and income trends

A healthy retail and food services industry ultimately depends on growth of population, housing, and income. Housing construction and job growth have increased hand-in-hand with population and aggregate income for Rutherford County during the past few years. During the previous six years (2000-2006), Rutherford County's population rose at more than twice the rate experienced by the thirteen county Nashville-Davidson-Murfreesboro Metropolitan Statistical Area (MSA): Rutherford's population increased by 24.7 percent compared with a 10.5 percent gain for the Nashville MSA (Table 1). Housing also grew rapidly in Rutherford County, with the number of housing units 26.1 percent higher in 2005 than in 2000; compare this with Nashville MSA's much smaller 11.7 percent gain. In fact, the most recent data (2004-2005) places Rutherford County 20th highest among the 3,000 counties in the nation in terms of housing growth. Personal income also experienced a much larger growth rate in Rutherford County than in the Nashville MSA. Remarkably, Rutherford County's population and housing grew at more than three times the Tennessee growth rate, and personal income grew about a third more rapidly. Clearly, Rutherford County retailing and food services should be experiencing commensurate sales growth.

Table 1.
Growth of population, housing, and income

	2000	2006	Percent Growth
Population			
Tennessee	5,703,299	6,038,803	5.9%
Nashville MSA	1,317,335	1,455,097	10.5%
Rutherford County	183,482	228,829	24.7%
	2000	**2005**	**Percent Growth**
Population			
Eagleville	463	458	-1.1%
LaVergne	18,934	25,885	36.7%
Murfreesboro	70,129	86,793	23.8%
Smyrna	27,497	33,497	21.8%
Rest of County	66,448	71,659	7.8%
Housing units			
Tennessee	2,449,340	2,637,441	7.7%
Nashville MSA	549,380	613,759	11.7%
Rutherford County	71,491	90,147	26.1%
Personal Income			
Tennessee	148,833	184,443	23.9%
Nashville MSA	40,309	52,092	29.2%
Rutherford County	4,885	6,507	33.2%

Source: Census Bureau and Bureau of Economic Analysis.

The importance of retailing and food services in Rutherford County

Retailing and food services in Rutherford County consists of 16,667 employees in 852 employing establishments with a total payroll of $321.8 million.[1] One can measure the importance of retail and food services by comparing employment and payroll with total employment and payroll across all sectors in Rutherford County. Total payroll employment, including all sectors, for Rutherford County was approximately 97,066 in 2006, generating a payroll of $3,626.1 million in 3,923 employing establishments. Consequently, retailing and food services is responsible for:

- 9 percent of the payroll dollars in Rutherford County,
- 22 percent of the employing establishments, and

[1] Many retailers consist of only one employee, the business owner. Due to data limitations, this analysis includes only those establishments with a payroll; consequently, self-employed retailers are not included in the study. Figures pertain to the previous four quarters for which data are available, beginning with 2005 Q4 and ending with 2006 Q3.

- 17 percent of the payroll employment, or about one in six workers.

A second perspective is provided by comparing the size of retailing and food services with other major sectors in Rutherford County. The seven largest employing sectors are shown in Table 2; combined, these six industries account for 77 percent of payroll employment and 78 percent of payroll dollars in Rutherford County. With nearly 23,000 jobs and a payroll of $1.3 billion, manufacturing is by far the largest single contributor to the county economy, accounting for about one in four employees and one in three payroll dollars. Retail and food services ranks second in the number of employees, followed by professional and business services and education and health services. It is clear that retailing and food services is a very important source of jobs and income for Rutherford County.

Table 2.
Largest private-sector employing sectors for Rutherford County*

Sector	Establishments	Employment	Payroll (Million $)
Manufacturing	220	22,965	1,282.3
Retail trade and food services	852	16,667	321.8
Professional and business services	564	12,620	335.1
Education and health services	392	7,601	279.3
Wholesale trade	348	5,572	241.2
Transportation and warehousing	171	4,850	179.9
Construction	519	4,450	173.6

Source: QCEW series, U.S. Bureau of Labor Statistics
*Most recent four quarters 2005Q4 through 2006Q3.

Next, it is illuminating to examine sales by retail sector over time. Unfortunately, the latest detailed figures are for 2002, quite old for the purposes of this report; consequently, we have estimated retail and food services sales for the years 2003 through 2006.[2] Our estimates are shown in Table 3 for all establishments with payrolls, along with Census Bureau figures for 2002. Combined sales by retail and food services businesses in 2006 are $2.8 billion in Rutherford County, 7.1 percent higher than 2005 and 32 percent greater than in 2002.

[2] Payroll size and sales volume are closely linked. Consequently, we estimate sales for 2003 by calculating the ratio of 2003 to 2002 payroll by sub-sector and multiplying by the Census Bureau 2002 sales figure. Estimates for 2004 and 2005 are achieved in a similar manner.

Table 3.
Sales by Rutherford County retail and food services establishments, 2002-2006 (million $)

NAICS	Sector	Census 2002	Estimated 2003	2004	2005	2006
441	Motor vehicle and parts dealers	441.5	444.0	476.9	532.9	553.1
442	Furniture and home furnishings stores	56.8	56.5	57.4	60.2	65.1
443	Electronics and appliance stores	16.8	17.0	18.8	20.8	24.2
444	Building material and garden supply stores	206.0	232.4	271.5	273.8	303.2
445	Food and beverage stores	262.5	289.1	308.0	337.4	333.3
446	Health and personal care stores	97.3	128.8	136.6	147.7	170.8
447	Gasoline stations	192.8	190.4	202.1	205.3	232.4
448	Clothing and clothing accessories stores	78.4	75.9	87.1	101.3	114.4
451	Sporting goods, hobby, book and music stores	39.6	38.7	41.8	48.0	50.8
452	General merchandise stores	391.8	452.9	450.2	473.3	501.4
453	Miscellaneous store retailers	43.6	40.4	40.9	40.5	43.3
454	Nonstore retailers	77.5	110.3	119.7	121.3	129.1
	TOTAL RETAIL	1,904.4	2,076.4	2,211.0	2,362.5	2,521.1
722	Food services and drinking places	218.3	229.3	234.5	258.0	284.4
	TOTAL RETAIL AND FOOD SERVICES	2,122.7	2,305.7	2,445.5	2,620.5	2,805.4

Source: Economic Census 2002 and BERC estimates.

A little more than half of all sales for 2006 occurred in three areas: motor vehicle and parts dealers ($553.1 million), general merchandise stores ($501.4 million),[3] and food and beverage stores ($333.3 million). Next largest are building materials ($303.2 million), gasoline stations ($232.4 million), health and personal care ($170.8 million), nonstore retailers (including internet sales), ($169.2 million), and clothing and accessories ($114.4 million). The four remaining sub-sectors (furniture, electronics, sporting goods, and miscellaneous retailers) have total sales considerably less than $100 million.

A different picture emerges when we examine employment by sector (Table 4). More than one-third (6,961) are employed by food services and drinking places; a large number of these workers are undoubtedly part-time. General merchandise stores are the next largest employer (2,600), followed by food and beverage stores (1,676). Motor vehicles and parts and building materials each employ 1,000 to 1,200 workers.

Using individual establishment data provided by the Tennessee Department of Labor and Workforce Development, we are able to identify the physical location for individual retail and food services establishments. Figure 1 shows the distribution of these establishments; most are located on or near major highways or streets in Rutherford County.

[3] The General merchandise store category includes Wal-Mart, Sam's Club, Target, Kmart, and Sears, and also department stores including Dillard's, J.C. Penney, and Kohl's.

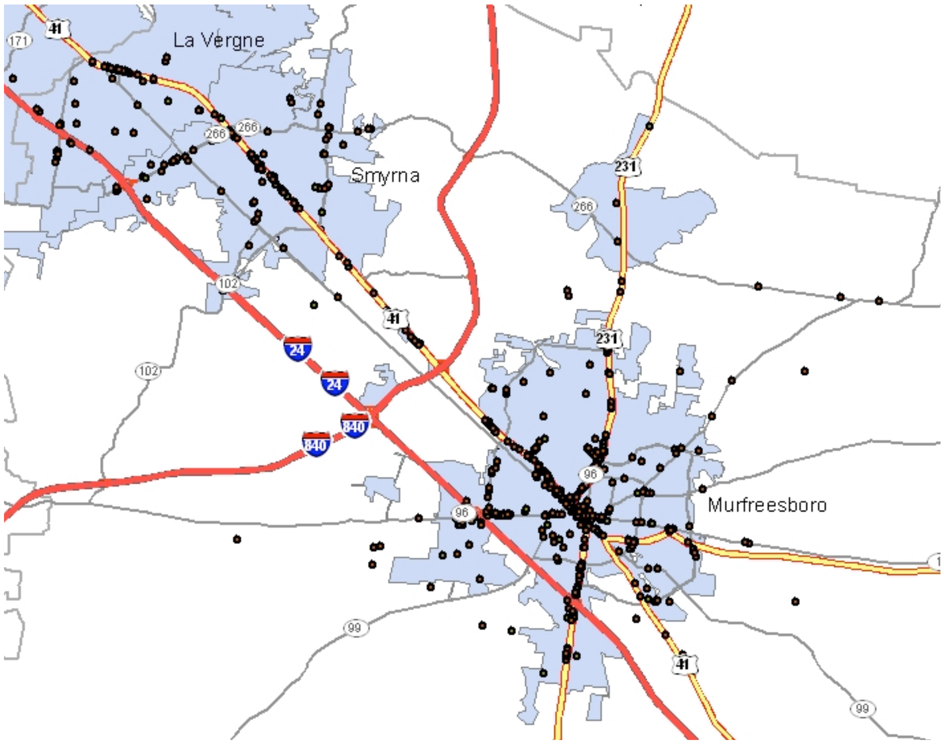
Table 4.
Employment by Rutherford County retail and food services establishments, 2002-2006

NAICS	Sector	2002	2003	2004	2005	2006*
441	Motor vehicle and parts dealers	1,055	1,115	1,143	1,182	1,228
442	Furniture and home furnishings stores	454	426	402	420	454
443	Electronics and appliance stores	133	144	154	166	193
444	Building material and garden supply stores	1,104	1,179	1,094	1,040	1,152
445	Food and beverage stores	1,424	1,564	1,630	1,697	1,676
446	Health and personal care stores	422	446	493	518	600
447	Gasoline stations	599	593	645	630	714
448	Clothing and clothing accessories stores	288	313	364	455	514
451	Sporting goods, hobby, book and music stores	370	410	419	386	403
452	General merchandise stores	2,244	2,556	2,435	2,454	2,600
453	Miscellaneous store retailers	567	587	543	531	565
454	Nonstore retailers	124	238	254	256	272
	TOTAL RETAIL	8,784	9,571	9,576	9,735	10,369
722	Food services and drinking places	4,953	5,347	5,847	6,362	6,961
	TOTAL RETAIL AND FOOD SERVICES	13,737	14,918	15,423	16,097	17,330

* Estimated. Source: QCEW series, U.S. Bureau of Labor Statistics, and BERC estimates.

We also calculated employment and payroll for Rutherford County places including La Vergne, Smyrna, and Murfreesboro, and the rest of Rutherford County. The data in Table 5 show that about seven in ten (70 percent) of employment in combined retail and food services is in Murfreesboro, equaling 12,202 jobs for 2006. Smyrna has the next largest concentration of retail and food services, with 2,940 jobs, 17 percent of the county total. La Vergne has a smaller share of employment in retailing and food services.

Figure 1: Distribution of retail and food services establishments in La Vergne, Smyrna, and Murfreesboro.



Recent growth of retailing

Smyrna and La Vergne experienced considerable retail and food services growth in 2006, especially in comparison with Murfreesboro. Retail and food services payroll in Smyrna rose by $6.4 million in 2006, compared with an $10.8 million increase for Murfreesboro and $1.1 million for La Vergne (Table 6). Over the longer term 2003-2006, payroll growth in retailing and food services rose 13.0 percent in Murfreesboro, a whopping 52.0 percent in Smyrna, and 30.0 percent in La Vergne. For Murfreesboro, most of the payroll gains occurred in 2003 with smaller proportional increases in 2004 and 2005.

Table 5.
Payroll employment by place, 2003-2006*

	2003	2004	2005	2006
Murfreesboro				
Total retail	6,939	7,099	7,081	7,282
Food services and drinking places	3,862	4,428	4,619	4,921
Total retail and food services	10,801	11,527	11,700	12,202
Smyrna				
Total retail	1,443	1,527	1,632	1,765
Food services and drinking places	680	864	904	1,175
Total retail and food services	2,123	2,391	2,536	2,940
La Vergne				
Total retail	483	522	510	485
Food services and drinking places	129	144	174	271
Total retail and food services	612	666	684	756
Other Rutherford County				
Total retail	535	468	423	465
Food services and drinking places	449	325	379	304
Total retail and food services	984	793	802	769
Rutherford County Total				
Total retail	9,400	9,615	9,646	9,996
Food services and drinking places	5,120	5,761	6,076	6,671
Total retail and food services	14,519	15,376	15,721	16,667

*Compiled from ES202 data, Tennessee Department of Labor and Workforce Development. Figures include first three quarters plus the fourth quarter of the previous year. Excludes the book distribution sector.

Note: 'Other Rutherford County' includes Christiana, Lascassas, Eagleville, and unincorporated areas. Figures for these areas cannot be published due to nondisclosure requirements.

Table 6.
Total payroll for retailing and food services by place
(million dollars)

	2003	2004	2005	2006
Murfreesboro				
Total retail	148.2	156.0	162.3	169.0
Food services and drinking places	54.0	51.1	55.3	59.4
Total retail and food services	202.2	207.1	217.6	228.4
Smyrna				
Total retail	31.3	36.1	41.6	44.9
Food services and drinking places	8.7	10.0	12.9	15.9
Total retail and food services	40.1	46.1	54.5	60.9
La Vergne				
Total retail	12.0	13.0	13.6	14.5
Food services and drinking places	1.6	1.7	2.9	3.1
Total retail and food services	13.6	14.6	16.5	17.7
Other Rutherford County				
Total retail	13.1	10.9	10.2	11.6
Food services and drinking places	3.4	3.4	2.8	3.3
Total retail and food services	16.5	14.3	13.0	14.9
Rutherford County Total				
Total retail	204.6	215.9	227.8	240.0
Food services and drinking places	67.8	66.2	73.9	81.7
Total retail and food services	272.4	282.1	301.7	321.8

*Compiled from ES202 data, Tennessee Department of Labor and Workforce Development. Figures include first three quarters plus the fourth quarter of the previous year. Excludes the book distribution sector.

Note: 'Other Rutherford County' includes Christiana, Lascassas, Eagleville, and unincorporated areas. Figures for these areas cannot be published due to nondisclosure requirements.

Supply and demand balance for retailing and food services

Estimating the supply and demand balance for Rutherford County retail and food services is helpful for the purpose of identifying sub-sectors that may be under-served. If demand is greater than supply for a retailing sub-sector, spending is 'leaking' from Rutherford County to retailers located in other counties.

To examine this notion, we define a greater market area consisting of 20 counties in the Middle Tennessee area, including all thirteen counties in the Nashville Metropolitan Statistical Area (Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson, and Wilson) plus seven counties nearby Rutherford County including Bedford, Coffee, De Kalb, Marshall, Maury, Moore, and Warren. We estimate retail and food services sales for each year 2003-2006 for the greater market area. Then, we assume that Rutherford County's demand for these sales is proportional to our total personal income. In other words, if Rutherford County generates 10 percent of the personal income in the market area, then our demand is 10 percent of market area sales in each of the retail sub-sectors.

Supply, on the other hand, consists of sales that actually occur within the county. Over time, we assume that sales grow proportionally with retailing payrolls. Retail payrolls and sales are very closely linked; higher sales volume typically requires additional workers, thus boosting payrolls.

Over time from 2002 to 2006, personal income (our measure of retail demand) for Rutherford County rose 34 percent while retail and food services sales that occurred in the county increased somewhat more slowly, up 32 percent over the four-year interval. Thus, demand for retail goods is growing faster than supply for Rutherford County, at least through 2006.

Table 7 presents our estimates of the supply and demand situation for retail and food services in Rutherford County for each year from 2003 through 2006. The table shows sales that occur within the county (supply), and the dollar amount of retail and food services purchased by Rutherford County households either within the county or elsewhere (demand), and the difference between the two (supply-demand gap). If supply is greater than demand in a particular sector, then the gap is positive and the county economy is producing more of these goods and services than are demanded by county households, businesses, and government. A positive gap suggests that the county is selling the excess goods and services to households who shop in Rutherford County; in effect, we are exporting these goods. A negative gap, on the other hand, means that the availability of the good is not enough to satisfy the demand of county households; consequently, some spending by Rutherford households occurs in other counties or through mail order or online sales. A negative gap suggests that we are *importing* the good or service.

Table 7.
Estimated Demand-Supply Gap for Rutherford County (thousand dollars)

Sector	2002	2003	2004	2005	2006
Motor vehicle and parts dealers	(71,460)	(81,808)	(119,377)	(113,317)	(123,048)
Furniture and home furnishings stores	(3,329)	(6,232)	(7,292)	(7,513)	(12,550)
Electronics and appliance stores	(31,944)	(35,952)	(35,672)	(31,827)	(37,279)
Building material and garden supply stores	39,359	43,542	66,900	31,059	26,265
Food and beverage stores	27,671	40,749	54,342	68,586	28,754
Health and personal care stores	(20,361)	(6,882)	(21,092)	(27,863)	(32,371)
Gasoline stations	27,224	27,265	31,033	30,233	31,765
Clothing and clothing accessories stores	(19,197)	(25,685)	(24,106)	(20,074)	(33,291)
Sporting goods, hobby, book and music stores	(7,224)	(5,882)	(6,342)	(16,125)	(10,820)
General merchandise stores	96,013	151,748	141,788	150,749	146,099
Miscellaneous store retailers	(9,474)	(16,082)	(16,074)	(18,523)	(15,567)
Nonstore retailers	(1,434)	22,448	18,463	16,650	6,529
Food services and drinking places	15,881	19,466	(1,111)	3,090	(4,436)

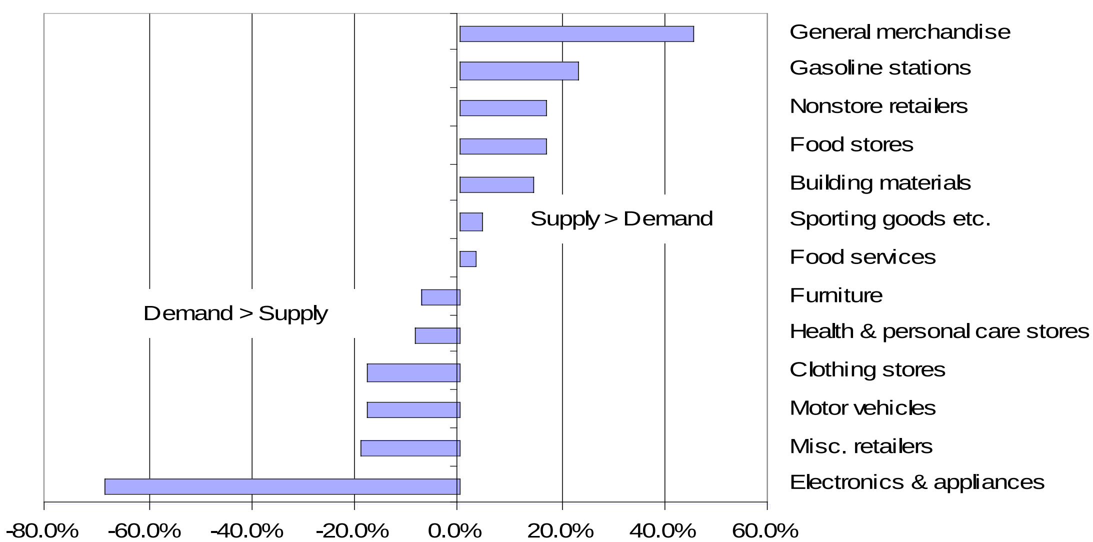
Note: figures are defined as estimated supply minus estimated demand; a negative figure indicates spending leakage, while a positive figure suggests retail exports to households in neighboring counties.

A quick glance at Table 7 shows that the supply-demand balance varies considerably from one retail sector to the next. In eight sectors, Rutherford demand outstrips Rutherford supply. Sectors with demand greater than supply for 2006 include (negative gap in parentheses):

- Motor vehicle and parts dealers (-$123.0 million),
- Electronics and appliance stores (-$37.3 million),
- Clothing (-$33.3 million),
- Health and personal care stores (-$32.4 million),
- Miscellaneous store retailers (-$15.6 million),
- Furniture and home furnishings (-$12.6 million),
- Sporting goods, hobby, book and music stores (-$10.8 million), and
- Food services and drinking places (-$4.4 million).

Motor vehicles and parts dealers has the largest gap in dollars, but demand in this sector is very large, more than $676 million in 2006, so that the deficit relative to demand is about 18.2 percent. Relative to demand, the size of the deficit for electronics and appliance stores is largest at 68.8 percent (Figure 2), meaning that two-thirds of the dollars spent by Rutherford households at electronics and appliances stores are not spent in the county.

Figure 2: Supply-demand balance for retailing and food service, 2006 (percent of demand)



In four sectors, supply is greater than demand, including (positive gap in parentheses):

- General merchandise stores (+$146.1 million),
- Gasoline stations (+$31.8 million),
- Food and beverage stores (+$28.8 million),
- Building materials (+$26.3 million), and
- Nonstore retailers (+$6.5 million).

The large positive gap for general merchandise stores undoubtedly can be attributed to the Wal-Mart presence in Murfreesboro and Smyrna. In fact, one can see the significant jump in sales for this sector in 2003 in Table 7 the year second Murfreesboro store opened its doors. The large positive gap between supply and demand for general merchandise stores may be attributed to two factors: 1) we are attracting shoppers from other areas, particularly from Cannon and Bedford counties, and 2) a portion of spending that might have occurred in health and personal care stores and, to some extent, electronics stores are taking place in general merchandise stores.[4] Thus, one sector's deficit may be another sector's surplus. Determining just how much of the general merchandise surplus can be attributed to 'exports' to households in other counties and how much can be attributed to Rutherford's particular retail mix will require additional study and perhaps a survey of households. Some clues on this issue may be gleaned by examining the retail supply and demand balance in counties that are adjacent to Rutherford County.

The positive balance for building materials is likely due to housing and commercial construction, while the positive gasoline balance might be attributed to demand owing to the large quantity of job-related and MTSU commuters. The positive food store balance could indicate spending from other counties or perhaps hungry college students.

Attracting household spending from nearby counties

[4] A third possibility is that the estimation algorithm has simply not captured an important characteristic of spending in Rutherford County. But, as discussed below, the marketing research firm Claritas shows similar figures for the county.

We have established that Rutherford County is under-served in several retail sectors including electronics, clothing, motor vehicles, personal care, and so on. By increasing our retail presence in these sectors, the county could limit the quantity of sales by Rutherford County households to the benefit of retail centers in Davidson County, Williamson County, and online retailers. An immediate result of beefing up these sectors will provide Rutherford households a diverse selection for shopping, create additional jobs and income, and keep more of our tax dollars in Rutherford County.

Table 8.
Retail and food services location quotients for Rutherford County and nearby counties

NAICS	Sector	Bedford	Cannon	Coffee	Davidson	De Kalb	Franklin	Lincoln	Marshall	Rutherford	Warren	Williamson
441	Motor vehicle & parts dealers	0.46	0.17	1.12	1.47	0.56	0.52	0.76	0.45	0.88	0.48	1.03
442	Furniture & home furnishings stores	0.17	0.41	0.49	1.45	0.21	0.45	0.27	0.78	1.47	0.43	0.93
443	Electronics & appliance stores	0.09	0.00	0.13	1.09	0.00	0.04	0.17	1.52	0.37	0.18	0.79
444	Building materials	0.79	0.07	0.65	1.35	0.36	0.87	0.40	0.33	0.96	1.37	0.87
445	Food & beverage stores	0.53	0.38	1.71	1.09	0.89	0.67	0.52	0.95	1.34	0.70	1.09
446	Health & personal care stores	0.45	1.23	1.29	1.12	1.80	0.63	1.20	1.30	0.72	1.58	0.92
447	Gasoline stations	0.86	0.99	1.42	1.05	0.95	0.84	0.68	3.60	1.06	1.58	0.77
448	Clothing & clothing accessories stores	0.08	0.06	1.66	1.88	0.15	0.10	0.21	0.12	0.45	0.25	0.74
451	Sporting goods, hobby, book, & music stores	0.61	0.00	0.53	1.33	0.06	0.03	0.22	0.02	2.38	0.35	1.02
452	General merchandise stores	0.57	0.21	1.62	1.16	0.43	1.01	1.23	0.97	1.01	1.28	1.13
453	Miscellaneous store retailers	0.29	0.06	0.60	1.67	0.24	0.14	0.46	0.80	0.78	0.45	0.87
454	Nonstore retailers	0.15	0.00	0.78	1.70	0.00	0.23	0.18	0.10	0.63	0.67	0.89
722	Food services and drinking places	0.35	0.29	0.79	1.55	0.57	0.61	0.51	0.33	0.84	0.45	0.87
	RETAIL AND FOOD SERVICES	0.44	0.27	1.04	1.39	0.53	0.58	0.62	0.68	0.94	0.74	0.94

Note: the location quotient (LQ) for a given sector in a county is the share of the sector's payroll in personal income divided by the share in the 22 county trade area. A LQ close to '1' suggests that the county's retail supply and demand is approximately in balance. A low LQ shows that spending leakages exist; conunty residents are spending some of their incomes in other counties.

More retail for Rutherford County will capture more of Rutherford's spending dollars. In addition to capturing spending from own county, we should examine markets in nearby counties as sources of spending for Rutherford retail. In these nearby counties, retail sectors that are under-served could be tapped by Rutherford retail. Table 8 shows estimates of the retail supply and demand situation for several nearby counties. These counties are mostly east, southeast, and south of Rutherford County; the counties are chosen for this example because Rutherford County is situated between them and the major retail centers in Williamson County and Davidson County, thus offering a good opportunity to capture spending that might be occurring in these competing retail areas. Details regarding the calculations are offered in Appendix B, but the gist is that a location quotient (LQ) of less than one indicates that local demand is greater than supply; a leakage of spending exists from the county to other counties. Conversely, an LQ of greater than one shows that the county is well-supplied by the sector. An LQ value equal to one tells us that retail supply is just equal to demand.

The table shows that nearby counties (excepting Davidson and Williamson) have

Table 9.
Percent increase in Rutherford retail needed to achieve same size relative to income as in Williamson County

Retail sector	
Motor vehicle & parts dealers	17%
Electronics & appliance stores	115%
Health & personal care stores	28%
Clothing & clothing accessories stores	66%
Miscellaneous store retailers	16%
Food services and drinking places	6%

low LQs in electronics, clothing, health and personal care, sporting goods, and miscellaneous store retailers. Consequently, households in these counties are spending for these items outside their home counties (in Davidson, Williamson, or Hamilton, for example) or purchasing these items online. The existence of retail leakages in these nearby counties presents an opportunity for Rutherford County: capture more of the household spending from nearby counties that currently is ‘leaked’ to Davidson, Williamson, and Hamilton counties.

Comparing Rutherford with Williamson is illuminating. Relative to household income, Williamson enjoys a larger retail presence in several sectors including vehicles, electronics, health and personal care, food services and drinking places, and miscellaneous retail. For example, Rutherford’s LQ for electronics stores is just 0.37 compared with Williamson’s 0.79; thus, relative to household income, Rutherford manages to capture less than half its purchases of electronic goods as does Williamson.

How much would Rutherford need to grow its electronic and appliance stores to capture the same share of household purchases as Williamson? In other words, what growth would be necessary to increase Rutherford’s LQ for electronics and appliances from 0.37 to 0.79? The answer is that, conservatively estimated, the size of Rutherford’s electronics and appliances sector would have to more than double to reach the same size as in Williamson relative to income. Other retail sectors would also have to grow considerably to achieve the same relative size as in Williamson County. Motor vehicle sales would need to rise by 17 percent; health and personal care stores by 28 percent; clothing stores by 66 percent, and so on (Table 9).

Thus, using Williamson County for comparison, certain retail sectors in Rutherford County could undertake substantial growth to achieve the same size relative to total personal income. And even this level of growth still would not be sufficient to completely eliminate leakages of retail spending from Rutherford County.

To summarize this section, we have shown that, at least for a few sectors, Rutherford's retail presence could tap two sources of unsatisfied demand: 1) spending by Rutherford that currently is 'leaked' to other counties, and 2) spending by households in nearby counties that is occurring in Williamson, Davidson, and Hamilton counties.

Conclusions

This study shows that retail and food services in Rutherford County is an important source of jobs and payroll, and the sector is generally growing at about the same pace as total household income. Rutherford's supply of retail is much less than household demand in certain areas such as vehicles, electronics, clothing, and health and personal care. Rutherford County would benefit from additional retail to serve our own households and potentially capture more spending from households in nearby counties.

Retail developments planned or recently completed in Rutherford County

A brief outline of some of the new or upcoming retail developments for Rutherford County:

Marketplace at Savannah Ridge (Murfreesboro) – Baker Storey McDonald Properties has planned a $35 million, 200,000 square foot development that will be located on the south side of Murfreesboro along the Shelbyville highway (US 231). Possible tenants include restaurants and large department stores. Construction will not begin until early 2008, with opening for business a year later.[5]

Stones River Mall (Murfreesboro) - $45 million investment in renovations and additions to the existing mall. Two major projects have been completed: 1) a new two-floor Dillard's expanded to 146,000 square feet, and 2) a new 98,000 square foot JC Penney.

[5] "Developer planning retail center for Rutherford's 231 corridor," Judy Sarles, *Nashville Business Journal*, September 15-21, 2006, p.1.

Other planned retail includes Forever 21 and the Gap. New restaurants include The Olive Garden and TGI Friday's.

The Avenue (Murfreesboro) – planned for a 99-acre area along Medical Center Parkway adjacent to I-24. Cousins Properties (Atlanta) and Faison Enterprises (Charlotte) have commenced construction on the 805,000 square-foot open-air facility. More than 100 retailers and restaurants are planned, including commitments from Champs Sports, Lane Bryant, Barnes & Noble, Talbots, OshKosh B'Gosh, and others.[6] The first phase is scheduled to open in the fall of 2007. When completed, more than 1,500 jobs will be created.

Manchester highway (Murfreesboro) – in the planning stages, a town center concept will include department stores, a hotel, a movie theater, and a mix of apartments, townhouses, and single-family homes.

Colonial Promenade (Smyrna) – 600,000 square foot mixed retail and entertainment center at the intersection of Sam Ridley Parkway and Industrial Boulevard adjacent to La Vergne. Colonial Properties plans to lease space to 24 stores, possibly including a Super Target, Kohl's, PetSmart, Ross Dress for Less, and two hotels. The development is scheduled to open in the spring of 2008.[7]

Smyrna Commons (Smyrna) – an 86 acre shopping center to be located on Nissan Drive near the Nissan auto plant. The Smyrna planning commission has approved concept plans that include 500,000 square feet of retail space.[8]

The Shoppes at Sam Ridley (Smyrna) – located of the corner of Wolverine Trail and Genie Lane, 128,800 square feet of mixed retail/food services. Target completion date January 2008.

South Waldron Plaza (La Vergne) – 11,400 mixed retail center on I-24 and Waldron Road is nearing completion.

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[6] "Shopping center will take about a year to build," Chas Sisk, *The Tennessean*, July, 25, 2006, p. 1E.
[7] "Colonial Promenade set to open in '08," Mealand Ragland-Hudgins, *The Daily News Journal*, June 22, 2006, p. 10Q.
[8] "Development planned across from Nissan's Smyrna plant," Getahn Ward, *The Tennessean*, November 26, 2005, p. 1E.

Appendix A

Estimates by the Business and Economic Research Center compared with estimates by Claritas, a marketing research company.

Estimated Retail Supply and Demand for Rutherford County, 2006, BERC Estimate Compared with Claritas (thousand dollars)
(Negative gap is imports, positive gap is exports)

		Business And Economics Research Center				Claritas			
NAICS	Sector	Supply	Demand	Gap	Percent Gap	Supply	Demand	Gap	Percent Gap
	Total Retail and food services	2,676,373	2,613,621	62,752	2.4%	3,603,688	2,950,591	653,097	22.1%
441	Motor vehicle & parts dealers	553,082	676,130	(123,048)	-18.2%	609,712	733,762	(124,050)	-16.9%
442	Furniture & home furnishings stores	65,080	70,362	(5,282)	-7.5%	115,009	75,340	39,669	52.7%
443	Electronics & appliance stores	24,169	77,394	(53,225)	-68.8%	30,430	72,054	(41,624)	-57.8%
444	Building material & garden equipment	303,207	264,632	38,575	14.6%	400,884	297,940	102,944	34.6%
445	Food & beverage stores	333,323	285,837	47,487	16.6%	666,181	364,872	301,309	82.6%
446	Health & personal care stores	170,831	187,407	(16,576)	-8.8%	133,488	151,438	(17,950)	-11.9%
447	Gasoline stations	232,355	188,828	43,527	23.1%	295,226	283,642	11,584	4.1%
448	Clothing & clothing accessories stores	114,432	139,371	(24,939)	-17.9%	101,982	142,562	(40,580)	-28.5%
451	Sporting goods, hobby, book, & music stores	50,800	48,770	2,030	4.2%	57,276	58,583	(1,307)	-2.2%
452	General merchandise stores	501,448	345,090	156,359	45.3%	694,338	379,053	315,285	83.2%
453	Miscellaneous store retailers	43,286	53,726	(10,440)	-19.4%	83,884	81,600	2,284	2.8%
722	Food services and drinking places	284,359	276,074	8,285	3.0%	415,278	309,744	105,534	34.1%

The Claritas estimates for total retail supply and demand for Rutherford County are much too large. However, the distribution of the supply/demand gaps (but not the size of the gaps) generally conforms to BERC estimates.