

NEIGHBORHOOD ANALYSIS

A neighborhood is defined by the 10th edition of The Appraisal of Real Estate as a grouping of complimentary land uses affected by similar operation of the four forces that affect property value. These forces include social, economic, governmental and environmental factors. A neighborhood is further defined by the revised edition of Real Estate Appraisal Terminology as being a portion of a larger community, or an entire community, in which there is a homogeneous grouping of inhabitants, buildings or business enterprises. Neighborhood boundaries may consist of well-defined natural or man-made barriers or they may be more or less defined by a distinct change in land use or in the character of the inhabitants. The overriding purpose of describing and analyzing a particular neighborhood is to observe and/or quantify data indicating discernible patterns of urban growth, structure and change that may enhance or detract from property values.

The area itself is located in southwest Nashville approximately ten miles southwest of the CBD. The subject is located in the city of Forest Hills, which is an incorporated city government established to control zoning of land and density of residential development. The area includes mostly upscale single-family houses although there a limited number of small cottages built in the 1930's and 1940's. There is a significant amount of gentrification occurring in the neighborhood as developers and residents are demolishing older houses and constructing large luxury homes. Due to the location near Radnor Lake, convenience to shopping in Green Hills and proximity to downtown, this neighborhood is one of the most popular areas in Nashville. Most of the new construction features houses in excess of 3,500 SF with prices ranging from \$500,000 to over \$3,000,000. The area features rolling hills and many heavily wooded lots with mature native hardwood trees. The most prominent luxury home development in the area is Hounds Run, which includes over 50 large estate homes built on two to five acre minimum size lots. Other developments include Ottershaw, Radnor Glen, the Inns of Granny White and Stratford Place.

One of the main outdoor attractions for the neighborhood is Radnor Lake, which is a manmade lake built in the early 1900's as a water reservoir for the Radnor Rail yards located five miles east near IH-65. This lake is located in a basin, is surrounded by steep hillsides, and is managed by the Tennessee Wildlife Agency. The area surrounding the lake is famous for its walking and hiking trails as well as native wildlife. Access to this park like area is controlled by the state of Tennessee to preserve the natural environment.

Forest Hills is almost entirely developed with 1.25-acre minimum size lots with only one commercial property, which is a small neighborhood gas station/convenience store located just south of the subject. This property is zoned historic commercial and the original building was built prior to current zoning laws. This building was demolished in the late 1980's and a new building was constructed. The architecture of the Granny White Market is more similar to surrounding residential development rather than the typical commercial construction. Land development is limited to residential uses with only a few sites approved for churches. The city of Forest Hills has also limited the size of local churches through zoning ordinances and limiting parking lot sizes.

The Forest Hills neighborhood is one of the most affluent neighborhoods in Nashville. Richland Country Club is located four miles south of Otter Creek Road and features Nashville's only Jack Nicklaus designed golf course.

Neighborhood Analysis, Contd.

The current year population within a five-mile radius is 110,519. The 2000 Census revealed a population of 108,136, and in 1990, it was 95,741 representing a 12.2% change. It is estimated that the population in this area will be 113,889 in 2012, representing a change of 3% from 2006. The current population is 47.7% male and 52.3% female. In 2007, the median age of the population in this area was 39.4, compared to the US median age, which was 36.1. The population density is 1,469.3 people per square mile.

There are currently 52,062 households in this area. The Census revealed household counts of 50,277 in 2000, up from 41,904 in 1990, representing a change of 15.5%. It is estimated that the number of households in this area will be 51,911 in 2012, representing a change of -.03% from the current year. For the current year, the average household size in this area is 2.22 persons. In 2007, the median number of years in residence is 3.57.

In 2007, the median household income was \$71,781, compared to the US median, which was \$51,546. The Census revealed median household incomes of \$55,146 in 2000 and \$37,614 in 1990 representing a change of 46.7%. It is estimated that the median household income in this area will be \$88,244 in 2012, which would represent a change of 11.15% from the current year. In 2007, the per capita income in this area was \$52,263, compared to the US per capita, which was \$27,084. The 2007 average household income for this area was \$143,206, compared to the US average, which was \$71,092.

The median housing value in this area was \$320,540 compared to the U.S. median home value, which is 181,127. In five years, the projected median home value is \$378,578. Approximately 62% of the housing units are owner occupied, 31.7% renter occupied and 6.2% vacant.

In 2007, there were 100,168 people over the age of 16 in the labor force in this area. Currently 96.8% are employed, and 3.2% unemployed compared to the U.S labor force, which has an unemployment rate of 6.6%.

Summary

The subject neighborhood is in the stable phase of growth with ongoing gentrification of many of the older residences. There is very little commercial development in this mostly residential neighborhood. The area's access to downtown Nashville and continuing renovations of older homes will exhibit moderate appreciation in the near future. The neighborhood is one of the more affluent and higher income areas in Nashville and Davidson County.