

Land/Site Analysis—Part 3  
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Land/site analysis includes identifying and analyzing the neighborhood in which the subject property is located. The neighborhood is both an external influence and a compatibility consideration in relation to the land/site. For appraisal purposes, analyzing the neighborhood assists in identify comparable properties that would make reasonable competitive substitutes to the subject property. The subject land/site features can then be compared to the competitive properties.

A detailed neighborhood analysis in an appraisal report is not always necessary. The appraiser will need to determine the level of reporting required to develop a credible report based on the needs of the client and users of the appraisal services. The availability of adequate comparable properties in the immediate area of the subject will be a factor in determining the level of neighborhood analysis required to produce a credible report. Comparables along the edge of the subject neighborhood or outside the neighborhood area will necessitate additional analysis for adjustments. Change often occurs first along the edges of neighborhoods, making the use of comparables along the edges more problematic. Complex assignments and the needs of the client may require a careful analysis of the subject neighborhood characteristics and boundaries. Therefore, the appraiser will need to apply techniques to define the subject neighborhood in relation to the subject land/site. It is suggested that any degree of analysis begin at the subject property starting with a discussion regarding compatibility with adjacent conditions and then extending outward.

Site compatibility is a function of a site's constraints and opportunities. Compatibility can include having a site of sufficient size to meet the needs of the users and suitability with adjoining uses. Nuisances such as noise, odors, undesirable views and lack of light can cause compatibility problems. Opportunities should enhance marketability of the subject property and can include amenities as well as the lack of nuisances.

There is no universal technique in how to define a neighborhood. Nonetheless, it is commonly understood that a neighborhood consists of complementary land uses. Identifying complementary land uses can often be accomplished by field inspection and familiarity with the subject area. However, some neighborhoods are more complex. Identifying and understanding certain economic, social, demographic, cultural and political influences are required to understand market forces. Therefore, the scope of work will need to include a process to identify relevant neighborhood information that would influence value. One of the initial steps is to define neighborhood boundaries. Neighborhood boundaries are individually unique. The appraiser should take sufficient time to identify the individual neighborhood characteristics to help define the boundaries. Neighborhoods vary in size. In many highly urban areas neighborhood differences can occur from one block to the next.

Care should be taken in identifying neighborhood characteristics. Neighborhoods exist because of certain circumstances. Identifying those circumstances can assist in

understanding the market forces. For example, a given neighborhood may be considered more desirable because of access to an excellent neighborhood school. Other considerations may include convenient access to neighborhood shopping or a transit facility. Positive environmental conditions can help define a neighborhood. On the other hand, nuisance conditions can also be a defining factor. Some communities, such as coastal areas, have microclimates that may make one area more desirable than another.

Neighborhoods can also be characterized by the availability or lack of availability of services. Neighborhoods should be partially self-contained in providing services. Therefore, identifying specific services can assist in the analysis process. However, there have been trends that make neighborhood services less important. They include changes in shopping habits, school choice and recreation activities. Changes in shopping habits include internet-shopping and big box stores. School choice is offered in some school districts. The appraiser will need to determine if school choice is an option. This makes neighborhood schools somewhat less important as a location feature. It is easier to transport children to schools outside the immediate neighborhood with smaller families. However, there is an additional cost to transport children longer distances plus an increase in inconvenience. There has been a move from neighborhood parks to larger community parks that provide soccer and baseball fields. In essence, daily activities tend to extend beyond the neighborhood.

There are a number of sources of information that can aid in identifying and analyzing neighborhoods. Census data, traffic counts, building records and aerial photos are just a few to consider. Planning departments may be an excellent source of information. Many municipal planning programs focus on a hierarchy of land use patterns beginning with the neighborhood and moving up to the community and then region. Planning programs should be coordinating the various levels of service needs. In addition, planning programs should be monitoring changes in the social, economic, political and legal factors. Planners should also be aware of proposed changes to land uses and the desire of communities to accept change.

One technique is to rate neighborhood/community features in an organized format. Comparisons can then be made. Develop a grid and rate the following features as excellent, good, fair or poor:

- Shopping facilities
- General appearance
- Condition of roads
- Public schools
- Parks and recreation
- Job opportunities
- Housing
- Entertainment
- Cultural facilities
- Police and fire protection
- Access to transportation

- Design appeal

Kevin Lynch, a famous planning author, wrote several significant books that should aid many appraisers. The book titled *The Image of the City* is an excellent reference in defining and understanding neighborhoods. For a summary, go to the following link:  
<http://www.csiss.org/classics/content/62>