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Travel costs fuel urban living interest

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Jenny Moss moved downtown and replaced her 30-minute commute with a five-minute walk. She estimates she saves \$200 a month by not driving, money she applies to her Encore homeowners' fees.

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Ken Banks, a Crye-Leike agent in Columbia, is trying to sell his home in rural Pulaski, so he can move closer to his office in Columbia.

He used to live a mile and a half from his old job, but now he drives 33 miles one way. He tries to carpool with his wife in their SUV, but that's not always possible.

"Fuel takes too big of a bite anymore, and we are trying to make adjustments," Banks says.

And he's not the only one.

Housing affordability is increasingly being measured by miles per gallon to work. Higher gas costs have some homebuyers rethinking where they'll buy a home.

"I am seeing sellers wanting to sell (their home) because of the commute to work," says Sheree Rudd, managing broker in Crye-Leike's Fairview office.

A study by the Brookings Institution's Urban Markets Initiative provides a new look at affordability -- one that combines housing and transportation costs.

For Nashville, most residents of Middle Tennessee who don't live in the urban core are paying more than the 45 percent they should pay for housing and transportation, the study says.

By comparison, the study shows Charlotte and Atlanta have more places to live where residents are paying less than the 45 percent total cost.

Combine that with today's gas prices and the picture gets worse.

The study looked at how much households spend on gas at \$4.01 a gallon, compared to how much they were spending in 2000, when gas cost about \$1.68 a gallon.

Most households outside of Davidson County and some city centers in Williamson and Rutherford counties are spending more than \$3,800 on gas a year.

That's up from the \$1,600 to \$2,400 they were spending eight years ago, which means many people are spending twice as much as they used to on gas.

In a June survey of 903 Coldwell Banker agents nationwide, 78 percent said higher fuel costs are driving their clients' decisions to consider living in an urban setting.

Gas prices, traffic and the allure of the downtown lifestyle caused Jenny Moss, 26, to move from a Cool Springs apartment to a downtown condo at Encore. Moss works downtown for the Nashville Predators, and her 30-minute, one-way commute in traffic has become a short five-minute walk.

"I got back an hour of my life," Moss says.

She estimates she's saving about \$200 by not driving, yet she says that money is going directly to her homeowners association fee at Encore. The fee covers maintenance, pool, fitness center, social gatherings and other perks.

Most of her neighbors also moved from surrounding areas to escape long commutes and gas costs, Moss says.

"The longest stretch I have gone without filling up is five weeks," she says.

Being close to work is the second most common reason given for living downtown. The urban experience is the first, according to the **Nashville Downtown Partnership's** Residential Report for 2008.

The report says 48 percent of downtown residents work downtown, down from 50 percent in 2007. Most moved from Davidson County, while 22 percent moved from within the MSA.

Builders say the locations of new subdivisions are more critical now.

Rick Bell, president of Turnberry Homes, says the outlying areas seem to be suffering the most. Buyers have always factored location into their buying decisions, but Bell says a home's location has become more important. He says homeowners want to be close to work, highways, shopping or other entertainment.

Christopher Leinberger, a visiting fellow for **The Brookings Institution** and a partner in **Arcadia Land Co.**, says developers who are not building walkable communities are doing what is equivalent to building a buggy instead of a car in the 1920s.

"This is not a death of the suburbs, it is a swinging back of the pendulum toward building walkable urban places," Leinberger says.

Cities like Washington D.C. and Los Angeles are seeing price values fall the most in far-flung suburbs, what Leinberger calls "drive-until-you-qualify suburbs." Such suburbs have made up most of America's affordable housing options.

He says developers can give residents the ability to drop a car -- which costs about \$7,800 a year to own -- from their household -- if they build walkable communities or nearby rail systems. Over the course of a mortgage, Leinberger says that converts to almost \$150,000 a buyer could put toward a home purchase.

"The great opportunity is for developers to build around rail transit and shift household spending from cars, which is a depreciable asset, to homes," he says, adding Nashville's inability to add new rail will hurt it long-term, especially in attracting young people.

Nashville-area price fluctuations so far don't show the clear trending away from the suburbs that's happening in other cities. Leinberger says he thinks it will happen, but it will take time before there is real evidence in the numbers.

In the first six months of 2008, the price of single-family homes increased 1.5 percent in Davidson County and dropped 2.6 percent in Williamson County. Suburban home prices were unchanged in Rutherford County, increased 3

percent in Wilson County and increased 4 percent in Sumner County. Maury County had a 4 percent drop.

Closings and the number of home listings don't tell the story of outlying counties doing worse, but they do show some resiliency within Davidson County.

For the first six months of 2008, Davidson County home sales were down 22 percent, which is about 10 percent lower than area's more outside the urban core. Williamson County home sales declined 31 percent in the same period and Rutherford and Maury counties posted a 32 percent decline.

Declines in Sumner and Wilson counties were smaller. Wilson County sales dropped 25 percent and Sumner -- which had the smallest decline -- posted a 19 percent drop.

Listings increased 16 percent so far this year in Davidson compared to 15 percent in surrounding counties.

Realtor Jeff Jolly says the numbers don't point to an exodus to the city so far, but he says buyers are rethinking their decisions to move away from the city.

His client, Wade Kilgore, is buying a home in Donelson to be closer to work than he was while renting in Franklin. Kilgore, an audio freelancer for the entertainment industry, estimates the move will save him \$150 to \$200 a month on gas for his truck, about the same amount he's paying extra to own a home.

Jolly himself was considering buying a 10-acre tract of land south of Lebanon for a new home. But because it was 20 miles farther out than his current home, he and his wife decided the increased gas costs -- which they pegged at an extra \$200 a month -- would hurt the budget too much.

Depending on what fuel prices do, it could be a while before home sales show more pronounced trends of where people are buying. But agents say it's clear the cost to commute is affecting people's long-term decision-making.

"We are already seeing it," says Aaron White with **Core Development Services**, which focuses on urban infill development. "They are coming to us saying 'I want to move back into town. The challenge is selling my 3,000-square-foot house that's 40 miles from downtown.'"

"I think this is a long-term trend," White says.

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