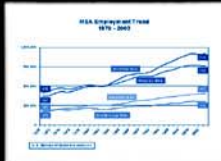


JUNE 2005

Recent Trends

Population, Employment, Property Tax Base Chattanooga MSA & Hamilton County



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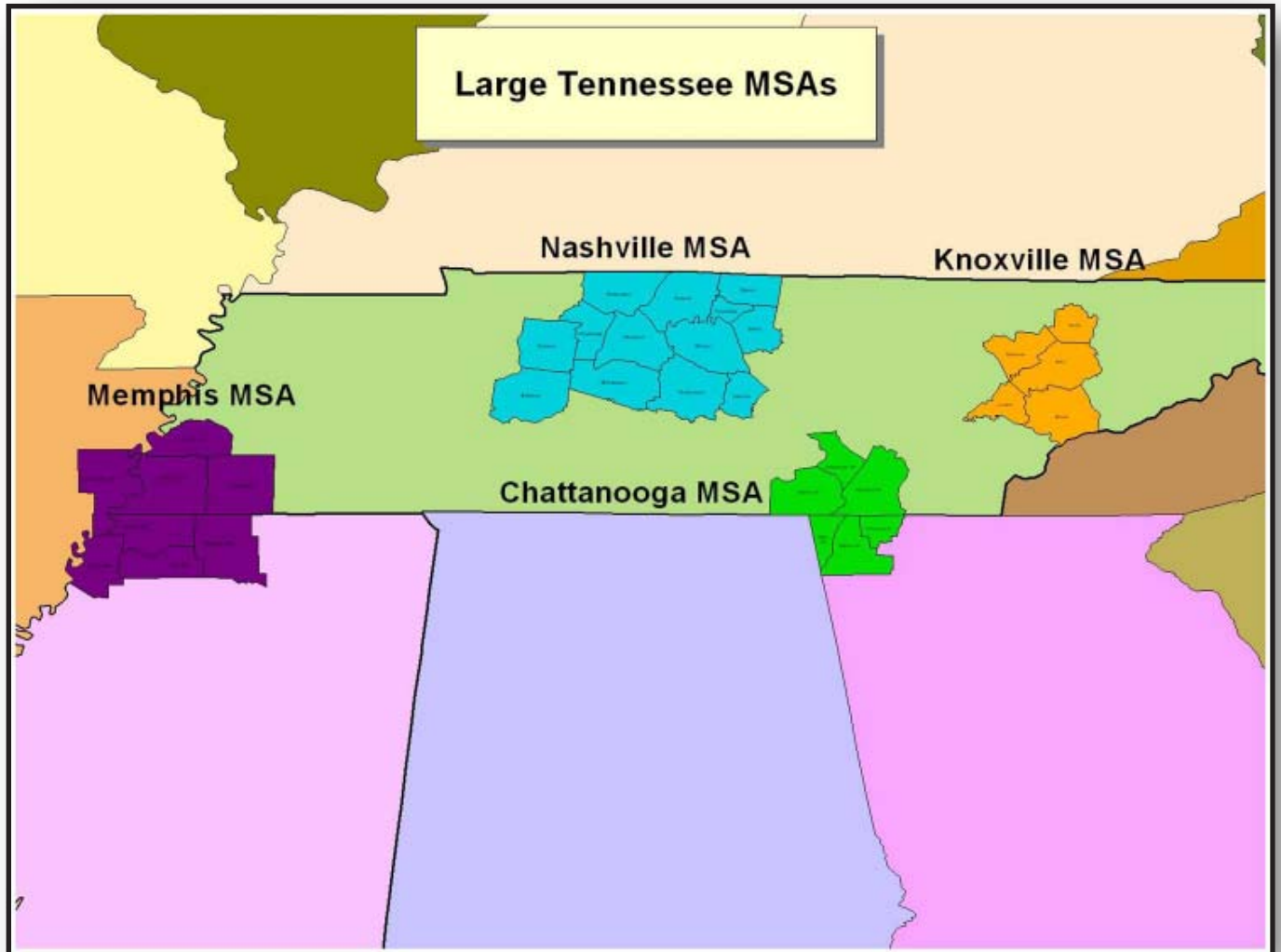
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**Prepared by the Chattanooga-Hamilton County
Regional Planning Agency**

This report provides updated information on several socio-economic measures related to the Chattanooga Metropolitan Statistical Area (MSA) and its principal county Hamilton County, TN. Data are shown for Population and Migration trends, Employment trends, and Property Tax Base trends. Where available, comparative data are shown for the three largest Tennessee MSAs and their principal counties: Knoxville (Knox County), Memphis (Shelby County), and Nashville (Davidson County).

The map below shows the location of the four large Tennessee MSAs.



The Chattanooga MSA, which includes Hamilton, Marion and Sequatchie Counties in Tennessee and Catoosa, Dade and Walker Counties in Georgia, lagged behind the Knoxville, Memphis and Nashville MSAs in population growth percentage from 2000 to 2004. Also, it lagged behind the Knoxville and Nashville MSAs in employment growth percentage from 1999 to 2003, but achieved a higher percentage growth than the Memphis MSA.

GROWTH SUMMARY COMPARISON


	Population Growth 2000 -2004	Employment Growth 1999 -2003
MSA		
Chattanooga	2.6%	1.1%
Knoxville	4.8%	6.2%
Nashville	6.0%	2.3%
Memphis	3.5%	0.5%
County		
Hamilton	0.8%	0.6%
Knox	4.5%	5.1%
Davidson	0.4%	-1.2%
Shelby	1.1%	-0.9%

From 2000 to 2004, the population in the Chattanooga MSA grew from 477,191 to 489,609, an increase of 2.6%. This growth rate was well below the rates achieved by the other three major MSAs in Tennessee. Most of the population growth for the Chattanooga MSA was accounted for by growth in the three North Georgia counties that are part of the metropolitan area.

Hamilton County's population growth from 2000 to 2004 was 0.8%, or 2,361 people. For comparison, Knox County grew 4.5%, Shelby County grew 1.1%, and Davidson County grew 0.4%.

From 1997 to 2003, Hamilton County has experienced a net outflow of households, numbering 1,790, to other locations. Catoosa, Dade, and Walker Counties in Georgia have been the principal recipients of these households migrating from Hamilton County.

In 2003, there were 297,636 people working in the Chattanooga MSA according to data from the U. S. Bureau of Economic Analysis. From 1999 to 2003, employment grew 1.1% in the Chattanooga MSA. Comparable growth for the other large MSAs were: Nashville, 2.3%; Knoxville, 6.2%; and Memphis 0.5%.



The Services sector is the largest employment sector in Hamilton County, employing about 67,700 people in 2003. It is also the largest sector in Davidson, Knox and Shelby counties. Manufacturing ranked fourth among the major employment sectors in Hamilton County, lower than Services, Retail, and Government. All four large counties experienced significant declines in Manufacturing employment from 1970 to 2003.

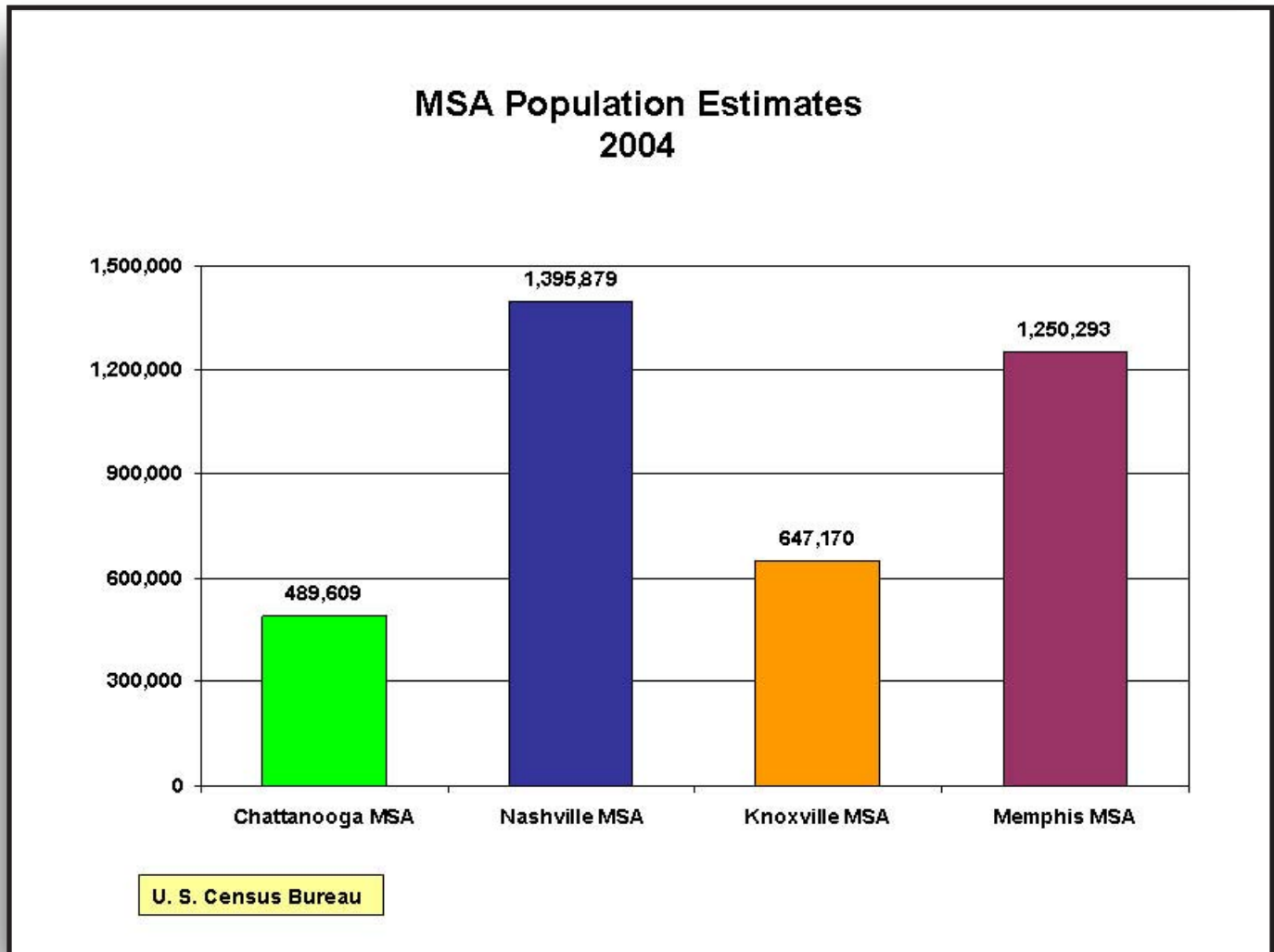
In 2003 the Finance/Insurance/Real Estate sector had the highest average annual earnings in Hamilton County at \$54,046. The next highest average earnings were in the Government sector at \$51,316 and the Manufacturing sector at \$50,006.

Average 2003 earnings in Hamilton County were 4% to 9% higher than the national average in four of the seven industry sectors: Finance, Government, Construction and Retail. In the other three sectors Hamilton County's averages were well below national averages: Transportation (30% below), Manufacturing (21% below) and Services (13% below).

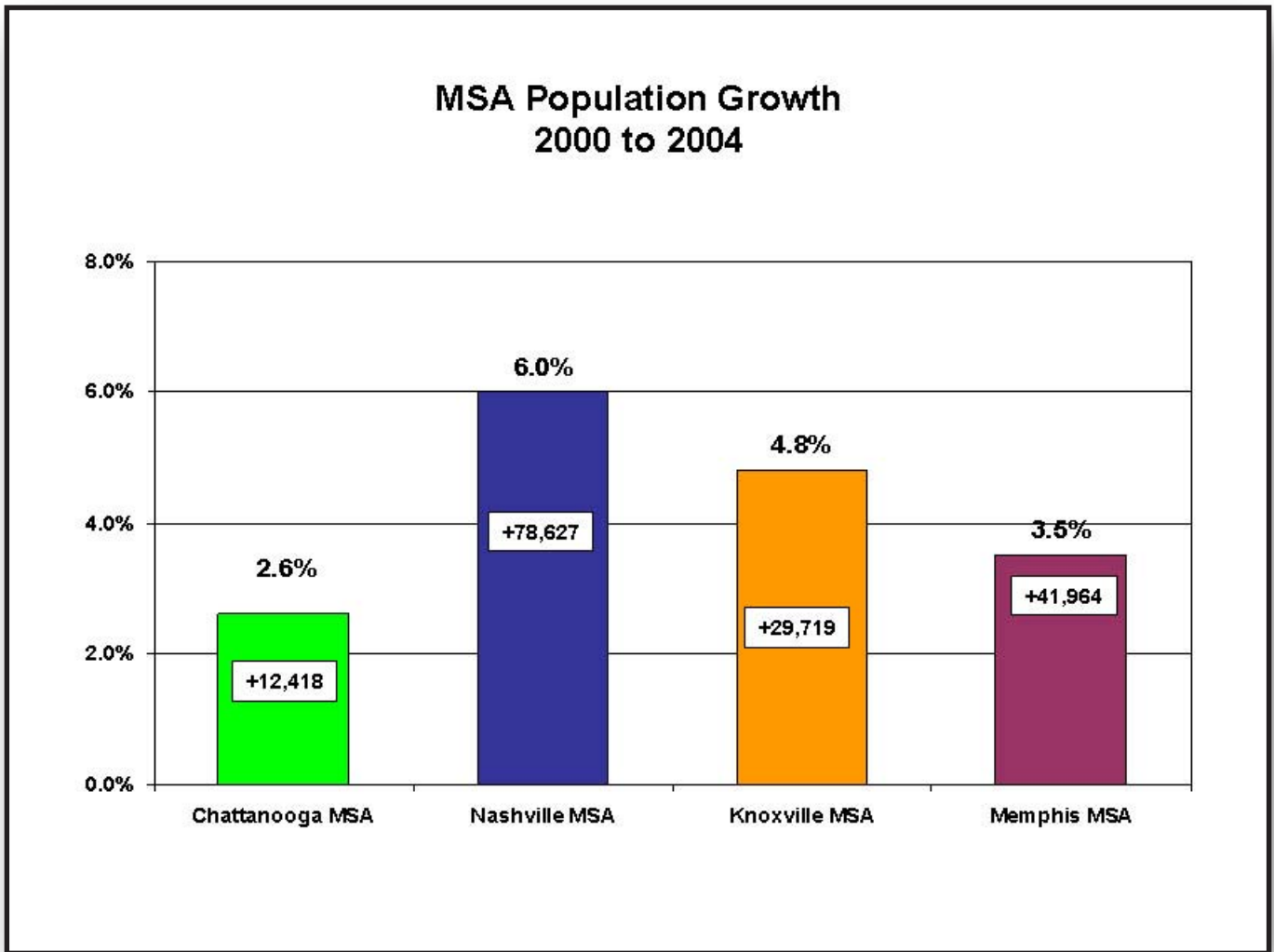
The appraised value of Hamilton County's property tax base amounted to \$19.7 billion in 2003, up 21% from \$16.3 billion in 1999. Approximately 61% of the tax base was represented by Residential/Farm/Forest property and 26% was Commercial/Industrial property.

The appraised value of Hamilton County's property tax base amounted to \$19.7 billion in 2003, up 21% from \$16.3 billion in 1999. Approximately 61% of the tax base was represented by Residential/Farm/Forest property and 26% was Commercial/Industrial property. The City of Chattanooga's property tax base was \$10.8 billion in 2003, up 19% from \$9.1 billion in 1999.

The Census Bureau publishes annual population estimates as of July 1 of each year. Based on 2004 estimates, the Chattanooga MSA, while the fourth largest in population in Tennessee, is dwarfed by the top two, Nashville and Memphis, and has about three-fourths the number of people as the Knoxville MSA.



From 2000 to 2004 the Chattanooga MSA population grew slightly from an estimated 477,191 in 2000 to 489,609 in 2004. This represents an increase of 2.6%. However, the other three large MSAs surpassed Chattanooga in population growth, both numerically and percentage-wise.



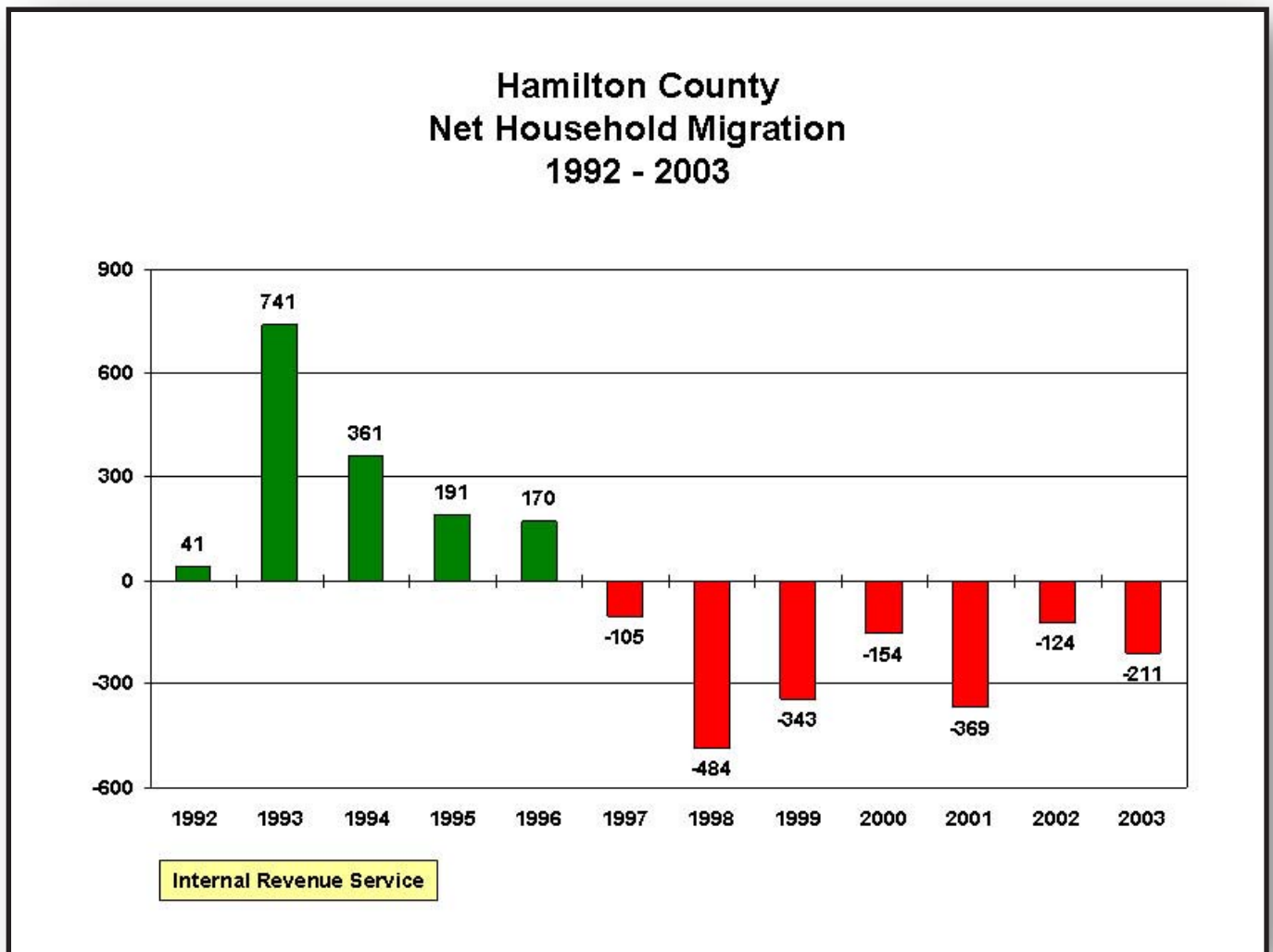
While Hamilton County, with a 2004 population of 310,371, accounted for 63% of the Chattanooga MSA population in 2004, most of the MSA population growth from 2000 to 2004 was attributable to the three counties in Georgia—Catoosa, Dade and Walker. Hamilton County's population grew only 0.8% from 2000 to 2004. Catoosa grew 11.5%, Dade 5.3% and Walker 3.7%.

In the Knoxville MSA, Knox County had a population growth of 4.5% and Blount County jumped 7.1%. In the Memphis MSA, Shelby County's population grew only 1.1%, but DeSoto County, MS grew 20.2%, Fayette County, TN and Tipton County, TN grew 15.5% and 6.1% respectively. Davidson County, the Nashville MSA's principal county, grew only 0.4%. Yet the Nashville MSA benefited from strong population growth in Rutherford (14.5%), and Williamson (14.7%).

POPULATION ESTIMATES (JULY 1)

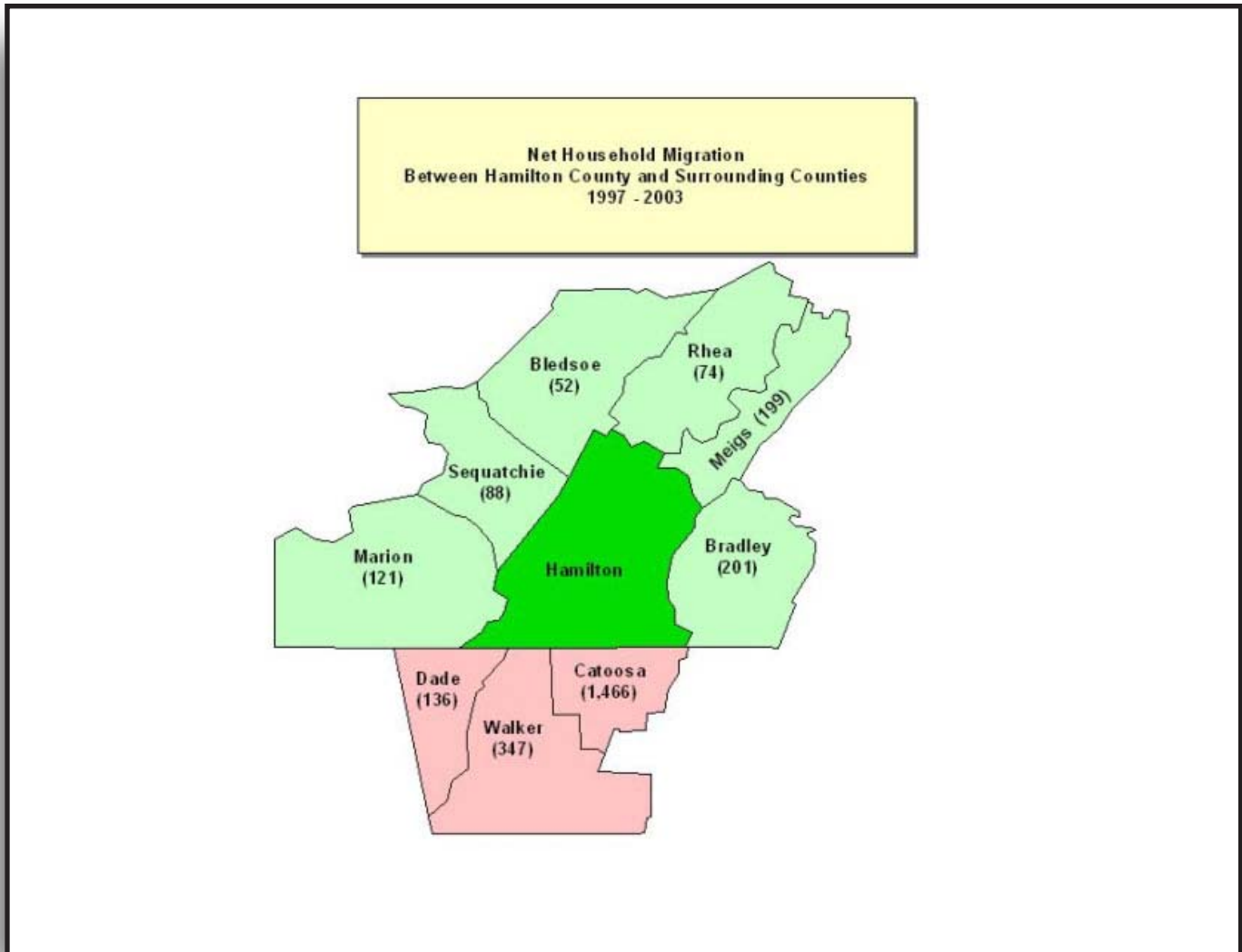
	ST	2000	2001	2002	2003	2004	Change, 2000-2004	
							Number	Percent
Chattanooga MSA		477,191	480,201	483,305	486,519	489,609	12,418	2.6%
Hamilton County	TN	308,010	308,565	309,311	309,708	310,371	2,361	0.8%
Marion County	TN	27,776	27,804	27,793	27,840	27,661	-115	-0.4%
Sequatchie County	TN	11,414	11,539	11,798	12,046	12,361	947	8.3%
Catoosa County	GA	53,668	54,897	56,576	58,284	59,845	6,177	11.5%
Dade County	GA	15,193	15,530	15,727	15,932	15,992	799	5.3%
Walker County	GA	61,130	61,866	62,100	62,709	63,379	2,249	3.7%
Knoxville MSA		617,451	624,943	632,251	640,641	647,170	29,719	4.8%
Anderson County	TN	71,293	71,461	71,691	71,970	72,244	951	1.3%
Blount County	TN	106,247	108,042	109,720	111,521	113,744	7,497	7.1%
Knox County	TN	382,812	387,137	391,494	396,672	400,061	17,249	4.5%
Loudon County	TN	39,228	39,966	40,778	41,646	42,237	3,009	7.7%
Union County	TN	17,871	18,337	18,568	18,832	18,884	1,013	5.7%
Memphis MSA		1,208,329	1,216,581	1,226,726	1,238,859	1,250,293	41,964	3.5%
Fayette County	TN	29,122	30,299	31,193	32,330	33,624	4,502	15.5%
Shelby County	TN	898,265	898,935	901,725	905,299	908,175	9,910	1.1%
Tipton County	TN	51,559	52,800	53,383	54,137	54,722	3,163	6.1%
Desoto County	MS	108,619	113,412	118,707	124,483	130,587	21,968	20.2%
Marshall County	MS	35,074	35,000	35,243	35,601	35,498	424	1.2%
Tate County	MS	25,453	25,536	25,608	25,871	26,133	680	2.7%
Tunica County	MS	9,232	9,371	9,699	9,968	10,066	834	9.0%
Crittenden County	AR	51,005	51,228	51,168	51,170	51,488	483	0.9%
Nashville MSA		1,317,252	1,336,907	1,352,920	1,372,121	1,395,879	78,627	6.0%
Cannon County	TN	12,915	13,068	13,109	13,217	13,339	424	3.3%
Cheatham County	TN	36,114	36,599	37,107	37,321	38,032	1,918	5.3%
Davidson County	TN	569,955	571,312	569,174	570,136	572,475	2,520	0.4%
Dickson County	TN	43,338	43,793	44,323	44,974	45,339	2,001	4.6%
Hickman County	TN	22,440	22,728	23,228	23,293	23,612	1,172	5.2%
Macon County	TN	20,453	20,889	20,862	21,036	21,401	948	4.6%
Robertson County	TN	54,858	56,084	57,234	58,255	59,322	4,464	8.1%
Rutherford County	TN	183,468	189,437	195,668	202,225	210,025	26,557	14.5%
Smith County	TN	17,815	17,973	18,181	18,323	18,413	598	3.4%
Sumner County	TN	131,162	133,796	136,458	138,747	141,611	10,449	8.0%
Trousdale County	TN	7,323	7,367	7,397	7,465	7,484	161	2.2%
Williamson County	TN	128,119	132,485	136,714	141,551	146,935	18,816	14.7%
Wilson County	TN	89,292	91,376	93,465	95,578	97,891	8,599	9.6%

In a report issued by the Regional Planning Agency in 2003, entitled "Inter-County Commuting Patterns and Migration Trends," (available on the RPA website at www.chcrpa.org) household migration between Hamilton County and other counties was analyzed over the period of 1992 through 2001. That analysis, based on data from the Internal Revenue Service, showed net inflows of households and population into Hamilton County each year from 1992 to 1996, but then a reversal to net outflows in each year from 1997 to 2001. The most recent data from the IRS showed a continuation of the negative flow of households and population from Hamilton County for years 2002 and 2003.

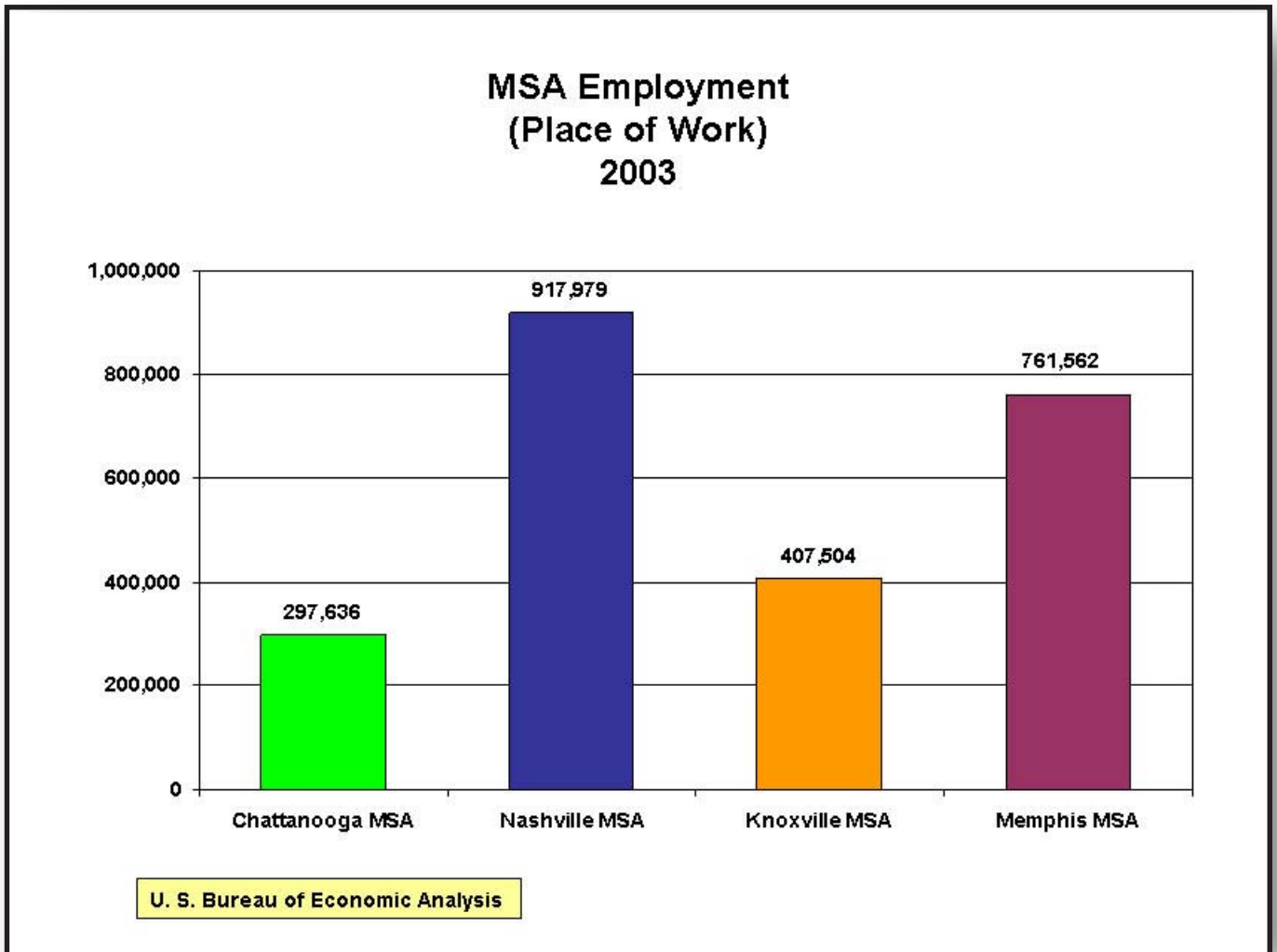


Since 1997, Hamilton County has experienced a net outflow of households to other locations amounting to 1,790. The estimated population outflow attributable to these households amounted to 5,960 people.

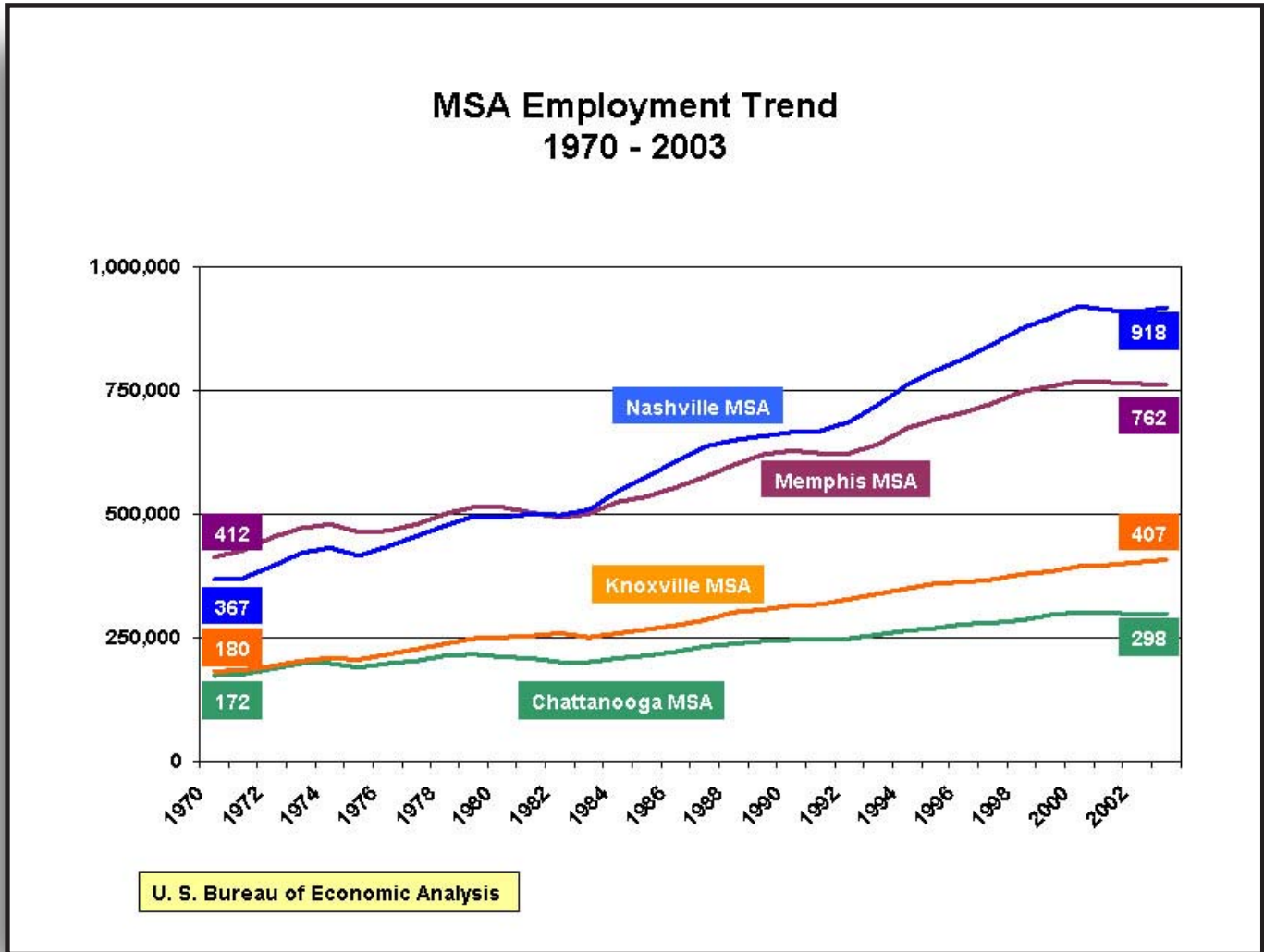
Much of the net outflow of households and population from Hamilton County during the 1997-2003 period has been to surrounding counties. Catoosa County, GA, especially, has been a principal destination of households migrating from Hamilton County.



The Bureau of Economic Analysis (part of the U. S. Department of Commerce) provides annual estimates of employment and wages based on work location regardless of where the workers reside. In 2003 there were about 297,600 full- and part-time workers employed within the Chattanooga MSA. As with population, employment in the Chattanooga MSA was significantly lower than in the three largest Tennessee MSAs.

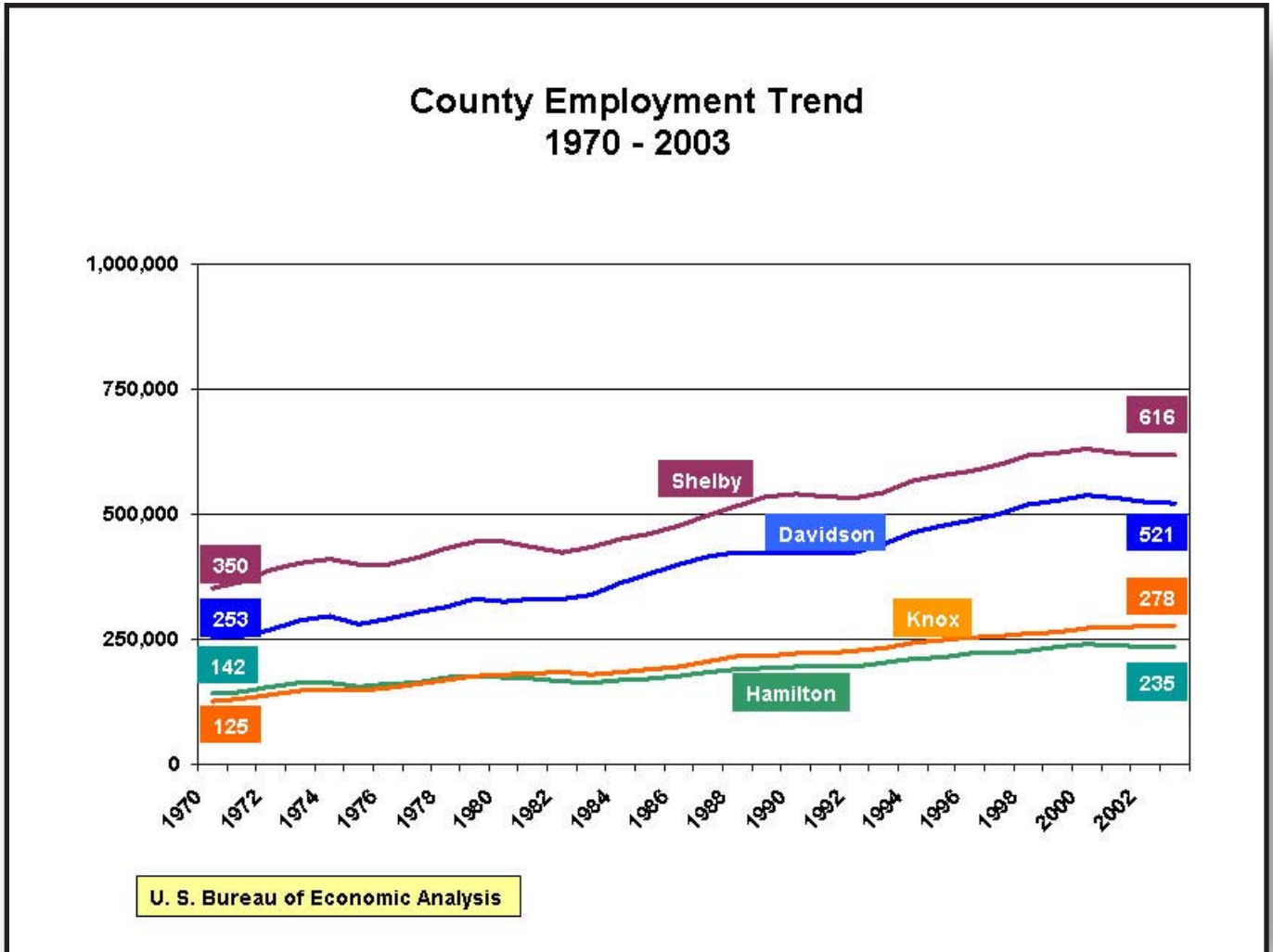


From 1970 to 2003, total full- and part-time employment in the Chattanooga MSA grew from 172,095 to 297,636 at an average annual compound growth rate of 1.7%. The comparable annual growth rates for the other large Tennessee MSAs were: Knoxville, 2.5%; Memphis, 1.9%; and Nashville, 2.8%.



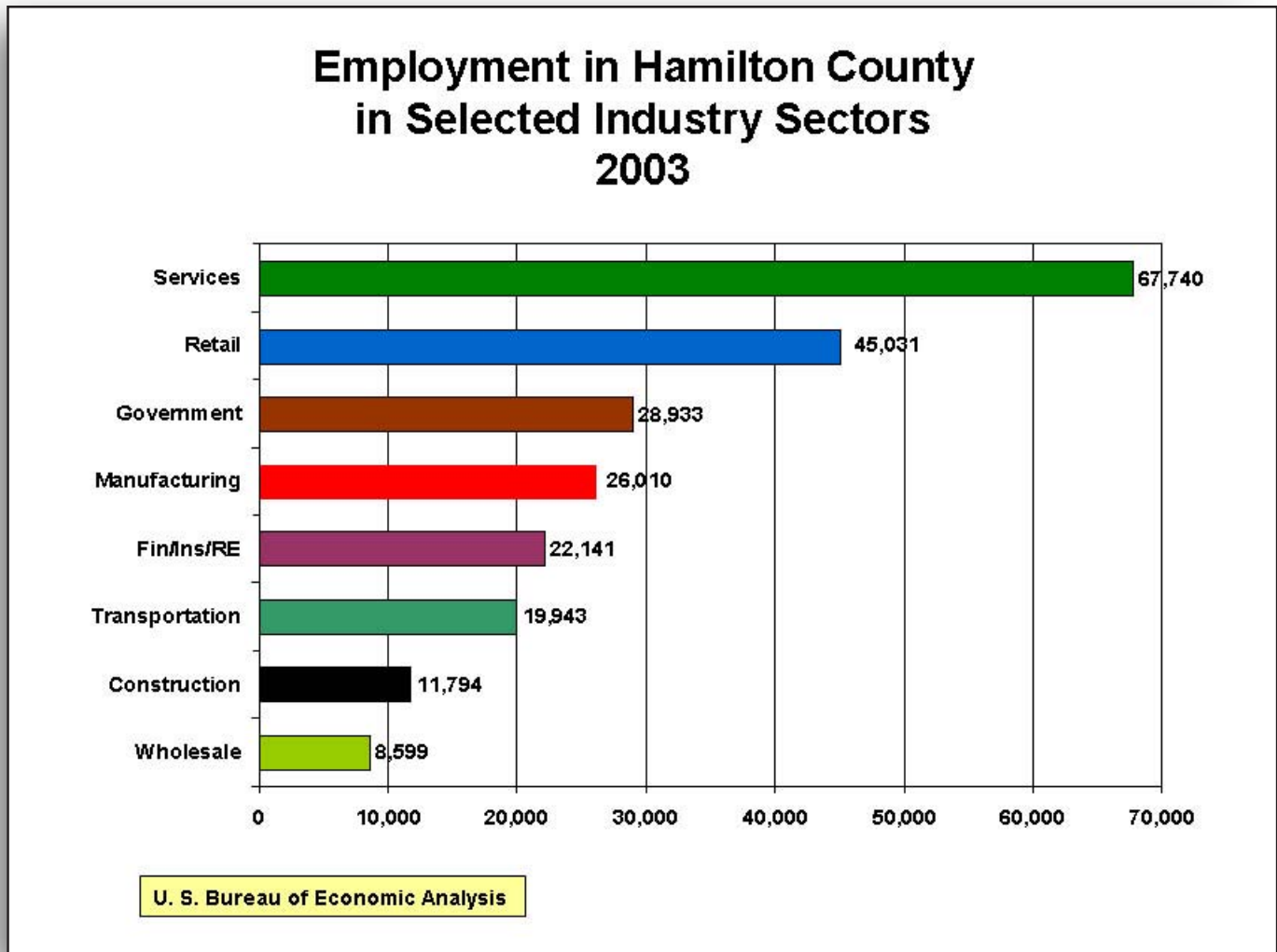
Over the most recent five year period, from 1999 to 2003, employment in the Chattanooga MSA grew 1.1%. The growth from 1999 to 2003 for the other large MSAs was: Nashville 2.3%, Knoxville 6.2% and Memphis 0.5%.

In 2003, 79% of the employment within the Chattanooga MSA was in Hamilton County representing 235,201 jobs. The average annual growth rate for Hamilton County over the 1970-2003 period was 1.6% compared to 2.4% for Knox County, 1.7% for Shelby County, and 2.2% for Davidson County.



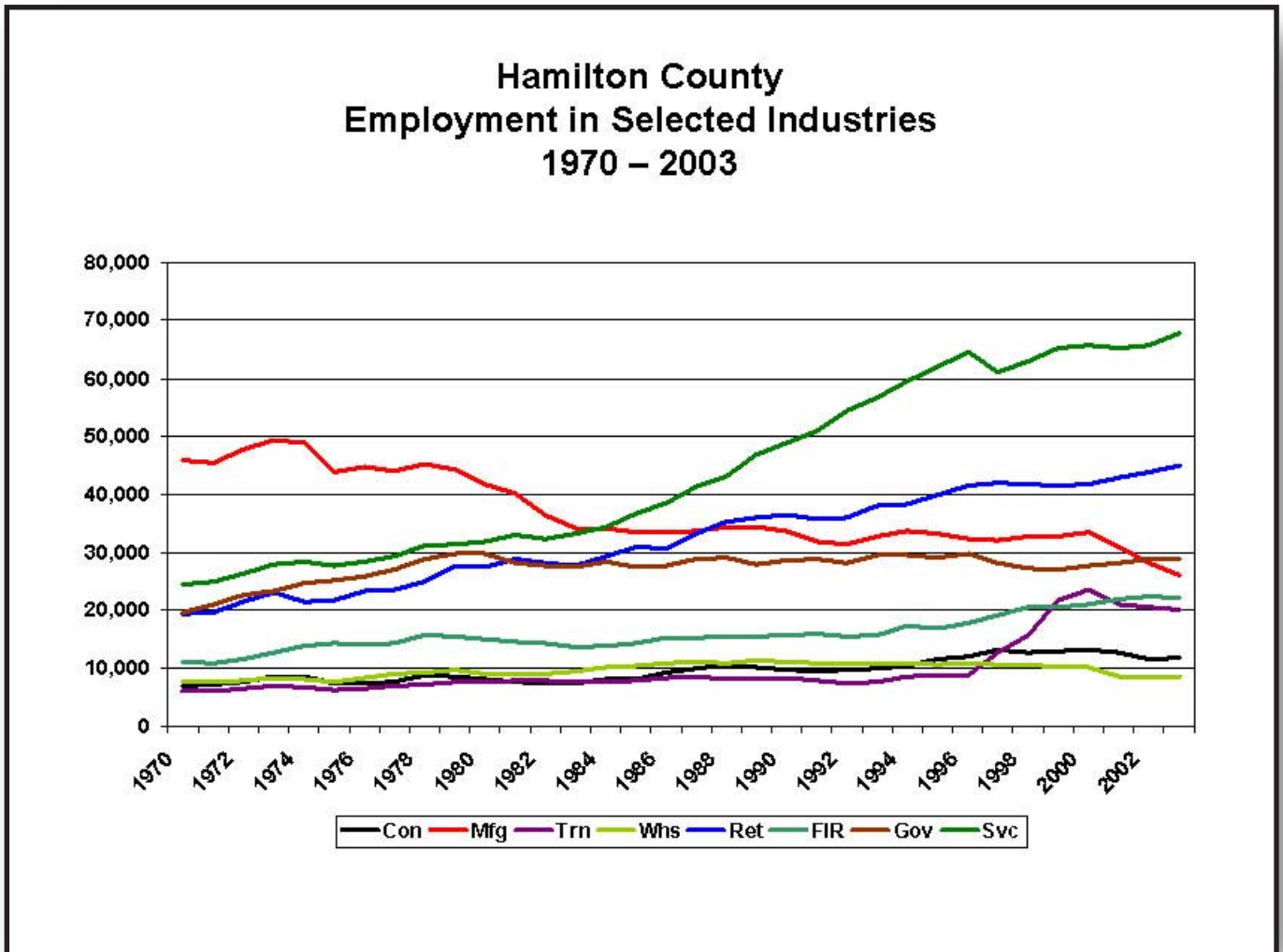
From 1999 to 2003, Hamilton County's employment increased by 0.6%. Knox County's increase was 5.1%, while both Davidson and Shelby had percentage decreases of -1.2% and -0.9% respectively.

Since the mid-1980s, Hamilton County's predominant employment sector has been the Services sector, which includes health care services, professional and technical services, legal services, business services and personal services and other types of services. In 2003, 67,740 people were employed in this sector in Hamilton County, which represented 29% of all employment in the County.



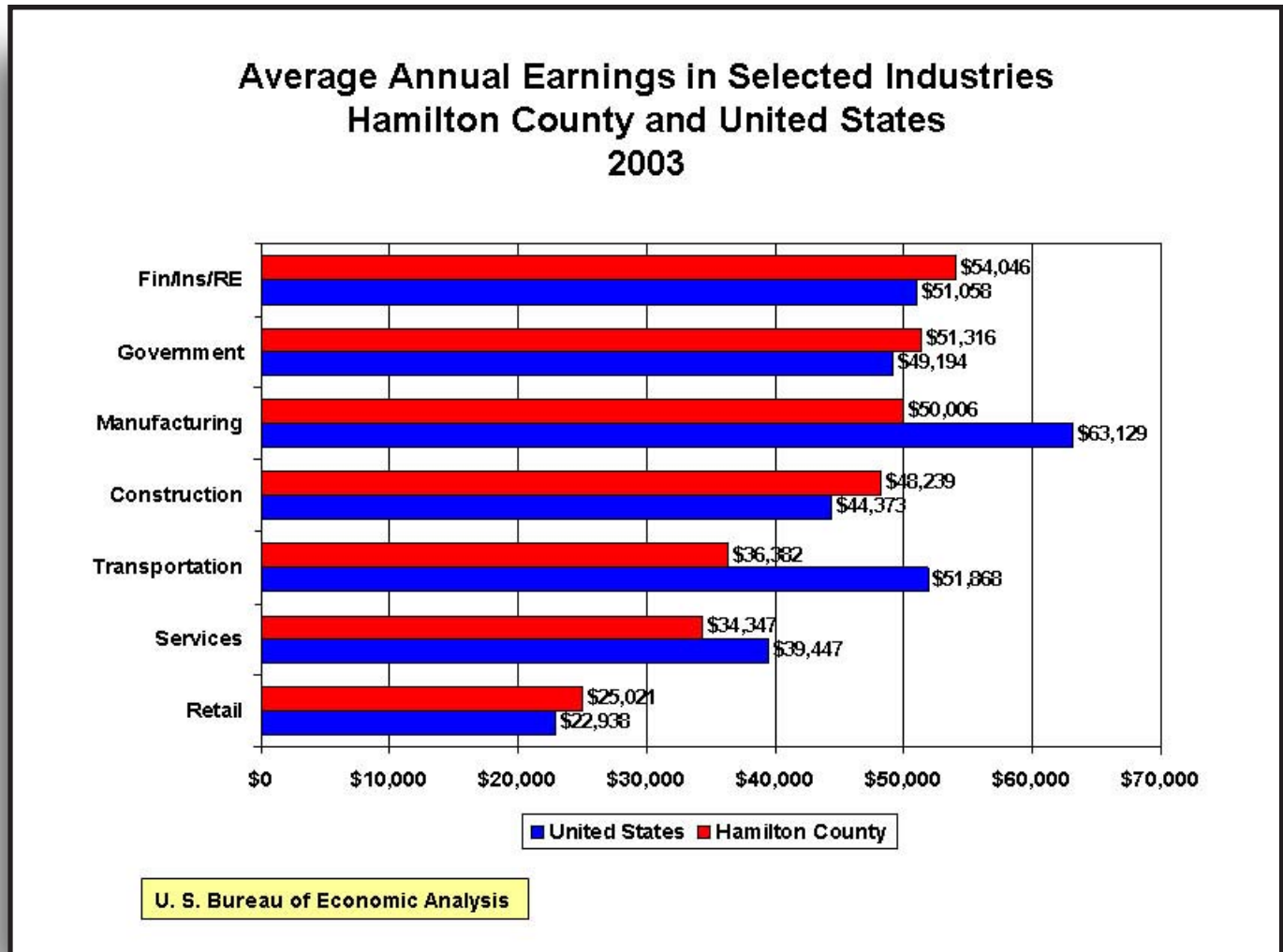
Retailing, which includes food service and accommodations establishments, was the second largest sector in Hamilton County. The Manufacturing sector, once the largest employment sector in Hamilton County, was only the fourth largest in 2003.

The 1970-2003 employment trends for selected industries in Hamilton County are depicted in the following chart. Prior to 1984, Manufacturing was the largest employment sector in Hamilton County, even though it had been declining for a decade. It was passed by the Services sector in 1984, and then by the Retail sector in 1988, and finally by the Government sector in 2002. The Finance/Insurance/Real Estate sector and the Transportation/Utility sector are growing, and approaching the Manufacturing sector in number of jobs in Hamilton County.



From 1970 to 2003, the Manufacturing sector decreased in all four major Tennessee counties: Hamilton (-43%), Davidson (-42%), Shelby (-35%), and Knox (-15%). The Services sector was the largest employment sector in all four counties in 2003, and all four also experienced very large increases from 1970 to 2003 in this sector: Hamilton (178%), Davidson (260%), Shelby (184%), and Knox (288%).

In Hamilton County, the Finance/Insurance/Real Estate sector had the highest average annual earnings at \$54,046 among seven major industry sectors in 2003. The Government sector was the second highest at \$51,316. This Government figure is heavily influenced by the high level of compensation for Federal civilian employees, which in Hamilton County had average earnings in 2003 of \$93,800.



Average 2003 earnings in Hamilton County were 4% to 9% higher than the national average in four of the seven industry sectors: Finance, Government, Construction and Retail. In the other three sectors Hamilton County's averages were well below national averages: Transportation (30% below), Manufacturing (21% below) and Services (13% below).

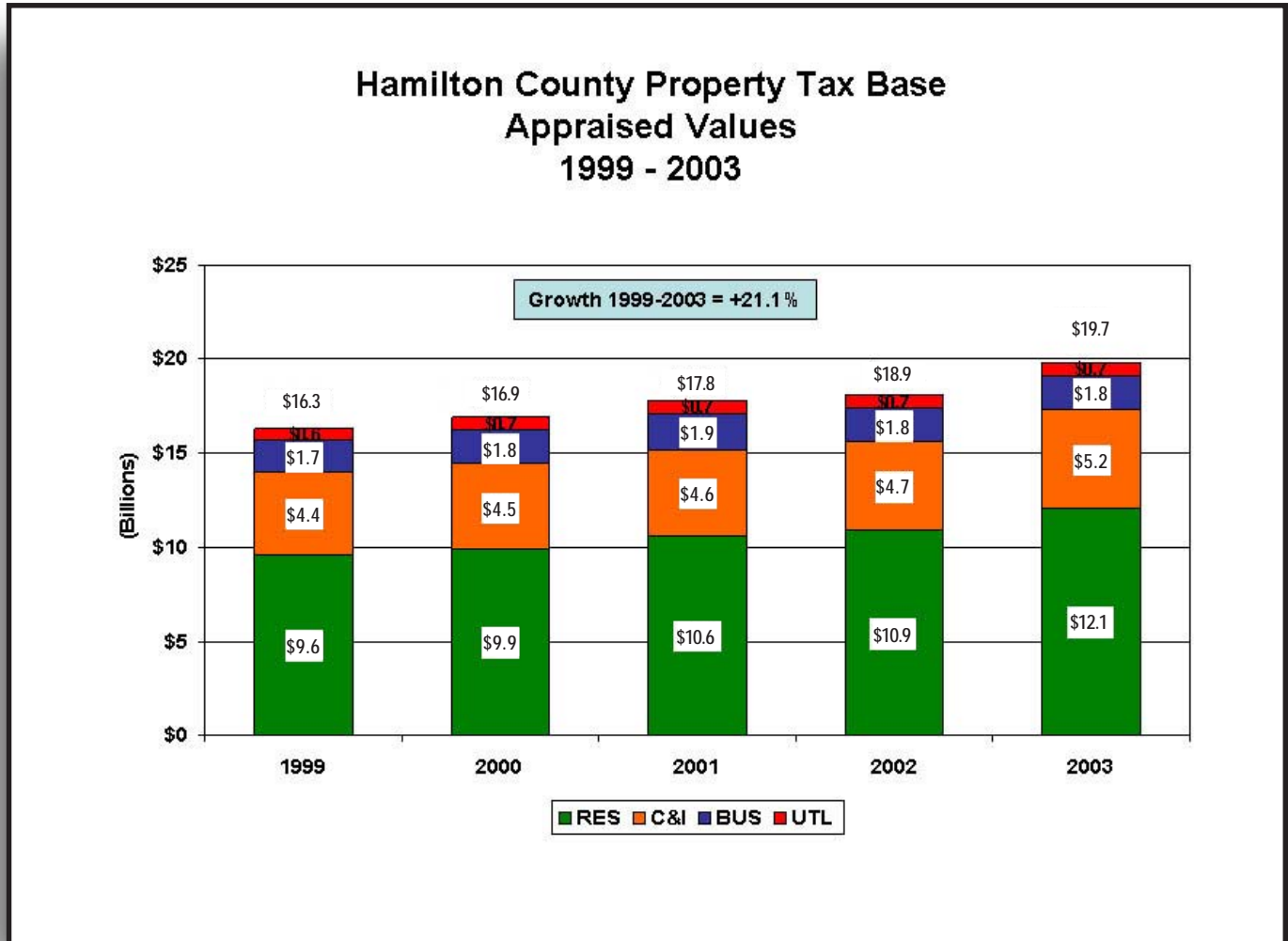
In March, 2003, the Regional Planning Agency issued a report showing historical data from 1993 through 2002 on Hamilton County's property tax base, and projections for the years 2003 through 2007. (This report can be found on RPA's website at www.chcrpa.org.) This report will look at recent trends over the five-year period of 1999 through 2003.

In Tennessee, property is classified into four general categories, and each category is assessed at a different rate. These categories are shown below.

Assessment Rates by Property Type

<i>Property Category</i>	<i>Assessment Rate</i>
Residential, Farm, Forest	25%
Commercial & Industrial	40%
Business Personal	30%
Utility	State Assessed (Averages about 40%)

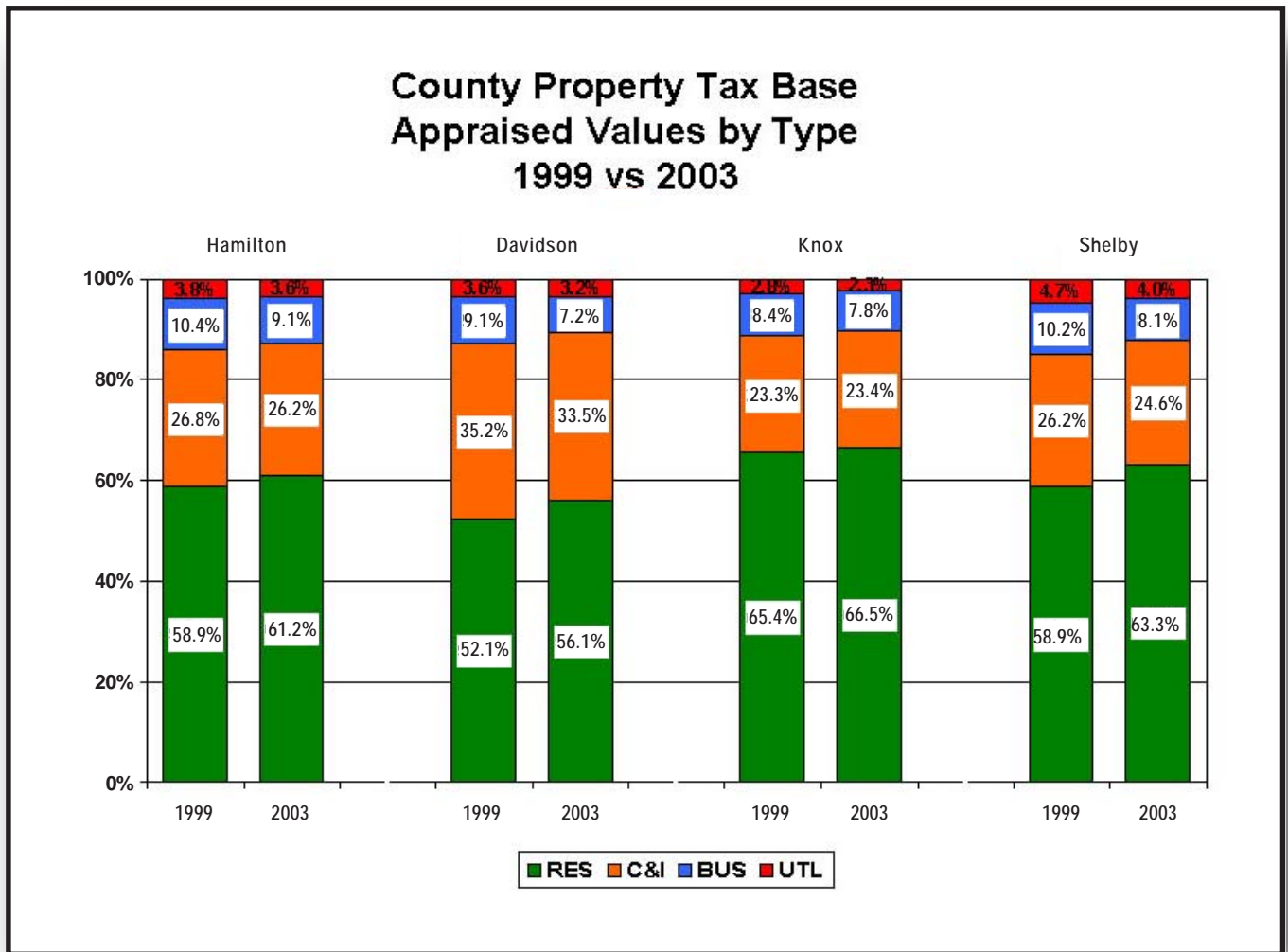
Hamilton County's property tax base, measured by appraisal values, grew 21% from 1999 to 2003, reaching a total of \$19.7 billion.



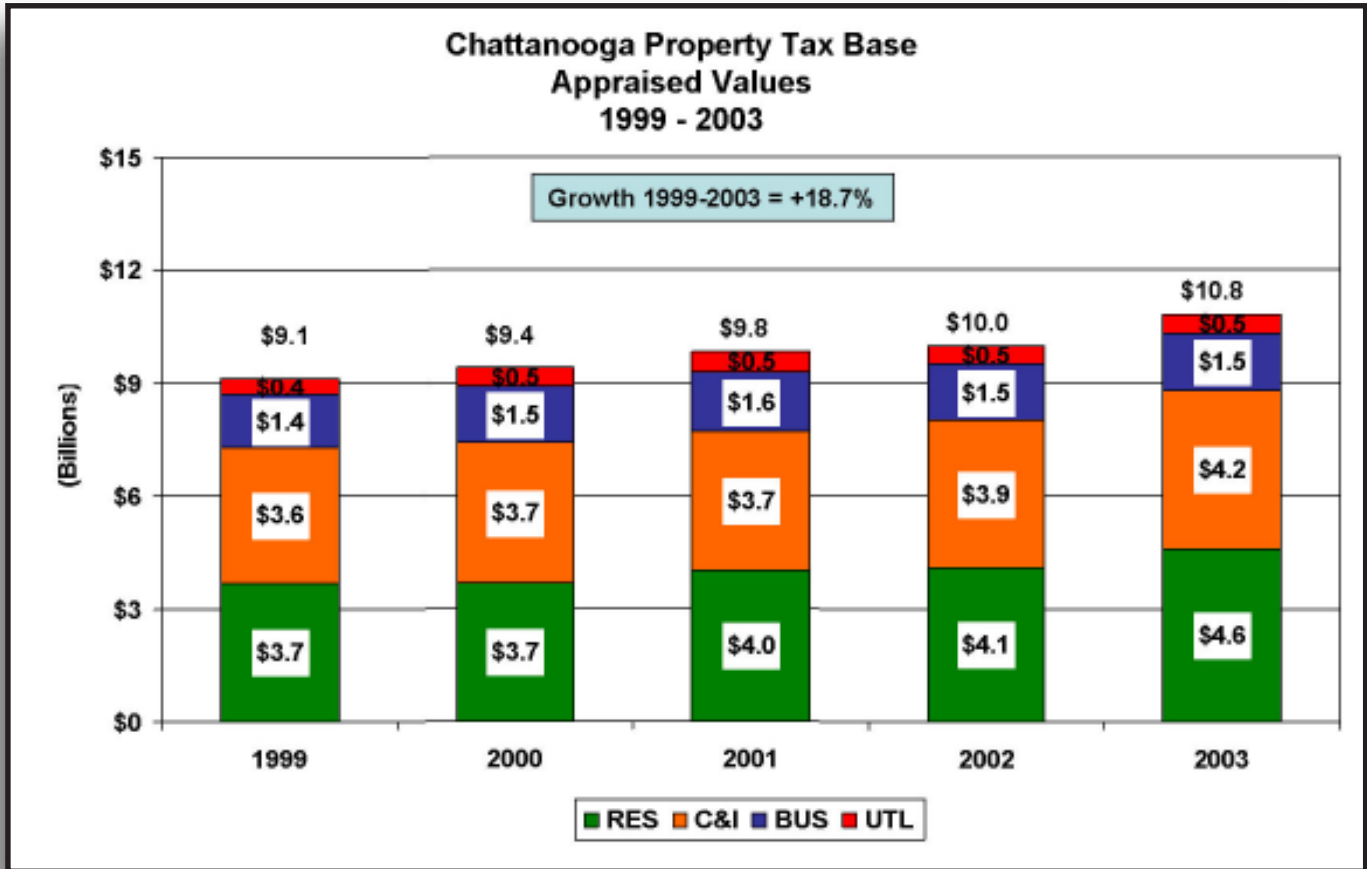
Hamilton County's growth of 21% from 1999 to 2003 was higher than Davidson County's 17%, but lower than Knox County's 28% and Shelby County's 25%.

The mix of property types is an important element of the tax base since the various property types carry different assessment rates, with Commercial & Industrial property having a 40% assessment rate. This means that \$100,000 piece of Commercial property would be assessed at \$40,000, while a \$100,000 piece of residential property would be assessed at \$25,000. This means that the Commercial property would generate 60% more tax revenue than the Residential property.

All four counties experienced an increased proportion of their tax base attributable to Residential property from 1999 to 2003. Hamilton went from 59% to 61%; Davidson from 52% to 56%; Knox from 65% to 67%; and Shelby from 59% to 63%. Knox was the only County that experienced an increase in the proportion of appraised values attributable to Commercial & Industrial property—up very slightly from 23.3% to 23.4%.



The City of Chattanooga's property tax base grew approximately 19% from 1999 to 2003, reaching \$10.8 billion in 2003.



In 2003, approximately 42% of Chattanooga's property tax base was accounted for by residential property and 39% was commercial and industrial property.