

# ECONOMIC IMPACT ANALYSIS

## MADISON STATION REDEVELOPMENT PROJECT

### MADISON, TN DAVIDSON COUNTY, TN

SEPTEMBER 13, 2022

PREPARED FOR:  
ARTESIA REAL ESTATE

PREPARED BY:



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## EXECUTIVE SUMMARY

The Madison Station Redevelopment Project ("Madison Station") is located at 721 Madison Square in Madison, Tennessee just outside of Metropolitan Nashville and in Davidson County, Tennessee. The project is being led by a joint-venture between Texas-based Artesia Real Estate and Nashville-based The Cauble Group. The concept plan includes 236,000 square feet of office space, 55,600 square feet of retail space, 31,450 square feet of ground floor amenity/retail, 1,694 multifamily residential units, and 3,193 structuring parking stalls.

The site is the largest, privately-owned parcel in Nashville representing a tremendous opportunity to bring mixed-use, urban form outside of the urban core and stimulate economic development activity in the greater Madison area.

Over the 10-year construction period, the Madison Station estimated construction investment of \$631.4 million is projected to:

- Create 545 average annual direct construction jobs onsite
- Create 732 average annual total jobs in the local area
- Create average annual direct labor income of \$47.2 million in the local area
- Create average annual total labor income of \$60.9 million in the local area
- Over the buildout period, create total labor income of \$608.8 million in the local area

At buildout, the permanent operating activities of the new businesses in Madison Station and the occupancy of the 1,694 new residential units are expected to:

- Create 845 direct permanent jobs onsite
- Create 2,026 total permanent jobs in the local area
- Create annual direct labor income of \$98.1 million in the local area
- Create annual total labor income of \$185.2 million in the local area

## INTRODUCTION

Madison historically started as a bedroom community and in the 1950's experienced a residential boom at the height of Nashville's music growth. Madison Square Shopping Center began its life in July 1954 when the ground was broken on 30 acres of former farmland along Gallatin Pike, just south of Neely's Bend Road. At the time, Madison Square was the 5th largest retail center in the South in the late 50's. It was known for high-end retailers such as Levy's, JC Penney's, and McClures. With the opening of Rivergate Mall and the relocation of JC Penney's, over the next three decades Madison Square experienced a rapid decline in business.

Today, Madison Square Shopping Center consists of approximately 330,000 square feet of 1- to 2-story retail use on an entirely impervious 32-acre site. The site is the largest, privately-owned parcel in Nashville representing a tremendous opportunity to bring mixed-use, urban form outside of the urban core and stimulate economic development activity in the greater Madison area.

Madison Station presents an opportunity to create a walkable, mixed-use community in the heart of one of Nashville's growing suburbs. Madison Station will support and operate in conjunction with the exceptional, community-oriented investment that has already been seen in the new Madison Station Boulevard, the Timberhawk Hall concert venue, Amqui Station, the Madison Public Library, and the prospective investment in the Park at Madison Station.

The proposed development program for Madison Station is presented in Table 1.

**Table 1: Madison Station Development Program**

Description	Square Feet
	Units Stalls
Office	236,000
Retail	55,600
Ground Floor Amenity/Retail	31,450
Nonresidential Total	323,050
Multifamily Residential	1,694
Structured Parking Stalls	3,193

Source: Artesia Real Estate, DPGF, 2022

As shown in Table 2, the 291,600 square feet of commercial land uses is expected to generate 845 new permanent direct employees.

Table 2: Madison Station Direct Permanent Employees

Non-Residential Land Use	Sq. Ft.	Occupancy %	Occupied Sq. Ft.	Sq. Ft. Per Employee	FTE Employees	Conversion Factor	Total Direct Employees
Retail	55,600	95%	52,820	430	123	0.82550	149
Office	236,000	95%	224,200	340	659	0.94684	696
Non-Residential	291,600				782		845

Source: ITE Trip Generation Manual 10<sup>th</sup> Edition, IMPLAN, DPGF, 2022

## ECONOMIC IMPACT ANALYSIS

A *fiscal benefits analysis* measures the direct revenues produced by new land uses (ad valorem taxes for real property, sales taxes, state revenue sharing, etc.). In comparison, an *economic benefits analysis* estimates the broader local economic impacts of land use projects during both the construction and permanent phases.

While fiscal impact analysis generally focuses on the impacts affecting the government sector, economic impact analysis evaluates the impacts of new development on the private sector. The construction investment generates new jobs and the demand for goods and services. These dollars are spent and respent throughout the local economy and create economic benefits measured in terms of direct, indirect, and induced effects. Once the project is completed, in the permanent ongoing phase, new jobs and the demand for goods and services are stimulated. Likewise, these resulting dollars are spent and respent throughout the local economy generating economic benefits.

### CONSTRUCTION PERIOD IMPACTS

Over the estimated 10-year construction period, the Madison Station construction investment of \$631.4 million is projected to generate 946 annual direct construction jobs and 1,272 total jobs, on average.

Table 3: Madison Station Average Annual Construction Period Economic Impact

Impact Type	Jobs	Labor Income	Value Added	Output
Direct Effect	545	\$47.2 Million	\$48.8 Million	\$63.1 Million
Indirect Effect	50	\$3.8 Million	\$6.1 Million	\$10.1 Million
Induced Effect	137	\$9.8 Million	\$16.1 Million	\$25.3 Million
Total Effect	732	\$60.9 Million	\$71.0 Million	\$98.6 Million

Source: IMPLAN, DPGF, 2022

Madison Station is expected to create cumulative total labor income of \$608.8 million for the local area over the 10-year construction period.

**Table 4: Madison Station Cumulative Construction Period Economic Impact**

Impact Type	Labor Income	Value Added	Output
Direct Effect	\$472.1 Million	\$488.0 Million	\$631.4 Million
Indirect Effect	\$38.2 Million	\$60.8 Million	\$101.5 Million
Induced Effect	\$98.4 Million	\$160.9 Million	\$252.9 Million
<b>Total Effect</b>	<b>\$608.8 Million</b>	<b>\$709.7 Million</b>	<b>\$985.7 Million</b>

Source: IMPLAN, DPF, 2022

**PERMANENT ONGOING IMPACTS**

As shown in Table 5, Madison Station is anticipated to generate 845 direct onsite average annual employees. On an annual basis, the businesses located in Madison Station are expected to generate 1,431 total jobs and \$141.3 million in annual labor income in the local area.

**Table 5: Madison Station Annual Economic Impact from Ongoing Operations**

Impact Type	Jobs	Labor Income	Value Added	Output
Direct Effect	845	\$98.1 Million	\$115.5 Million	\$162.5 Million
Indirect Effect	291	\$21.8 Million	\$32.7 Million	\$55.0 Million
Induced Effect	295	\$21.4 Million	\$34.9 Million	\$54.9 Million
<b>Total Effect</b>	<b>1,431</b>	<b>\$141.3 Million</b>	<b>\$183.1 Million</b>	<b>\$272.5 Million</b>

Source: IMPLAN, DPF, 2022

Annually, local spending by the residents of Madison Station is expected to support 595 total jobs and generate \$43.9 million in annual labor income in the local area.

**Table 6: Madison Station New Resident Spending Annual Economic Impact**

Impact Type	Jobs	Labor Income	Value Added	Output
Direct Effect				
Indirect Effect				
Induced Effect	595	43,898,000	71,658,000	112,446,000
<b>Total Effect</b>	<b>595</b>	<b>\$ 43,898,000</b>	<b>\$ 71,658,000</b>	<b>\$ 112,446,000</b>

Source: IMPLAN, DPF, 2022

The top 12 industries benefiting from the new resident spending are shown in Table 7. High-paying health care sector jobs are prevalent along with jobs in the retail sectors.

**Table 7: Madison Station New Resident Spending – Top 12 Industries**

Rank	Industry	Jobs
1	Hospitals	39
2	Limited-service restaurants	33
3	Full-service restaurants	33
4	Offices of physicians	19
5	Retail - General merchandise stores	18
6	Other real estate	18
7	Retail - Food and beverage stores	16
8	All other food and drinking places	14
9	Employment services	13
10	Individual and family services	12
11	Retail - Nonstore retailers	11
12	Nursing and community care facilities	11

Source: IMPLAN, DPGF, 2022

Combining the effects reflected in Tables 5 and 6 results in 2,026 total jobs and \$185.2 million in annual labor income for the local area.

**Table 8: Madison Station Total Annual Economic Impacts**

Impact Type	Jobs	Labor Income	Value Added	Output
Direct Effect	845	\$ 98,116,000	\$ 115,501,000	\$ 162,491,000
Indirect Effect	291	21,780,000	32,705,000	55,043,000
Induced Effect	890	65,256,000	106,595,000	167,362,000
<b>Total Effect</b>	<b>2,026</b>	<b>\$ 185,152,000</b>	<b>\$ 254,801,000</b>	<b>\$ 384,896,000</b>

Source: IMPLAN, DPGF, 2022

## KEY ASSUMPTIONS AND METHODOLOGY

### KEY ASSUMPTIONS

Because substantial growth is projected for the Greater Nashville area over the next decade, the residential and commercial impacts in this analysis are considered “new”. For example, even if new residents do not directly rent apartments in Madison Station, vacancies left by existing residents will make existing units available for new residents. Likewise, population and job growth are expected to fuel the demand for the new commercial facilities in Madison Station.

All amounts in this report are presented in constant dollars (2022). Results are rounded to the nearest one thousand dollars (\$1,000).

Supporting tables are provided in the Appendix.

## ECONOMIC IMPACT METHODOLOGY

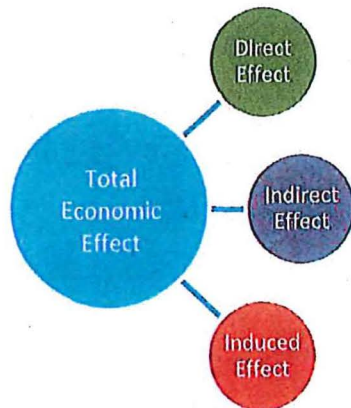
A key concept in economic impact analysis is that one form of economic activity almost always stimulates other economic activities. The total economic impact of a specific project or event on a study area is the sum of the direct, indirect and induced impacts.

Direct Impacts are the initial, immediate economic impacts (jobs and income) generated by a project or development. Direct impacts coincide with the first round of spending in the economy. For example, a new high-tech manufacturing facility that has a payroll of \$5 million and purchases \$5 million of goods and services from local suppliers would directly contribute \$10 million to the local economy. To determine direct economic impacts, it is ideal to use economic data supplied by the project's development team or financial information, if available, about similar projects implemented in similar communities. A common method of establishing direct impact parameters is to use available industry averages for the study area.

Indirect Impacts are the production, employment and income changes occurring in other businesses/industries in the community that supply inputs to the project's industry(s).

Induced Impacts are the effects of spending by the households in the local economy as a result of the direct and indirect effects from an economic activity. The induced effects arise when employees who are working for the project (i.e., new manufacturing facility) spend their new payroll dollars in the study area.

Figure 1: Components of Economic Impact Analysis



The primary economic benefits of Madison Station will be experienced in the local area; however, benefits will also extend to the region and the state. In our experience with similar projects nationally, the smaller the study area, the more leakages (purchases and sales) occur outside the area. Fewer ripple effects occur inside the area thus multipliers and related impacts generally become larger as the geographic area increases in size. The study area for this report was limited to Davidson County.



This analysis utilizes models generated by the IMPLAN modeling system. IMPLAN is a nationally recognized system of local economic models that are specifically designed to represent a local economy such as Davidson County.

The economic impacts from the annual operations of new businesses in Madison Station were modeled using Industry Change, which is the increase or decrease in economic activity due to the expansion or change in production of new businesses. Instead of value of production or value added, new employment by industry sector was used as a proxy for production changes.

Direct full-time equivalent jobs were converted to total average annual jobs using the appropriate IMPLAN conversion factors. The resulting direct jobs were assigned to the various IMPLAN industry sectors based on a direct correlation (e.g., dental office) or were allocated proportionately based on existing industry sector employment.

## GENERAL AND LIMITING CONDITIONS

Every reasonable effort has been made to ensure that the data contained in this report are accurate as of the date of this study; however, factors exist that are outside the control of DPFG and that may affect the estimates and/or projections noted herein. This study is based on estimates, assumptions and other information developed by DPFG from its independent research effort, general knowledge of the industry, and information provided by and consultations with the client and the client's representatives. No responsibility is assumed for inaccuracies in reporting by the client, the client's agent and representatives, or any other data source used in preparing or presenting this study.

This report is based on information that was current as of September 2022, and DPFG has not undertaken any update of its research effort since such date.

Because future events and circumstances, many of which are not known as of the date of this study, may affect the estimates contained therein, no warranty or representation is made by DPFG that any of the projected values or results contained in this study will actually be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of DPFG in any manner without first obtaining the prior written consent of DPFG. No abstracting, excerpting or summarization of this study may be made without first obtaining the prior written consent of DPFG. This report is not to be used in conjunction with any public or private offering of securities, debt, equity, or other similar purpose where it may be relied upon to any degree by any person other than the client, nor is any third party entitled to rely upon this report, without first obtaining the prior written consent of DPFG. This study may not be used for purposes other than that for which it is prepared or for which prior written consent has first been obtained from DPFG. Any changes made to the study, or any use of the study not specifically prescribed under agreement between the parties or otherwise expressly approved by DPFG, shall be at the sole risk of the party making such changes or adopting such use.

This study is qualified in its entirety by, and should be considered in light of, these limitations, conditions and considerations.

## APPENDIX

**Appendix Table 1: Madison Station Construction Inputs**

Description	Square Feet		Construction		
	Units	Tax Value Per	Tax Value	Cost per Sq Ft/	Construction Cost
	Stalls	Sq Ft/Unit		Unit/Stall	
Office	236,000	\$ 275	\$ 64,900,000	\$ 375	\$ 88,500,000
Retail	55,600	\$ 275	15,290,000	\$ 375	20,850,000
Ground Floor Amenity/Retail	31,450	\$ 275	8,648,750	\$ 375	11,794,000
Nonresidential Total	323,050		\$ 88,838,750		\$ 121,144,000
Multifamily Residential	1,694	\$ 233,388	395,359,272	\$ 255,456	432,742,000
Structured Parking Stalls	3,193	N/A		\$ 24,270	77,494,000
<b>Total</b>			<b>\$ 484,198,022</b>		<b>\$ 631,380,000</b>

Source: Artesia Real Estate, DPF, 2022

**Appendix Table 2: Madison Station Household Income Estimate**

Description	Amount
Madison Station Multifamily Units	1,694
Monthly Household Income/Gross Rent	3.23
Gross Rent	\$ 2,000
Months in Year	12
Occupancy Rate	97%
Occupancy-Adjusted Household Income per Unit	\$ 75,000
<b>Madison Station Total Household Income</b>	<b>\$ 127,050,000</b>

Source: Artesia Real Estate, 2020 ACS 5-Year Estimates Detailed Tables, DPF, 2022

Appendix Table 3: Madison Station Industry Sector Employment Allocation

Industry #	Retail Industry Name	FTE				
		Davidson County	%	New FTE Employees	Conversion Factor	Total New Employees
404	Retail - Electronics and appliance stores	4,271.12	4.4%	5	0.87608319	6
406	Retail - Food and beverage stores	6,321.56	6.5%	8	0.87624239	9
407	Retail - Health and personal care stores	3,850.78	4.0%	5	0.87608319	6
408	Retail - Gasoline stores	1,704.08	1.7%	2	0.87608319	2
409	Retail - Clothing and clothing accessories stores	4,995.67	5.1%	6	0.87608319	7
410	Retail - Sporting goods, hobby, musical instrument and book stores	2,917.25	3.0%	4	0.87608319	4
411	Retail - General merchandise stores	6,068.92	6.2%	8	0.87627464	9
412	Retail - Miscellaneous store retailers	5,310.81	5.5%	7	0.87608319	8
509	Full-service restaurants	27,864.17	28.5%	35	0.79252049	44
510	Limited-service restaurants	15,476.05	15.9%	20	0.79252049	25
511	All other food and drinking places	13,466.51	13.8%	17	0.79252049	21
517	Personal care services	5,179.31	5.3%	7	0.86424242	8
Total		97,426.22	99.9%	123		149

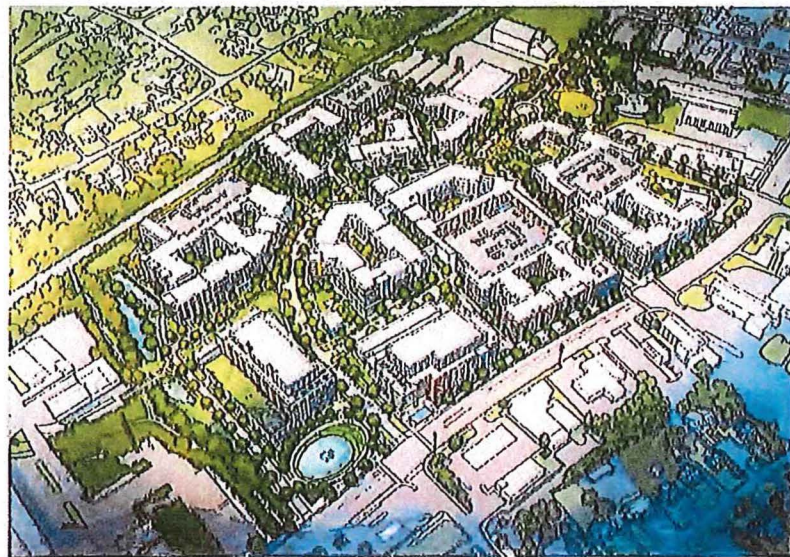
Industry #	Office Industry Name	FTE				
		Davidson County	%	New FTE Employees	Conversion Factor	Total New Employees
455	Legal services	5,042.29	5.3%	35	0.95553618	37
456	Accounting, tax preparation, bookkeeping, and payroll services	16,609.38	17.5%	114	0.95491273	120
457	Architectural, engineering, and related services	6,527.83	6.9%	45	0.95491273	48
458	Specialized design services	567.36	0.6%	4	0.95491273	4
459	Custom computer programming services	4,112.29	4.3%	28	0.95524412	30
460	Computer systems design services	4,952.85	5.2%	34	0.95524412	36
461	Other computer related services, including facilities management	360.10	0.4%	3	0.95524412	3
462	Management consulting services	12,904.51	13.6%	90	0.95491273	94
463	Environmental and other technical consulting services	574.12	0.6%	4	0.95491273	4
464	Scientific research and development services	6,377.86	6.7%	44	0.95491273	46
465	Advertising, public relations, and related services	4,053.62	4.3%	28	0.95491273	30
468	Marketing research and all other miscellaneous professional, scientific, and technical services	834.75	0.9%	6	0.95491273	6
469	Management of companies and enterprises	12,034.68	12.8%	84	0.97417133	87
483	Offices of physicians	14,904.53	15.7%	102	0.91235326	112
484	Offices of dentists	2,978.77	3.1%	20	0.91235326	22
485	Offices of other health practitioners	2,299.19	2.4%	16	0.91235326	17
Total		95,134.12	100.3%	659		696

Source: IMPLAN, DPF, 2022

# Madison Station Master Plan

Summary of the TIF Request & Development Details

October 4<sup>th</sup>, 2022



**Artesia Real Estate**  
Colin Brothers  
Matthew Taylor

**The Cauble Group**  
Tyler Cauble

## Project / Introduction

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The Madison Station Redevelopment Project ("Madison Station") is located at 721 Madison Square in Madison, just outside of Metropolitan Nashville and in Davidson County, Tennessee. The project is being undertaken by a joint-venture between Texas-based Artesia Real Estate and Nashville-based The Cauble Group (the "Developers").

Madison Square Shopping Center today consists of approximately 330,000 square feet of 1- to 2-story retail use on an entirely impervious 32-acre site. This site was re-zoned by Councilmember Nancy VanReece in 2018 to MUG-A and is the largest, privately-owned parcel in Nashville with this zoning, representing a tremendous opportunity to bring a high quality, mixed-use, urban form development outside of the urban core and particularly to Madison, TN.

Madison Station presents an opportunity to create a walkable, mixed-use community in the heart of one of Nashville's fastest growing suburbs. Madison Station will support and operate in conjunction with the exceptional, community-oriented investment that has already been completed with the new Madison Station Boulevard, the Timberhawk Hall concert venue, Amqui Station, the Madison Public Library, and the prospective investment in the Park at Madison Station.

This proposal will provide an overview of the project's alignment with several long-term visions of the greater Nashville area, particularly in park service, transit infrastructure, and greenway connectivity, alongside the expected development yield of the project and the corresponding return on investment to the public investment in the project.

At completion, Madison Station is anticipated to deliver nearly 1.7 million square feet of 4- to 7-story residential, retail, and office space alongside more than 11+ acres of parkland and open space (nearly 4 acres of which will be public), more than 2,450 linear feet of pedestrian-first street infrastructure, and up to 170 units (10%) of the multifamily units developed to be affordable at 60-80% of the Area Median Income for Nashville and/or offered as senior, artist housing, built in a mixed-income format.

To develop Madison Station as planned will require public infrastructure investment of approximately \$37.0 million across multiple phases of development. The infrastructure investment will support the planned vertical development which is anticipate to cost more than \$600 million. Madison Station's development is expected to generate significant economic benefits for the immediate and surrounding area, detailed in later sections and supplementary documents such as the Economic Impact Analysis.

Supplementary documents may be found at the following link:

[DropBox Link: Madison Station Supplements](#)

Madison Station Redevelopment Master Plan  
721 Madison Square, Madison, TN 37115

**Project / The Team**

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The team behind Madison Station consists of those highly invested in the success of the Madison community and with long track records of thoughtful, community-focused, mixed-use development in the Nashville area:

Artesia Real Estate &  
The Cauble Group  
/ Developers

Artesia Real Estate is an Austin-based real estate investment firm with experience investing nationally. Since 2012, Artesia has deployed \$182 million of equity into projects with a total cost of \$540 million.

The Cauble Group is a commercial real estate brokerage and investment firm based in East Nashville with a focus on small businesses in the East Nashville and Madison areas. In 2021, The Cauble Group transacted on \$40mm+ in leasing and sales of office, industrial, and retail projects.

Smith Gee Studio  
/ Master Planner  
Architect

Smith Gee Studio (SGS) is a 54-person full-service architecture, interior design and urban planning firm located in Nashville, TN. SGS's Urban Planning team has master planned large projects across the southeast including the Fairgrounds Mixed-Use Redevelopment, Envision Cayce Redevelopment District, Berry Farms Town Center, Taylor Place and the Neuhoff redevelopment in Middle Tennessee. Since 1999, SGS Principals Hunter Gee, Greg Tidwell and Scott Morton have overseen the master planning efforts for The Gulch, Nashville's premier urban, mixed-use neighborhood.

Hawkins Partners  
/ Landscape Architect

Hawkins Partners, Inc is a 23 person woman-owned firm based in Nashville for 35 years where they practice landscape architecture and urban design in order to improve the community, cultivating connections through the power of accessible public space.

Their designs strengthen the relationships between cultural, social, and natural systems as we respect the inherent qualities of each site. They work to integrate systems that improve human health and wellness, and create life-supporting, positive effects.

Madison Station Redevelopment Master Plan  
721 Madison Square, Madison, TN 37115

Their ethos continues to be grounded in the belief that well-designed spaces improve the lives of the people who use them.

Barge Cauthen  
/ Civil Engineer

Barge Cauthen & Associates specializes in land development for both public and private sector projects. BC&A has 11 registered civil engineers and support staff of 16 additional members managing over 400 active projects in middle Tennessee. Founded in 1994, they have completed over 7,500 projects in our 28+ years in business. Our firm has enjoyed long relationships with the Metropolitan Government, TDOT, MDHA, MNPS, TN State Board of Regents, State of TN Military Department, and various local governing agencies. BC&A is a Small Business Enterprise certified with Metropolitan-Nashville Government, Metropolitan Nashville Airport Authority and is on the Governor's Office of Diversified Business Enterprise register.

Bradley Arant Boult  
Cummings LLP  
/ Counsel

Bradley has been ranked as a top economic development law firm by The Best Lawyers in America® for a reason; the firm has more lawyers listed as working in economic development than any other law firm.

The attorneys in Bradley's Economic Development Practice Group have over 200 years of combined experience working on economic development projects in 35 states.

Bradley attorneys routinely assists clients throughout the country and locally in Nashville with identifying & implementing economic development incentives, including creating economic incentive grant programs, structuring tax increment financings, and negotiating payment in lieu of tax agreements

Development Planning &  
Finance Group  
/ Financial Consultant

Since its inception in 1991, DPFG has focused on providing real estate and financial consulting services principally to residential and commercial real estate developers as well as lenders, public agencies, and other institutional investors.

A key emphasis is identifying the lowest cost and managed risk for funding of public improvements and



**Madison Station Redevelopment Master Plan**  
721 Madison Square, Madison, TN 37115

infrastructure such as roadways, utilities, as well as the vertical improvements of a project.

The financing arrangements that are involved usually include some type of public financing and/or public/private partnerships.

The firm has been involved in the formation, structuring, feasibility analysis and issuance of more than \$16.0 billion of bonds for more than 2,500 special taxing districts since 1991.

JE Dunn Construction  
/ General Contractor  
Cost Estimator

JE Dunn Construction is the 13th largest domestic general building contractor in the United States with offices in 25 locations and over 3,500 employees. While we have the resources of a large national company, we are proud to consider ourselves a local contractor. We bring 28 years of experience in the Nashville market and have developed a strong reputation by successfully delivering a number of high profile projects in the city.

**Project / Current Description**

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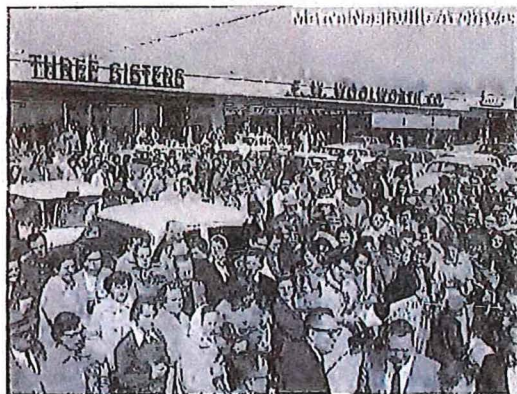
The site of Madison Station is presently home to the Madison Square Shopping Center. Madison Square opened originally in 1956, home to a Kroger's, Woolworth's, J.C. Penney's, Commerce Union Bank, Kay Jewelers, and other restaurants / retailers (alongside 2,500 parking spots).

Madison Station delivered its first phase (two structures) in 1955 and two additional buildings in 1963. Presently, the property consists of approximately 330,000 square feet of rentable, 1 to 2-story retail space. The 32-acre site is nearly entirely impervious surface.

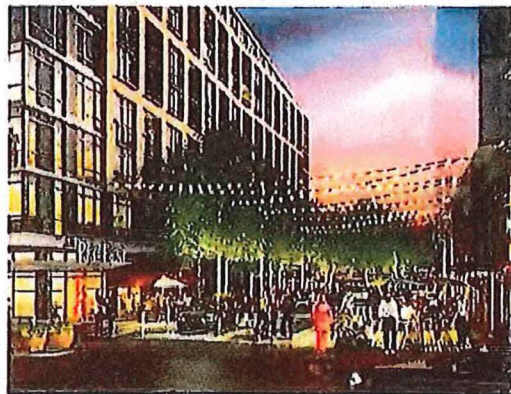
The property was re-zoned in February 2018 by Councilmember Nancy VanReece to MUG-A, or "Mixed-Use General", intended for a moderately high intensity mixture of residential, retail, and office uses. This zoning allows for mixed-use development up to an intensity of a 3.00 floor area ratio, 90% impervious surface, and a 7-story, 105' height.

Using the Nashville Parcel Viewer's search and export feature, the Developers have been able to identify parcels with MUG or MUG-A zoning in Davidson County which totaled 752 acres<sup>1</sup>. **Madison Station is the largest, privately-owned parcel in Nashville with this zoning, where the only larger parcels are owned by Vanderbilt and Trevecca Nazarene, providing a tremendous opportunity for the project to contribute to the built environment and bring a high quality, mixed-use, urban form development to Madison, TN.**

The Past



The Future



**Madison Square served as the community's core.  
Madison Station will do the same, but for a community with new needs.**

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<sup>1</sup> See Exhibit A for supporting information.

Project / Public Infrastructure, Benefits, & Affordable Housing

Affordable Housing

The Developers are committed to equitable, mixed-income development at Madison Station. The full build-out of Madison Station is expected to yield 1,694 multifamily units. **The Developers will reserve and restrict up to 170 units (10%) of the multifamily units developed to be affordable at 60-80% of the Area Median Income for Nashville<sup>2</sup> and/or offered as senior, artist housing.** Moreover, these units will be developed to similar quality, and co-mingled with, market rate units throughout the project to encourage an equitable, mixed-income development.

<u>Total Project</u>			<u>TIF Phase II &amp; III</u>		<u>TIF Phase I</u>	
<u>% of AMI</u>	<u>% Units</u>	<u># Units</u>	<u>% Units</u>	<u># Units</u>	<u>% Units</u>	<u># Units</u>
60%	2.0%	34	2.4%	34	-	-
75%	5.0%	85	6.0%	85	-	-
80%	3.0%	51	1.6%	23	10.0%	28
	<b>10.0%</b>	<b>170</b>	<b>10.0%</b>	<b>142</b>	<b>10.0%</b>	<b>28</b>

According to Axiometrics, which tracks 50+ unit multifamily properties nationally, the 1.5-mile radius around Madison Station has only 1,624 for-rent multifamily units across 10 properties. The newest of these properties was delivered in 1982 and the overall vacancy sits at 2.2%, indicating a dearth of (and need for) multifamily development in the area. Fully built out, Madison Station would double the inventory of professionally managed multifamily units within a 1.5-mile radius, providing considerably more housing options for residents living in and interested in moving to Madison. The creation of much-needed new housing supply alongside the guarantee of restricted, affordable housing comingled in a mixed-income development will meet growing and accelerating housing demand in the Madison / East Nashville community and should help to keep Madison affordable as the interior of East Nashville builds out its substantial future job base.

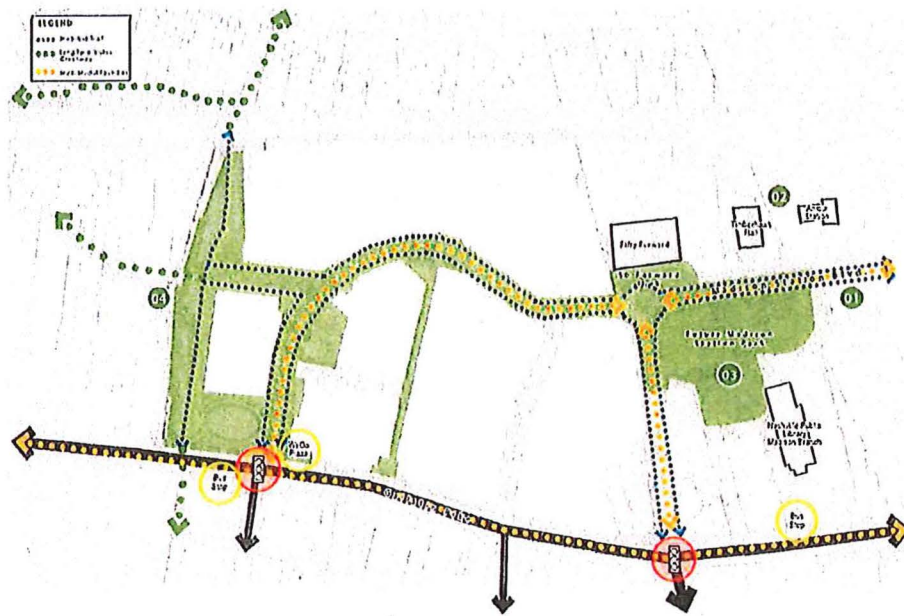
Live-Work-Play

The introduction of fresh, new office, retail, and food/beverage experiences brought by Madison Station will support and enhance recently completed public investments in Madison Station Boulevard, the concert venue Timberhawk Hall, Amqui Station, the Madison Public Library, and the prospective Park at Madison Station Boulevard. Madison Station will round out these investments to create a walkable, 18-hour, 7-day-a-week experience in the heart of Madison.

<sup>2</sup> As determined by HUD, the U.S. Department of Housing and Urban Development.

Greenways and Connectivity

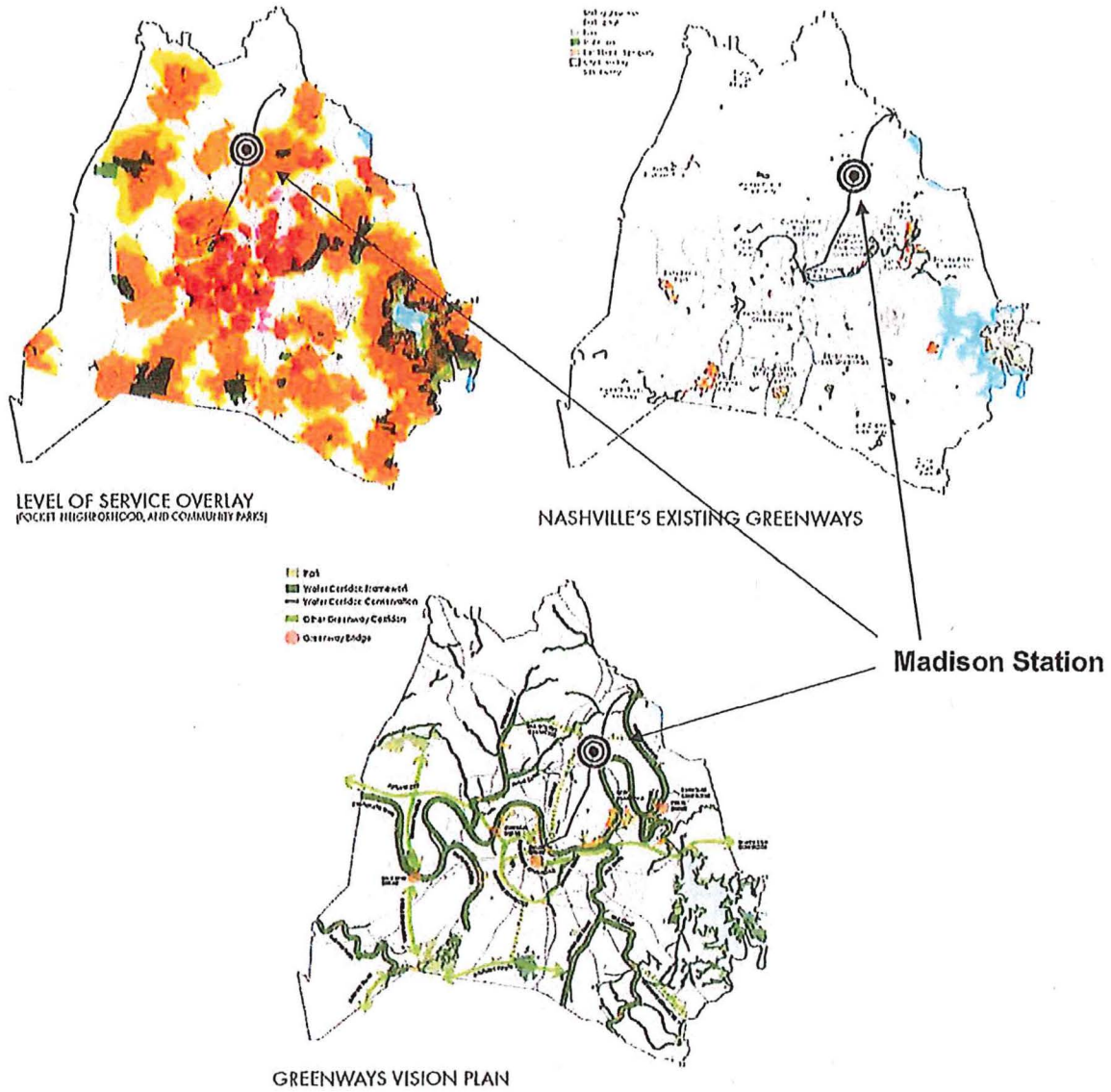
The master plan for Madison Station will bring forth significant and much-needed open space, parks, and connectivity to the region. The impact to the greater region can be seen in the "Madison Station Master Plan" supporting file; however, Page 9 of that file is called out below to show the specific emphasis on these three factors in the master plan. **The master plan calls for 12% of the site area to be public parkland and open space, with more than 2,450 linear feet of multi-modal supported streets, multiple pocket parks, an event plaza, a terraced lawn, and a pedestrian-friendly, public greenway.**



The location of Madison Station is distinctly central to one of the least, if not the least served areas of Nashville in terms of greenway connectivity and across all varieties of park service, as can be seen on the following page:

Madison Station Redevelopment Master Plan  
721 Madison Square, Madison, TN 37115

Greenways and Connectivity, Visual Exhibit:



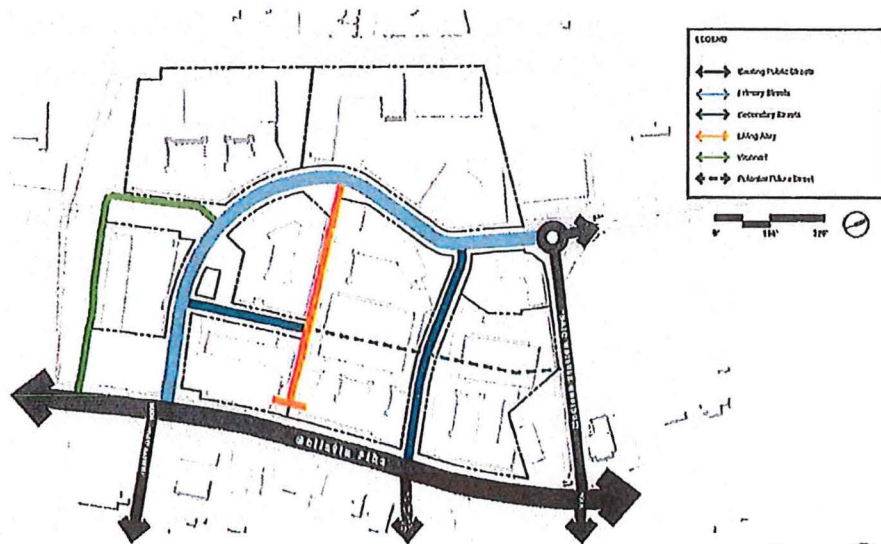
Madison Station Redevelopment Master Plan  
721 Madison Square, Madison, TN 37115

Transit Infrastructure

According to the nMotion "State of the System" report from 2015, the Route 56 Rapid Transit System provided on average 2,967 weekday rides and 1,800 Saturday rides – considerably more than any other route and more than the Route 55's (the 2<sup>nd</sup> most traveled, Murfreesboro Pike) 2,291 weekday riders. Moreover, a Nashville BizJournal article from October 2018 entitled "WeGo here: These are Nashville's most used transit routes", citing WeGo ridership data, reinforced Route 56 as the most traveled with a 2018 ridership of 789,976, more than the then 2<sup>nd</sup> most traveled Route 52 (Nolensville Pike) which saw 750,534 riders for the year. **The Developers believe, given the criticality of the Gallatin Pike Corridor and the Bus Rapid Transit Route 56, that Madison Station is an ideal area for a Neighborhood Transit Center** and have identified two locations on the master plan, the most efficient, logistically practical of which would be the "WeGo Plaza" denoted near the presently lit intersection of Emmitt Avenue.

Street Infrastructure

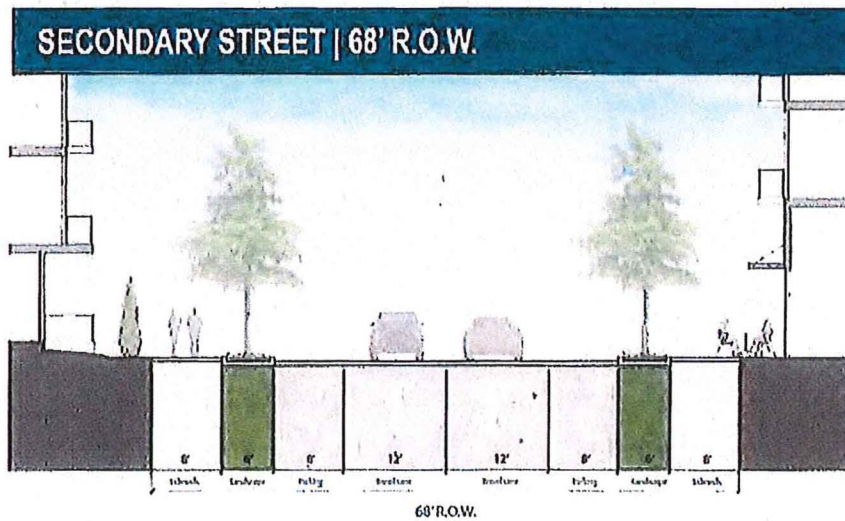
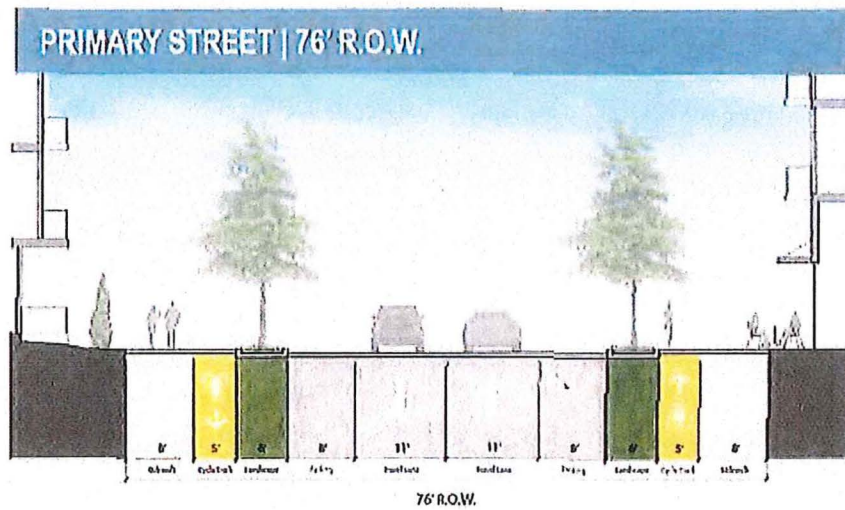
**Madison Station intends to connect to the new Madison Station Boulevard and extend the pedestrian-first, public street infrastructure it exemplifies.** The Madison Station street infrastructure consists of more than 2,400 linear feet of 76' and 68' right-of-way. The central road of the project is which will extend Madison Station Boulevard, consists of a symmetrical, 2-lane road with public parking and a landscape buffer separating the dedicated cycle track and sidewalk. This will encourage a safe, pleasant pedestrian experience – critical to a thoughtful, mixed-use development. Below is a depiction of the overall public street network:



**Madison Station Redevelopment Master Plan**  
721 Madison Square, Madison, TN 37115

It is anticipated that the extension of Madison Station Boulevard will become publicly owned and publicly maintained. The 68' right-of-way described in the master plan is expected to be fully accessible to the public but owned and maintained privately.

Additionally, visual depictions of the two 76' and 68' street sections are below (and can be viewed in greater size / detail in the document, "Madison Station Master Plan"):



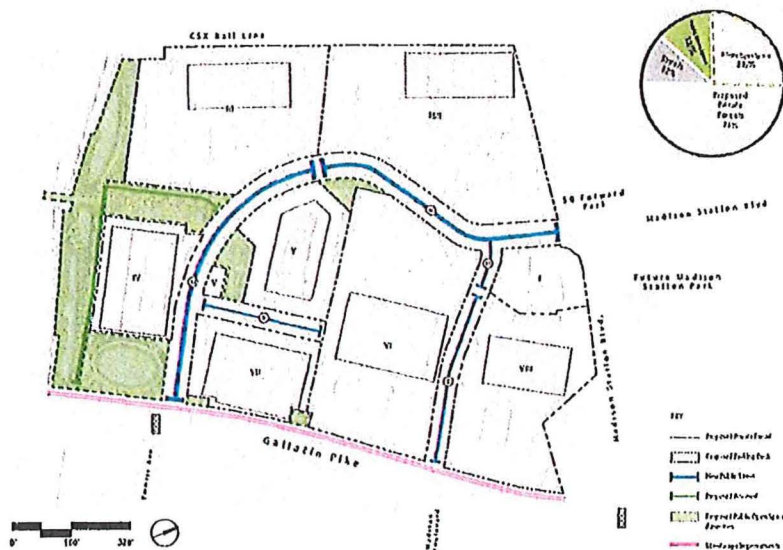
**Madison Station Redevelopment Master Plan**  
721 Madison Square, Madison, TN 37115

**Project / Vision & Master Plan**

The Developers anticipate Madison Station to consist of 6 to 7 phases of development, where Phase I and Phase II are likely to be merged into one phase. At full build out, it is anticipated the project will consist of:

Parks, Open Space, & Streets	+/- 15 Acres (47% of site)
... Streets/Multi-Modal Paths	3.5 Acres, more than 2,450 linear feet
... Public Parks/Open Space	3.8 Acres
... Private Parks/Open Space <sup>3</sup>	+/- 7.5 Acres
Parking Stalls	3,855 structured and surface
Floor Area Ratio (FAR)	1.23
Building Height	4 to 7 stories
Total Development	1,678,250 rentable square feet
... Ground-Floor Commercial	87,050 rentable square feet
... Mid-Rise Office	236,000 rentable square feet
... Mid-Rise Multifamily	1,694 units (1,355,200 rentable square feet)

A visual overview of the project can be seen below and in greater detail in the "Madison Station Master Plan" supporting file. It is important to note that the construction style of Phase I & II is likely to shift meaningfully, but the intended density should not. This will be led by the feasibility of delivering structured parking in today's environment. It is anticipated that as the project builds out and common area infrastructure is developed, greater density will be supportable by market rents for future phases.



<sup>3</sup> Anticipated based on current massing of individual phases. This is subject to change based on what eventual site plans look like but should provide context to the overall open space being brought in by redeveloping what is currently a nearly entirely impervious surface use.

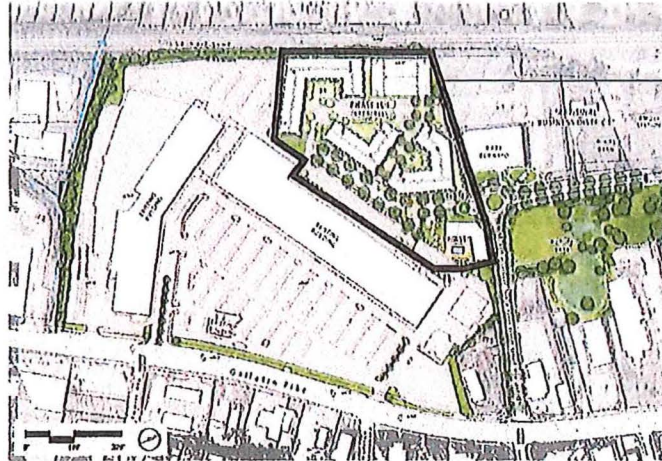


**Madison Station Redevelopment Master Plan**  
721 Madison Square, Madison, TN 37115

**Project / Phasing of TIF Phases and Private Development Phases**

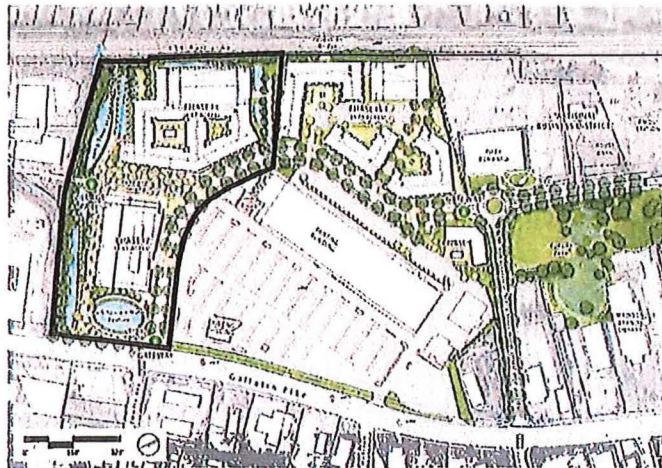
As discussed above, Madison Station will be developed through multiple development phases. In terms of financing, the Developers anticipate that there will effectively be three phases of Tax Increment Financing requested to support the needed infrastructure investment. Each phase of tax increment financing will house multiple vertical developments, detailed below:

**TIF Phase #1**



- Phase I/II**
- Multifamily
- + 280 Units
- + 7,250 SF Amenity/Retail
- + 350 Garage Stalls

**TIF Phase #2**



- Phase III**
- Multifamily
- + 373 Units
- + 5,600 SF Amenity/Retail
- + 532 Garage Stalls

- Phase IV**
- Office/Retail
- + 136,000 SF Office
- + 13,000 SF Retail
- + 480 Garage Stalls

Madison Station Redevelopment Master Plan  
721 Madison Square, Madison, TN 37115

Project / Phasing of TIF Phases and Private Development Phases [cont'd]

TIF Phase #3



Phase V, VI, & VIII

- Multifamily
- + 1,041 Units
- + 18,600 SF Amenity/Retail
- + 33,600 SF Retail
- + 1,402 Garage Stalls

Phase VII

- Office/Retail
- + 100,000 SF Office
- + 9,000 SF Retail
- + 429 Garage Stalls

**Madison Station Redevelopment Master Plan**  
721 Madison Square, Madison, TN 37115

**Budget / Overview & Breakout by Phase**

TIF Phase	TIF #1	TIF #2	TIF #3	Total
Existing Building SF (Madison Square)	28,252	165,760	135,768	329,780
Approximated Total Land Area	7.91 Ac	10.20 Ac	13.28 Ac	31.39 Ac
Approximated Private Parcel Land Area	6.76 Ac	5.82 Ac	11.91 Ac	24.49 Ac
<b>Anticipated Future Total Buildout</b>	<b>231,250</b>	<b>453,000</b>	<b>994,000</b>	<b>1,678,250</b>
<b>Residential</b>				
Total Residential (sq. ft.)	224,000	298,400	632,600	1,355,200
Total Residential (units)	280	373	1,041	1,694
Market Rate	252	336	936	1,524
Affordable at 60-80% AMI	28	37	105	170
<b>Commercial</b>				
Total Commercial (sq. ft.)	7,250	154,600	161,200	323,050
Subtotal, Office	-	136,000	100,000	236,000
Subtotal, Retail	-	13,000	42,600	55,600
Subtotal, Amenity	7,250	5,600	18,600	31,450
<b>Parking Stalls</b>				
	350	1,012	1,831	3,193
<b>Sitework</b>				
Subtotal, Sitework	\$2,602,024	\$5,391,655	\$6,662,337	\$14,656,016
<b>Street Infrastructure</b>				
Subtotal, 76' R.O.W.	\$1,030,987	\$1,164,652	-	\$2,195,639
Subtotal, 68' R.O.W.	\$170,924	\$545,084	\$779,031	\$1,495,038
Subtotal, Street Infrastructure	\$1,201,911	\$1,709,736	\$779,031	\$3,690,678
<b>Gallatin Pike Improvements</b>				
Subtotal, Gallatin Pike Improvements	-	\$676,336	\$1,279,149	\$1,955,485
<b>Public Open Space &amp; Amenities</b>				
01 Greenway + Creek + Pedestrian Bridge	-	\$2,093,283	-	\$2,093,283
02 Terraced Lawn	-	\$919,911	-	\$919,911
03 Park & Water Feature	-	\$1,056,639	-	\$1,056,639
04 Event Plaza	-	-	\$636,046	\$636,046
05 WeGo Plaza	-	-	\$132,156	\$132,156
06 Courtyard	-	\$76,207	-	\$76,207
07 Parklet	-	-	\$129,105	\$129,105
Subtotal, Public Open Space & Amenities	-	\$4,146,040	\$897,307	\$5,043,347
Subtotal, before Cost Escalation	\$3,803,935	\$11,923,767	\$9,617,824	\$25,345,526
+ Annual Escalation <sup>1</sup>	\$182,530	\$1,796,306	\$2,528,162	\$4,506,998
+ Years from 2022	1 Yrs	3 Yrs	5 Yrs	
= % Escalation <sup>1</sup>	5%	15%	26%	18%
<b>Total Hard Costs of TIF Uses</b>	<b>\$3,986,466</b>	<b>\$13,720,072</b>	<b>\$12,145,986</b>	<b>\$29,852,524</b>
Contingency <sup>2</sup>	\$383,314	\$1,319,238	\$1,167,883	\$2,870,435
District Formallon Soft Costs <sup>3</sup>	\$300,000	-	-	\$300,000
Capitalized Interest	\$570,000	\$1,810,000	\$1,600,000	\$3,980,000
<b>Total TIF Request</b>	<b>\$5,239,780</b>	<b>\$16,849,310</b>	<b>\$14,913,869</b>	<b>\$37,002,959</b>
<b>Anticipated Tax Value (\$000s)</b>	<b>\$57,994</b>	<b>\$132,035</b>	<b>\$294,170</b>	<b>\$404,199</b>
% of Tax Value	9.0%	12.8%	5.1%	7.6%
<b>Anticipated Construction Cost (\$000s)</b>	<b>\$68,646</b>	<b>\$184,024</b>	<b>\$378,711</b>	<b>\$631,380</b>
% of Tax Value	7.6%	9.2%	3.9%	5.9%

**Footnotes**

1. JE Dunn underwrote a 3.75% escalation from Q1 2023. The Developers have revised upwards to 5.0%.
2. Contingency is applied to costs before soft costs associated with project management.
3. This includes soft costs (for example: architectural, engineering, and legal fees) associated with planning out the project.

### **Budget / Utilization and Repayment of Tax Increment Funds**

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A detailed overview of the timing of repayment, allocation of costs, and the assumptions made by Development Planning & Finance Group and the Developer can be seen in the supporting file, "Madison Station Analysis".

In addition to the infrastructure hard cost budget, the Developers anticipate an additional \$300,000 in master-planning related soft costs to be incurred in TIF Phase I, a contingency of 10.0%<sup>4</sup>, and a capitalized interest budget of approximately \$4.0 million assuming a 6.00% interest rate.

**The complete infrastructure budget is anticipated to be approximately \$37 million, representing 7.6% of the uninflated tax appraisal value of the fully built out project (\$484 million, which is nearly half of the surrounding 1-mile tax value of just over \$1.0 billion) and 5.9% of the anticipated private construction cost (\$631 million).**

To assist the Developers in funding the infrastructure required to support the planned mixed-use development, the Developers will be requesting that the Industrial Development Board ("IDB") authorize the use of Tax Increment Financing ("TIF"). The Project, for financing purposes, is planned to be built in three phases. The Developers are requesting separate TIF loans for each phase of the project, to be funded with 75% of the incremental taxes generated by the respective phase of the project. The proceeds of the loan will be utilized to fund the infrastructure and other eligible costs. The portion of the incremental taxes received by the IDB from each phase will be allocated to pay the TIF loan for that phase, and any shortfall in the phase prior, until such point that the loans are repaid with a period not to exceed 30 years after the initial, 2 year construction period.

To mitigate the risk of the requested IDB financing, the Developers will be utilizing private sources of capital to construct the needed infrastructure with IDB financing to be used as a reimbursement to the Developers. No reimbursement will be requested in advance of construction and any requested financing via the IDB or a public/private partnership will be based on known and existing ad valorem tax revenues. This approach will ensure the optimal terms of any long-term financing program.

The project is anticipated to produce approximately \$194.7 million in new property taxes over the course of the 30-year payback period, with approximately \$3.8 million in property taxes generated annually by year 10 and escalating at 4% per annum. It is anticipated that, of this tax increment generated, only \$68.8 million (35% of the net generated property taxes) will be needed to repay the infrastructure investment via the TIF.

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<sup>4</sup> On direct construction costs, excluding soft costs, project management costs, and capitalized interest.

**Madison Station Redevelopment Master Plan**  
721 Madison Square, Madison, TN 37115

**Repayment / Forecasted Tax Increment Generated**

Exhibit H: Expanded  
Artesia Real Estate  
Madison Station  
TIF Repayment - 75% Contribution  
October 4, 2022

Year	Beginning Balance	Total Net Property Taxes Generated by Project				Tax Increment to Developer	Excess Taxes Generated
		TIF #1	TIF #2	TIF #3	Combined		
2023	\$ 5,239,780	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2024	\$ 5,554,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2025	\$ 22,736,726	\$ 403,572	\$ -	\$ -	\$ 403,572	\$ 302,679	\$ 100,893
2026	\$ 23,780,090	\$ 420,193	\$ 659,176	\$ -	\$ 1,079,369	\$ 809,527	\$ 269,842
2027	\$ 39,262,666	\$ 437,479	\$ 686,754	\$ -	\$ 1,124,233	\$ 843,174	\$ 281,058
2028	\$ 40,724,661	\$ 455,456	\$ 1,216,508	\$ 520,475	\$ 2,192,440	\$ 1,644,330	\$ 548,110
2029	\$ 41,425,151	\$ 474,153	\$ 1,266,588	\$ 544,460	\$ 2,285,200	\$ 1,713,900	\$ 571,300
2030	\$ 42,093,926	\$ 493,597	\$ 1,318,671	\$ 1,957,325	\$ 3,769,593	\$ 2,827,195	\$ 942,398
2031	\$ 41,622,736	\$ 513,819	\$ 1,372,837	\$ 2,039,010	\$ 3,925,665	\$ 2,944,249	\$ 981,416
2032	\$ 40,999,196	\$ 534,849	\$ 1,429,169	\$ 2,901,894	\$ 4,865,912	\$ 3,649,434	\$ 1,216,478
2033	\$ 39,590,748	\$ 556,722	\$ 1,487,755	\$ 3,021,285	\$ 5,065,761	\$ 3,799,321	\$ 1,266,440
2034	\$ 37,938,913	\$ 579,468	\$ 1,548,684	\$ 3,145,451	\$ 5,273,604	\$ 3,955,203	\$ 1,318,401
2035	\$ 36,022,732	\$ 603,125	\$ 1,612,051	\$ 3,274,585	\$ 5,489,761	\$ 4,117,320	\$ 1,372,440
2036	\$ 33,819,736	\$ 627,728	\$ 1,677,952	\$ 3,408,883	\$ 5,714,563	\$ 4,285,923	\$ 1,428,641
2037	\$ 31,305,843	\$ 653,316	\$ 1,746,489	\$ 3,548,554	\$ 5,948,358	\$ 4,461,269	\$ 1,487,090
2038	\$ 28,455,248	\$ 679,926	\$ 1,817,768	\$ 3,693,811	\$ 6,191,505	\$ 4,643,629	\$ 1,547,876
2039	\$ 25,240,317	\$ 707,601	\$ 1,891,898	\$ 3,844,878	\$ 6,444,378	\$ 4,833,283	\$ 1,611,094
2040	\$ 21,631,466	\$ 736,383	\$ 1,968,993	\$ 4,001,989	\$ 6,707,365	\$ 5,030,524	\$ 1,676,841
2041	\$ 17,596,988	\$ 766,317	\$ 2,049,172	\$ 4,165,384	\$ 6,980,872	\$ 5,235,654	\$ 1,745,218
2042	\$ 13,103,014	\$ 797,448	\$ 2,132,558	\$ 4,335,314	\$ 7,265,319	\$ 5,448,989	\$ 1,816,330
2043	\$ 8,113,266	\$ 829,824	\$ 2,219,279	\$ 4,512,042	\$ 7,561,144	\$ 5,670,858	\$ 1,890,286
2044	\$ 2,588,952	\$ 863,495	\$ 2,309,469	\$ 4,695,839	\$ 7,868,803	\$ 2,588,952	\$ 5,279,851
2045	\$ -	\$ 898,512	\$ 2,403,267	\$ 4,886,987	\$ 8,188,767	\$ -	\$ 8,188,767
2046	\$ -	\$ 934,931	\$ 2,500,817	\$ 5,085,782	\$ 8,521,530	\$ -	\$ 8,521,530
2047	\$ -	\$ 972,806	\$ 2,602,269	\$ 5,292,528	\$ 8,867,604	\$ -	\$ 8,867,604
2048	\$ -	\$ 1,012,197	\$ 2,707,779	\$ 5,507,545	\$ 9,227,520	\$ -	\$ 9,227,520
2049	\$ -	\$ 1,053,163	\$ 2,817,509	\$ 5,731,162	\$ 9,601,833	\$ -	\$ 9,601,833
2050	\$ -	\$ 1,095,767	\$ 2,931,629	\$ 5,963,723	\$ 9,991,119	\$ -	\$ 9,991,119
2051	\$ -	\$ 1,140,076	\$ 3,050,313	\$ 6,205,587	\$ 10,395,976	\$ -	\$ 10,395,976
2052	\$ -	\$ 1,186,157	\$ 3,173,744	\$ 6,457,126	\$ 10,817,028	\$ -	\$ 10,817,028
2053	\$ -	\$ 1,234,081	\$ 3,302,113	\$ 6,718,726	\$ 11,254,921	\$ -	\$ 11,254,921
2054	\$ -	\$ 1,283,923	\$ 3,435,617	\$ 6,990,791	\$ 11,710,330	\$ -	\$ 11,710,330
<b>TOTAL</b>		<b>\$ 22,946,084</b>	<b>\$ 59,336,827</b>	<b>\$ 112,451,135</b>	<b>\$ 194,734,046</b>	<b>\$ 68,805,413</b>	<b>\$ 125,928,633</b>

Repayment / Evidence of Tax Appraisal Value

The Developers have extensively researched the Davidson County tax records and brought forward in Exhibits B-1, B-2, C-1, and C-2 information to support the assumptions used by DPFG.

The project naturally fits into three styles of delivered product:

Phase I/II MF:	4-Story Multifamily
Phase III MF:	5+ Story Multifamily
All Phase Commercial:	Ground-Floor Retail Multi-Story Office

Phase I/II Multifamily ("MF")

This consisted of 11 properties built within 10 miles of Downtown Nashville, totaling approximately 2,720 units (247 units per project) and built between 2016 and 2021 (with an average year of delivery of 2019) and consisting of between 3 and 4 stories.

Median	\$58.6 Million	\$253 / RSF
Average	\$54.2 Million	\$253 / RSF

**The Developers and DPFG have assumed a 2022 valuation for Phase I and II's apartment product of \$250 / RSF.**

Phase III Multifamily ("MF")

This consisted of 16 properties built within the urban core (all within 4 miles of Downtown) of Nashville, totaling approximately 4,258 units (266 units per project) and built between 2016 and 2020 (with an average year of delivery of 2017) and consisting of between 5 and 6 stories.

Median	\$66.6 Million	\$305 / RSF
Average	\$66.9 Million	\$305 / RSF

**The Developers and DPFG have assumed a 2022 valuation for the remaining phases' (except Phase I/II) apartment product of \$300 / RSF.**

All Phase Commercial

This consisted of 18 properties built within 15 miles of Downtown Nashville, totaling approximately 2.4 million square feet (132,300 per project) and built between 2015 and 2021 (with an average year of delivery of 2018) and consisting of between 3 and 5 stories (with one 7-story exception, "Seven Springs West" in Brentwood).