

### ***The Subject Neighborhood***

*By definition, a neighborhood is "a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises."<sup>3</sup> Neighborhood analysis focuses on social, economic, governmental, and environmental forces that influence property values in the vicinity of a Subject property. Although physical boundaries may be drawn, the most important boundaries are those that identify factors influencing property values.*

The Subject property is located on W. Second Street in the central section of the city. West Second Street is also US Highway 70/380 through Roswell and is the city's primary east-west arterial. As such, it is a heavily developed commercial corridor. Through the Subject neighborhood, it is a five-lane street with two driving lanes in each direction, a center turn lane, curb, gutter sidewalks and street lights.

The neighborhood is an older section of Roswell characterized by mixed commercial uses. Surrounding the Subject are a variety of office properties, small multitenant buildings and retail stores. Some of the commercial properties were originally homes that have been converted. The immediate neighborhood is densely developed and few vacant lots or properties exists.

Main Street is three blocks west of the Subject property and forms the east neighborhood boundary. Main Street is also US Highway 285 and the primary north-south corridor. Like Second Street it is a heavily developed and traveled commercial corridor. The signalized intersection of Second and Main Streets is at the center of downtown and the Central Business District. The area is heavily developed and many properties date back to the early 1900s. Many are built to the lot lines on all sides in an "old downtown" setting. Commercial uses include retail stores, tourist outlets, galleries, office properties, restaurants and the UFO Museum. Franchised properties include Subway, McDonald's and Buffalo Wild Wings. The Chaves County Courthouse occupies a city block fronting N. Main Street between 4<sup>th</sup> and 5<sup>th</sup> Streets. Sunwest Center is across from the Subject to the north and is one of two large office towers in Roswell. This property had been anchored by Bank of America for many years, but the bank recently closed this office and the space is vacant. It is still home to Pepper's Grill and a variety of office tenants.

North of Second Street and west of Main Street is the city's financial district. Another heavily developed section of the city, the area is home to Penn Plaza, a multistory office complex anchored by Wells Fargo. The district also has several other lending institutions, the US Post office, Roswell Public Library and a variety of other commercial properties.

Residential neighborhoods lie behind the commercial frontage on W. Second Street. Like the commercial uses in the area, these residential neighborhoods are older, established subdivisions. A few commercial properties are interspersed along the east-west corridors.

Overall, the Subject is well located along W. Second Street in the downtown area of the city. Though an older section of Roswell, it is an established commercial neighborhood near the Central Business and Financial districts of the city. The neighborhood is experiencing some revitalization and new development. It is considered to be in a stable to slow growth lifecycle with properties resting on a firm economic base. No significant changes in property values are anticipated in the foreseeable future.

---

<sup>3</sup> The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition (Chicago, Illinois: Appraisal Institute, 2010), p. 133

## ***Highest & Best Use***

---

Highest and best use is “The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to user and timing of the use – that is adequately supported and results in the highest present value.”<sup>4</sup>

The highest and best use analysis builds on the conclusions of the marketability analysis. It is two-step process whereby the highest and best use of the land as vacant is first determined and then the highest and best use of the property as it is improved is concluded. The analysis of the land as though vacant focuses on alternative uses, with the appraiser testing each reasonably probable use for legal permissibility, physical possibility, financial feasibility, and maximum productivity. Then the appraiser applies the four tests in the analysis of the property as improved, but focuses not on alternative uses but on three possibilities: continuation of the existing use, modification of the existing use, or demolition and redevelopment of the land.

### ***Highest & Best Use as Vacant:***

- ***Legally Permissible:*** The Subject is in the city limits and primarily zoned for C-4 West Side Business District use. This is a broad commercial classification that allows for a wide variety of commercial development. The Subject’s south lot is zoned R-3 Residential District, which allows for other non-residential uses that are compatible with the surrounding area. There are no known deed restrictions or covenants that bind the Subject land. The only legal restriction affecting the legally permissible use of the land is the zoning ordinance.

- ***Physically Possible:*** The Subject site is a 32,000 SF tract bound by W. Second Street to the north, N. Kentucky Avenue to the east, and an alley to the west. It is rectangular in shape and has frontage on two commercial streets, plus the alley to the west. The site has the necessary frontage and land area to be developed and adhere to the zoning regulations. It is level and entirely usable with good access and visibility from the streets and alley. Given its size, shape, location and other physical characteristics, the Subject site is well-suited for small to medium-scaled commercial development.

- ***Financially Feasible:*** Financial feasibility focuses on the income and costs aspects of the uses that meet the above criteria. As long as a potential use has value commensurate with its costs and conforms to the tests of legal permissibility and physical possibility, the use is financially feasible.

The Subject is on W. Second Street and just three blocks west of its intersection with N. Main Street. The neighborhood is heavily developed with a variety of office, retail, restaurant and service uses. Any similar and compatible use is a financially feasible use of the land as vacant.

---

<sup>4</sup> The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition (Chicago, Illinois: Appraisal Institute, 2010), p. 93