

# **ECONOMIC IMPACT AND CONTRIBUTION OF MUSIC ROW TO THE NASHVILLE MUSIC INDUSTRY**



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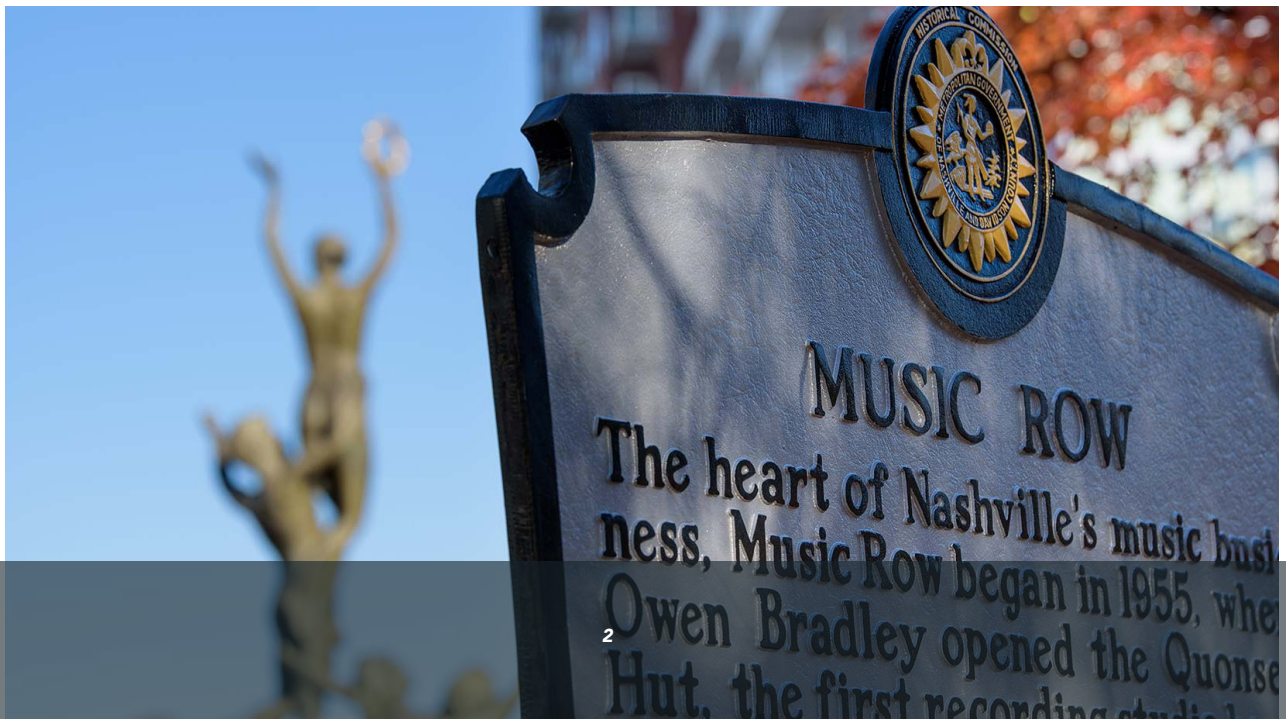
**THE RESEARCH CENTER**

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# PARTNER RECOGNITION

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The Metro Nashville Davidson County Planning Department was an invaluable partner in this analysis. The Planning Department's Music Row Business Survey and analysis of the survey provided by Metro Planning staff member Laura Hardwicke were critical to clearly assessing the role of Music Row in the strength of Nashville's music industry.

The authors are thankful for the opportunity to provide the Metro Planning Department and the City of Nashville an examination of the Nashville region's music industry. While this Economic Impact Analysis provides a pre-Covid analysis, Covid-related impacts to Nashville's music industry are evaluated in the Music Industry Report 2020 found on the Nashville Area Chamber of Commerce website – **[view the full Music Industry Report here](#)**.

## THE RESEARCH TEAM

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# SUMMARY

## MUSIC ROW'S CONTRIBUTION TO THE SUCCESS OF THE NASHVILLE MUSIC INDUSTRY

Nashville has long been known for its musical talent and creativity. Now it is also known as a global economic epicenter of music industry commerce. The Nashville Area Chamber of Commerce's Music Industry Report 2020 ([view the full Music Industry Report here](#)) found that Nashville is now known for both the creation and performance of music, but also the business of music.

While economic regions in Los Angeles and New York have greater employment numbers in the music industry, the Nashville region has the highest location quotient of employment in the music industry of any metropolitan statistical area (MSA) in the United States. A location quotient (LQ) tells us the amount of a region's share of employment in a specific industry as a percent of total national employment for that industry. With a music industry LQ of 13.8, the Nashville MSA has an employment concentration double that of the Los Angeles area (LQ 6.3) and triple New York City's MSA (LQ 4.0). Long-term job creation in the music industry is also highest in the Nashville MSA, with the Los Angeles area coming in second and New York coming in 43rd out of 47 MSAs with music industry specialization.

Given this growth, it is not surprising that Nashville's brand revolves around its relationship to music. Music is one of the region's top industry clusters and plays a critical role in Nashville's evolution from a center for creativity to a rapid technological business center, attracting and developing its own creative professionals. Artistic commercial success has coupled with an ever-broadening field of genres producing their own authentic output, technological leadership, and business infrastructure to create a region where the music and entertainment industry has become a keystone of the economic landscape. The world continues to see Nashville as the center of music creativity and has begun to recognize the region's role in conducting music industry commerce as well. Nashville is not only where the world comes to hear music... it is also where music comes to do business.

Music Row is central to Nashville's music industry – its history, its growth, its future. In 2019, the Metropolitan Government of Nashville and Davidson County Planning Department worked with community and music industry leaders to create the Music Row Vision Plan. Following the adoption of the plan, Metro Planning partnered with Nashville Area Chamber of Commerce's Research Center to assess the economic impact of Music Row's music and entertainment businesses on the larger music and entertainment cluster in the Nashville region.

This analysis delves deeply into the role of Music Row in the success of Nashville's music industry. It finds that **Music Row accounts for \$2.5 billion in economic impact representing nearly 16% of the total \$15.6 billion regional music industry economic impact.**

# INDUSTRY CLUSTERS AND THE MUSIC INDUSTRY

Industry clusters are groups of related businesses that function together, using common markets, occupational skills, and technologies to create a competitive hub within a region. Typically, industry clusters form their own boundaries and do not strictly observe geographic boundaries like cities, counties, or state lines. Industry clusters are important to the economy because they provide businesses access to specialized suppliers, skilled workers, proximity to competitors, and a shared base of industry knowledge useful for innovation. Industry clusters create a localized competitive advantage over similar industries that operate in more isolated locations.

The ability of economic stakeholders and policy makers to capitalize on and invest in the strengthening of regional industry clusters allows for the development of high-value industries with more innovative and efficiently produced goods and services. Moreover, this type of specialized private sector grouping allows for the inflow of capital or money from outside of the region for some industries. This external capital increases a region's economic wellbeing. Sectors that facilitate the flow of money into the economy from outside the region are called traded clusters. Other industries are called local clusters and normally only serve a limited geographic area, for example, a hospital. The music industry is an example of a traded cluster with global reach.



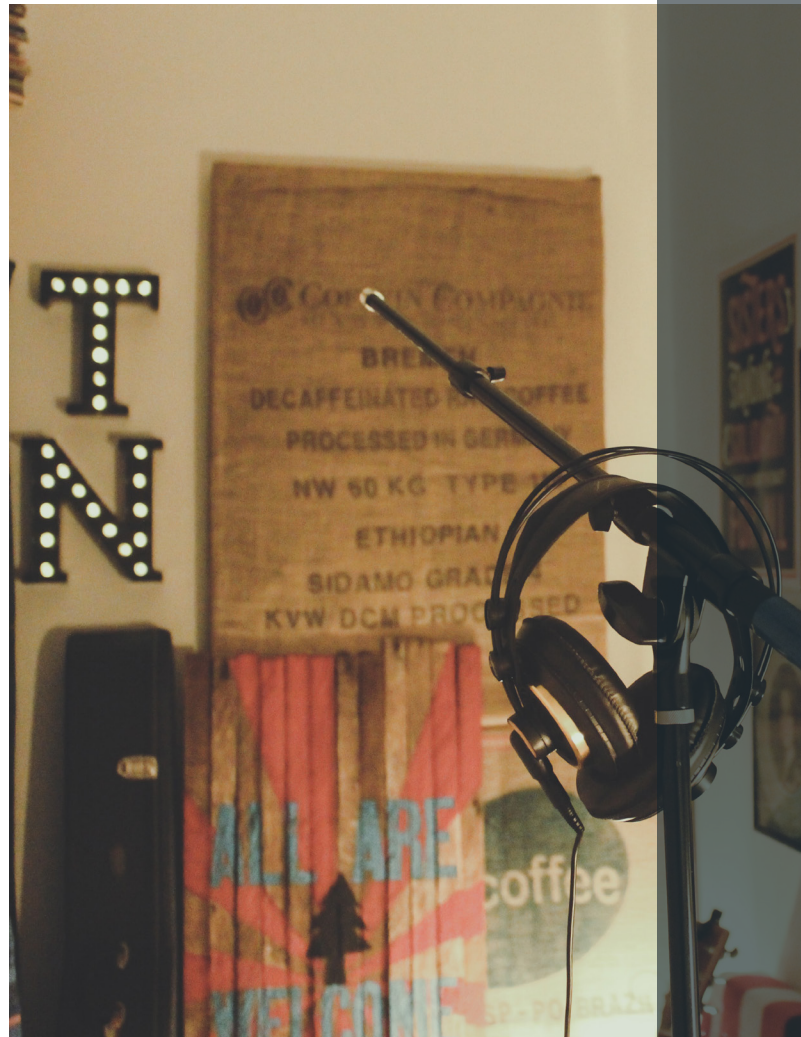
Based on data from the Bureau of Labor Statistics and other public datasets, the music industry cluster, excluding its linkages, in the Nashville MSA represents 16,298 jobs (2019) that are explicitly labeled "music" with average annual earnings of \$81,521 with artist/performer wages or \$66,358 when artist/performer wages are not included. This jobs and wage information accounts for those businesses that are directly linked with music related sector codes but does not include all sectors indirectly influenced by the music industry. These codes are part of the North American Industry Classification System (NAICS) used to classify businesses by industry. The music industry, however, crosses over into many different industries that may not clearly indicate that they are part of the music sector. The music industry is closely aligned with the following industries – performing arts, hospitality, marketing, financial services, communications, audio and visual production, and professional business services. When the music-related occupations within these aligned industries are considered (e.g. music related banking), the Nashville MSA music industry's direct employment is 41,153.

# METHODOLOGY

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The music industry does not neatly fit into the existing structure of standard economic or industrial classifications. Music is different in that it touches many other industries directly and indirectly. It also has internal relationships that are unique and a product that is consumed in wide-ranging ways that do not follow a typical supply chain. For this reason, the Music Row Business Survey was used to clarify these relationships and linkages. Working with the inventory of businesses from the survey and data sets from the State of Tennessee and other data sources, the Research Center created a map of businesses located in the Music Row Business District. Using this list, the Research Center determined the total direct music industry employment in the Music Row Business District. The Research Center utilized the regional employment figures derived from federal, state, and private sector resources to determine the economic impact of the music industry through input-output modeling using the IMPLAN economic impact software.

IMPLAN is an economic impact modeling software that takes direct inputs of a given sector and calculates the total economic impact of that sector on the entire economy in terms of direct effect (direct trade flows within the industry or industries involved), indirect effect (capturing the impact of the supply chain or value chain) and the induced effect (the impact of income and wages on spending). For this study, employment was used as the baseline input variable to calculate the economic contribution and impact analysis for this report.





# MUSIC ROW IMPACT AND CONTRIBUTION ANALYSIS

## NASHVILLE MSA MUSIC INDUSTRY ECONOMIC IMPACT ANALYSIS 2013 VS. 2020

Building on the direct music industry employment of 41,153, when considering indirect and induced jobs this employment number rises to 80,757 for the region, with an employee compensation of \$6.3 billion and \$9.9 billion added to the local GDP. The analysis shows that the music industry contributes a total economic impact of \$15.6 billion to the Nashville MSA.

Since the 2013 Music Industry Study conducted by the Nashville Area Chamber of Commerce, the music industry in the Nashville MSA has intensified its economic effect. Since 2013, direct and indirect employment has increased 43% (24k) from 56,520 jobs to 80,757 jobs. Labor income has gone up by 94% (\$3B) from \$3.2B to \$6.3B. The effect on GDP by the music industry went up by 80% (\$4.4B) from \$5.5B to \$9.9B, and the overall economic impact of the music industry grew by 62% (\$6B) going from \$9.7B to \$15.6B. The following tables compare the results of the 2013 economic impact analysis with the 2020 results.

### 2013

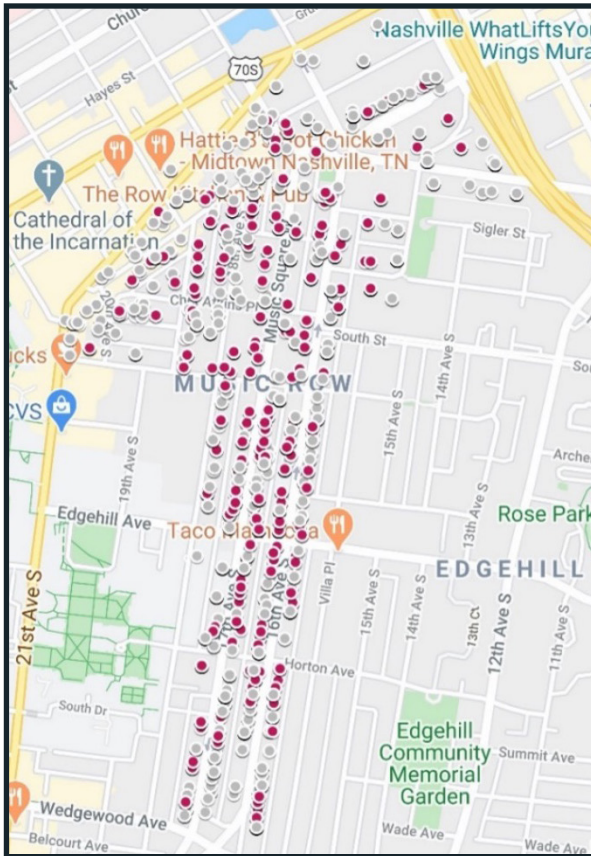
Type Impact	Employment	Labor Income	Value Added	Output
1 - Direct	27,095	\$1,678,070,236	\$2,964,880,249	\$5,747,450,788
2 - Indirect	11,316	\$648,311,537	\$977,877,525	\$1,513,393,947
3 - Induced	18,110	\$913,017,746	\$1,547,655,826	\$2,391,973,025
<b>Total</b>	<b>56,520</b>	<b>\$3,239,399,520</b>	<b>\$5,490,413,600</b>	<b>\$9,652,817,760</b>

### 2020

Type Impact	Employment	Labor Income	Value Added	Output
1 - Direct	41,153	\$3,619,031,221	\$5,798,352,109	\$8,666,157,315
2 - Indirect	17,255	\$1,176,226,077	\$1,702,993,502	\$3,065,744,426
3 - Induced	22,348	\$1,482,221,985	\$2,390,415,276	\$3,878,786,759
<b>Total</b>	<b>80,757</b>	<b>\$6,277,479,282</b>	<b>\$9,891,760,886</b>	<b>\$15,610,688,499</b>

From the overall economic impact, the Research Center explored the contribution of Music Row to the economic impact of the music industry. Music Row is a historically significant district, home to iconic record label offices, radio stations, recording studios and other music related businesses. The area designated as Music Row is considered the heart of Nashville's country music industry.

## MUSIC ROW ECONOMIC IMPACT ANALYSIS – 2020



Music Businesses in Red, Non-Music Businesses in Gray. Map generated in 2020 by GoogleMaps.

Asset mapping determined there are 983 firms or service providers directly related to the music industry in the Nashville region. These include the 199 businesses reflected in the Music Row Business Survey conducted by Metro Planning and counts businesses that are active and registered in any part of the Music Row Business District. It should also be noted that 358 of these firms are registered as one-person businesses. Also, several firms are registered to one address but counted as two separate businesses due to the nature of their work (such as a music publisher that also operates a music studio). The number of firms does not affect the economic impact analysis as it is based solely on employment numbers derived from government and private databases, and only those businesses directly engaged in music related activity were accounted for in terms of employment.

**Altogether, these Music Row businesses accounted for 15% of the Nashville MSA's music industry related jobs (11.8K). Labor income from these jobs is approximately \$884 million (13% of compensation in the Nashville Region) contributing nearly \$1.4 billion to GDP for the Nashville MSA (14%).**

**Overall, Music Row accounts for \$2.5 billion in economic impact representing nearly 16% of the total \$15.6 billion regional music industry economic impact.**

Type Impact	Employment	Labor Income	Value Added	Output
1 - Direct	5,866	\$445,296,774	\$724,308,620	\$1,358,730,361
2 - Indirect	2,908	\$216,096,949	\$296,950,841	\$567,592,969
3 - Induced	3,056	\$202,706,046	\$327,127,997	\$530,804,755
<b>Total</b>	<b>11,830</b>	<b>\$864,099,768</b>	<b>\$1,348,387,458</b>	<b>\$2,457,128,084</b>



# CONCLUSIONS

## OPPORTUNITIES AND CHALLENGES

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Music Row represents nearly a sixth of the Nashville MSA music industry's jobs, income and economic impact, reflecting its value as a creative and economic hub for the music industry. This provides a strong rationale for creating music related business district(s) focused on this geographic area.

Toward this pursuit it is suggested to consider the key recommendations in the **Music Row Vision Plan**, from the use of place-based planning such as Character Areas, to the creation of collaborative efforts of music related companies focused on lessening the migration of music businesses from Music Row due to the rise in land values and business costs. Having such an industry driven effort would allow for music industry insiders to work with Metro Planning to help with zoning and infrastructure that will encourage music related businesses as well as incentives for costs of rehabilitation. Such efforts could also create a means to assist businesses with paperwork required for the National Registry or local historical recognition. Land use policies and a transportation and technology infrastructure that increases mobility while honoring sustainability would also be helpful in creating an area that tends to draw creatives.

Additionally, as a part of this study, the Research Center spoke to numerous music industry related stakeholders. Many stakeholders noted that Music Row would benefit by welcoming new genres to Music Row, in addition to country music. This presents an opportunity to strengthen the musical variety of Music Row as a way of preserving the district. Economic clusters are not usually highly visible, but Music Row is an exception. Nashville has an opportunity to preserve, improve, and diversify a tangible hub for the region's music industry.

The value of Music Row to the Music Industry requires careful consideration of the recommendations found in the Music Row Vision plan as it could transition Music Row from the historical center of country music to the geographic center of where the Nashville Area's Music Industry comes to do business.



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