Factors Affecting Residential Values
Northeastern Indiana

Is There Something Bringing You Down?

According to a recent research undertaking, if you live next to a juvenile detention center, you have a major cause for concern. When asking homeowners and Realtors in Northeast Indiana how a juvenile center placed near the entrance to a subdivision would affect property values, approximately 81% thought that there would be a decrease by over 10%. Of all the uses we analyzed, it came out to be the least desirable neighborhood factor. Look to the chart below for a more detailed breakdown of what our participants believed a juvenile center would do to residential values.

We came up with these numbers by a random sampling of homeowners and Realtors that reside in northeastern Indiana. We asked our participants to focus on houses in the price range of $200,000 to $400,000, and we asked them a number of questions concerning changes in residential values. We chose to make these homes our focal point because the more expensive homes see the most drastic price reduction when a negative influence enters their immediate neighborhood. We decided it would be easier to single out those influences that, in
Homeowners and Realtors are both optimistic about the market. Realtors believe that a fast food restaurant in the neighborhood is slightly less harmful than an auto repair garage. Actually, affect the property values of all neighborhoods, if we made our participants think along the lines of a more expensive home.

First, we focused on obtaining a general overview of the market. Homeowners and Realtors were both optimistic about the marketplace in that the majority of those interviewed thought that homes in the price range were seeing less days on the market, the rate of construction for these homes was increasing, and more importantly, values were appreciating. But what, besides a juvenile detention center in the area, would turn this all around?

Well, any commercial business that exists within a close proximity to your home is usually not a good thing. Not surprisingly, an auto repair garage was among those considered to have a large negative affect, especially by Realtors in the area, with approximately 83% believing there would be a decrease in value to your home by over 10%. What is surprising, however, is that about 11% of homeowners thought their property values would not be affected at all by an auto garage and possibly, there would be an increase in property values if it were introduced to the area. Many of these people believed that the convenience of having a body shop close would make them more than happy to live in the area.

In addition, Realtors saw a fast food restaurant in the area as slightly less of a threat with about 43% thinking there would be a decrease of residential values by over 10%. Yet again, 11% of homeowners thought that being able to walk to get their super-sized combo meal would be nice. The chart below details our participants’ reactions to a fast food restaurant in the area:

![Chart](chart.png)

If you have to live next to a commercial property,
Realtors and homeowners are split on the type of housing that hurts neighborhoods the most.

Your best bet, according to our survey, would be to live next to a lumberyard. Although all Realtors believed there would be a decrease in residential values with one in the area, 67% thought that it would be slight with a decrease by 0 to 10%. With that in mind, 21% of homeowners said a lumberyard would not bother them at all, and they did not believe there would be even the slightest change in residential values. However, not one single participant believed that values would increase due to a lumberyard.

Next, we focused on forms of housing that may have an adverse affect on neighborhoods. Keep in mind that these types of homes that we posed are, most likely, only going to affect residential values if the home exists on the upper end of the value scale—primarily in the $200,000 and up price range.

According to Realtors, modular homes are slightly more desirable to a neighborhood than is low-income housing. While all Realtors believed that low-income housing would decrease property values, about 17% thought that modular homes would have no affect at all. Most homeowners believed that both would negatively affect their residential values, but low-income housing seemed to be a bit more desirable with approximately 15% believing there would be no change to an increase in residential values. Some of these people stated that poor people are oftentimes misunderstood and that they would not mind to have them in the neighborhood. Look to the charts below for an in-depth breakdown of where our participants’ answers lie.

For low-income housing:
When it comes to assisted living facilities and rental-assisted senior citizen housing, Realtors and homeowners alike do not see much of an affect on property values. However, some common concerns centered on the design of the developments. Many participants believed that as long as they were conducive to the neighborhood and nice to look at, there would be no problem at all.

When asking our homeowners and Realtors if they would accept a project in their neighborhood that may adversely affect the values of their property, if it is needed in the community, 44% said they would accept it only if the design fit in with the neighborhood. In addition, an astounding 26% stated that they would support a needed project no matter what the cost to their residential values. In conclusion, community need seems to be the number one factor that will cause a homeowner or Realtor to overlook a negative influence in the area.

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