The

CURRENT HOUSING MARKET SITUATION-NASHVILLE, TENNESSEE

as of April 1, 1974

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D.C. 20411

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Foreword

This current housing situation report has been prepared for the assistance and guidance of the Department of Housing and Urban Development in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The report does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand estimates suggested in the report are based upon an evaluation of the factors available on the "as of" date. They should not be construed as forecasts of building activity, but rather as estimates of the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development
Economic and Market Analysis Division
Washington, D. C.

THE CURRENT HOUSING MARKET SITUATION
NASHVILLE, TENNESSEE
AS OF APRIL 1, 1974

The Nashville, Tennessee, Housing Market Area (HMA) is defined as being coextensive with Metropolitan Nashville-Davidson County. It is located in central Tennessee, 185 miles west of Knoxville and 209 miles northwest of Memphis.

Anticipated Housing Demand

Based on the projected level of household growth during the forecast period, current vacancy levels, expected inventory losses, and the present level of residential construction activity, it is estimated than an adequate demand for housing will exist to justify building permits being obtained annually for 1,300 new, single-family, nonsubsidized housing units and 3,500 nonsubsidized rental units during the two-year period ending April 1, 1976. An additional annual demand for 550 housing units may be satisfied by 300 condominium units and 250 mobile homes. The qualitative distribution of the projected demand by sales price, monthly rent range, and size of unit is presented in Tables I and II.

It is anticipated that subsidized single-family sales housing, housing for elderly couples and individuals, and low-rent public housing could be utilized in the Nashville area. Pending a determination of the nature of such programs in the future, no quantification of the absorptive capacity will be attempted. At present, some need can be satisfied from existing vacancies and units under construction under the Section 236 program.

Population and Households

The Nashville Housing Market Area had a population of 447,877 on April 1, 1970, which represented an average annual increase of about 4,810 persons between 1960 and 1970. Since April 1, 1970, it is estimated that the population of the HMA has increased at an annual rate of about 6,010 persons, to an estimated population of 471,900 as of April 1, 1974 (see Table VI). The population of the Nashville HMA is expected to increase to 483,300 by April 1, 1976, indicating an average gain of an additional 5,700 persons a year during the forecast period.

There were estimated to be 153,650 households in the Nashville HMA on April 1, 1974, indicating an average annual gain of about 3,310 since April 1, 1970. During the next two years, it is estimated that the number of households will increase by approximately 3,000 a year.

Economic Character of the Area

Although Nashville has a well-diversified economic base, the government sector has a profound effect on the economy, containing the three largest employers in the HMA. The Metropolitan Government of Nashville-Davidson, with over 14,000 employees, is the largest employer in the HMA. The State Government is the second largest employer with 8,850 employees. The Federal Government, with over 5,400 employees, is the third largest employer.

Employment Trends

During January 1974, the Tennessee Department of Employment Security estimated that nonagricultural wage and salary employment averaged 239,500 workers (See Table III). 1/ Total nonagricultural wage and salary employment averaged 237,600 in 1973, an increase of 5,100 over 1972. The gain was primarily the result of increases in durable goods, construction, wholesale and retail trade, and government employment. Nonagricultural wage and salary employment increased each year during the 1965-1973 period, at an average rate of about 6,225 jobs a year. The largest increase occurred between 1965 and 1966, when 13,500 jobs were added to the labor force, and between 1968 and 1969 when 7,200 jobs were added. Between 1970 and 1973, nonagricultural wage and salary employment increased at a slower rate of 5,270 jobs a year.

1/ Employment data for the Nashville area is available only on the basis of the three-county SMSA consisting of Davidson, Wilson and Sumner Counties. Davidson County accounts for approximately 83 percent of the total work force.

Approximately 27 percent of nonagricultural wage and salary employment is in manufacturing. Between 1965 and 1973, manufacturing employment increased by 8,100 (14.6 percent). The largest gains during this period occurred in fabricated metals with an increase of 2,100, leather products with an increase of 1,700, and transportation equipment with an increase of 1,300.

Nonmanufacturing industries account for about 73 percent of total nonagricultural wage and salary employment in the Nashville SMSA. Between 1965 and 1973, nonmanufacturing employment increased by 41,700 jobs (31.5 percent). The largest increases have occurred in trade (10,700), services (9,800), and government (9,200).

Employment Outlook

During the next two years, nonagricultural wage and salary employment is expected to increase by an average of 5,400 jobs a year. Nonmanufacturing is expected to grow by 4,550 with increases occurring principally in trade, services, and government. Manufacturing will account for an increase of 850 jobs a year, concentrated in the fabricated metals, leather products, and transportation equipment industries.

Income

As of April 1974, the estimated median annual income of all families in the Nashville HMA was $12,600. Renter households of two or more persons had an estimated annual income of $9,100. Distributions of all families and renter households by income classes for 1969 and 1974 are presented in Table IV.

Sales Market

The sales market in the HMA has remained strong, with a vacancy rate of 0.9 percent as of April 1, 1974, the same rate as in April 1970 (see Table VII). Single-family construction for the years 1970 through 1973 averaged 1,810 units a year, lower than the annual average 1,990 homes for the years 1965 through 1969. As a result of high interest rates and the termination of the Section 235 program, permits issued for single-family construction declined by 23 percent in 1973, from 1,986 permits issued in 1972 to 1,527 in 1973.

A January 1974 unsold inventory survey conducted by the Nashville Insuring Office indicated that 7.2 percent of new single-family houses completed in subdivisions with five or more completions during 1973 were sold before construction started, compared with 13.5 percent in a similar survey covering houses built in 1972. A total of 356 homes (36 percent of speculative completions) were unsold at the end of 1973, compared with 509 (29 percent) in 1972.

New single-family construction is concentrated primarily in southeast and southwest Davidson County. Newly constructed homes range in price from $30,000 to $50,000 in southwestern Davidson County, while new homes range in price from $25,000 to $35,000 in the southeastern section of the county.

Condominiums have taken an increasing share of the sales market during the last three years (see Table A). In 1971, the first year that a large number of condominiums were permitted, condominiums accounted for 9.6 percent of the total number of building permits issued for new sales units. During 1973, condominiums accounted for 44 percent of total sales units were permitted. Condominiums have been concentrated in southeast Davidson County on the perimeter of Percy Priest Lake, in south-central Davidson County off Bell Road, and in the southwest part of the county off the Memphis-Bristol Highway.

Condominiums typically range in price from $24,000 to $30,000 for a two-bedroom $30,000 to $40,000 for a three-bedroom, and from $35,000 to $45,000 for a four-bedroom unit.

Table A

Building Permits Issued for Condominiums and Single-Family Units
Nashville, Tennessee, Housing Market Area
1971- 1974

Year	Condomoniums	Single-Family
1971	231	2,175
1972	328	1,986
1973	1,202	1,527
Jan-March 1974	323	310

Sources: U.S. Bureau of the Census and local permit-issuing places.

Rental Market

The market for rental housing in the Nashville HMA was in balance on April 1, 1974: the rental vacancy rate was 5.0 percent, compared with 7.1 percent in April 1970. From January through March 1974, building permits were issued for 1,101 multifamily units (See Table V). In 1973 building permits were issued for 4,357 multifamily units, down considerably from the 6,307 units authorized in 1972. Construction volume authorized in the 1965-1969 period averaged 3,100 multifamily units annually, compared with an annual average of 4,480 units in the period from 1970 through 1973.

New garden apartments near Nolensville Pike between Natchez Court and Paragon Mills Road usually rent from $125 to $150 for a one-bedroom and from $150 to $180 for a two-bedroom apartment, while two-bedroom townhouses rent from $180 to $200. New garden apartments located in the vicinity of Harding Place between Nolensville Pike and I-24 rent from $150 to $195 for a one-bedroom unit and from $185 to $220 for a two-bedroom unit; townhouses in this area rent from $220 to $240 for a two-bedroom unit and from $260 to $290 for a three-bedroom. In the Madison area in close proximity to Old Hickory Boulevard, garden apartments rent from $120 to $150 for a one-bedroom unit and from $150 to $185 for a two-bedroom apartment. In Bellevue area in southwest Nashville-Davidson, one-bedroom garden apartments rent from $165 to $195 and two-bedroom units rent from $190 to $240, while two-bedroom townhouses rent from $230 to $270.

Subsidized Housing

The Nashville Housing Authority has 6,134 units under management, including 1,007 units for senior citizens, with a 1.3 percent vacancy rate. An additional 320 low-rent units, including 200 units for senior citizens, are under development. The Authority has a waiting list of 487 families and 758 elderly.

There are 1,292 rent supplement units that are complete, with a vacancy rate of 2.2 percent. The 1,189 Section 221(d)(3) BMIR units in the Nashville HMA have a vacancy rate of 3.1 percent. The 235 completed units of Section 236 housing for families have a vacancy rate of 7.2 percent. Three moderate income senior citizens projects totalling 583 units report no vacancies along with combined waiting lists of approximately 300 applications. Two Section 236 projects are in initial rent-up. Currently, there 849 units of Section 236 housing under construction, including 335 units specifically designated for senior citizens.

TABLE I

ESTIMATED ANNUAL DEMAND FOR NONSUBSIDIZED HOUSING
NASHVILLE, TENNESSEE, HOUSING MARKET AREA
APRIL 1, 1974 - APRIL 1, 1976

(A) Single-family

Sales Price	Number of Units	Percent of Total
$20,000-$22,499	150	12
22,500- 24,999	200	15
25,000- 29,999	340	26
30,000- 34,999	230	18
35,000- 39,999	140	11
40,000- 44,999	70	5
45,000 and over	170	13
Total	1,300	100

(B) Multifamily

Gross Monthly Rent a/	Efficiency	One Bedroom	Two Bedrooms	Three Bedrooms
$120 - $129	90	-	-	-
130 - 149	85	-	-	-
150 - 169	30	540	-	-
170 - 189	10	725	375	-
190 - 209	5	160	490	-
210 - 229	-	65	280	65
230 - 249	-	30	155	50
250 - 269	-	20	90	35
270 - 289	-	-	50	25
290 - 309	-	-	25	20
310 - 329	-	-	35	20
330 and over	-	-	-	25
Total	220	1,540	1,500	240

a/ Gross rent is shelter rent plus the cost of utilities.

Source: Estimated by Economist.

TABLE II

ESTIMATED ANNUAL DEMAND FOR CONDOMINIUMS
NASHVILLE, TENNESSEE, HOUSING MARKET AREA
APRIL 1, 1974 - APRIL 1, 1976

Condominiums

Sales Price	Number of Units	Percent of Total
$20,000 - $24,999	30	10
25,000 - 29,999	60	20
30,000 - 34,999	90	30
35,000 - 39,999	60	20
40,000 - 44,999	30	10
45,000 and over	30	10
Total	300	100

Source: Estimated by Economist.

TABLE III

TREND OF NONAGRICULTURAL WAGE AND SALARY EMPLOYMENT
NASHVILLE, TENNESSEE, SMSA[a]
ANNUAL AVERAGES IN THOUSANDS, 1965 - 1974

	1965	1966	1967	1968	1969	1970	1971	1972	1973	Jan. 1974
Total Wage & Salary	187.8	201.3	205.1	210.7	217.9	221.8	225.9	232.5	237.6	239.5
Manufacturing	55.5	60.8	60.3	60.0	61.5	61.1	59.9	62.1	63.6	64.1
Durable goods	20.7	23.3	22.7	24.5	25.4	25.1	23.7	25.7	26.7	27.0
Lumber (ex. furn.)	1.0	0.9	1.0	1.0	0.9	0.8	0.8	0.8	0.9	0.9
Furniture & fixtures	2.1	2.4	2.3	2.3	2.2	2.2	2.2	2.4	2.6	2.5
Fabricated metals	4.1	4.6	4.8	6.4	6.7	6.4	5.9	6.0	6.2	6.4
Machinery	3.0	3.7	3.1	3.5	3.8	3.6	3.6	4.0	4.1	4.1
Transportation equip.	4.8	5.9	6.4	5.4	6.1	6.5	5.2	5.8	6.1	6.2
All other[b]	5.7	5.8	5.1	5.9	5.7	5.6	6.0	6.7	6.8	6.9
Nondurable goods	34.8	37.5	37.6	35.5	36.1	36.0	36.2	36.4	36.9	37.1
Food	6.3	6.4	6.4	5.7	5.5	5.6	5.5	5.6	5.4	5.3
Textiles	2.7	2.9	2.9	3.0	2.9	3.1	3.4	3.4	3.5	3.5
Apparel	4.4	4.5	4.1	4.3	4.1	4.0	4.0	4.2	4.2	4.1
Printing & publishing	7.5	8.3	9.2	8.4	8.7	8.6	8.7	8.6	8.6	8.8
Petroleum & rubber	1.5	2.0	1.9	1.9	2.3	2.1	2.0	2.3	2.6	2.5
Leather	5.5	5.7	6.1	6.0	6.4	6.6	7.3	7.2	7.2	7.2
All other[c]	6.9	7.7	7.0	6.2	6.2	6.0	5.3	5.1	5.4	5.7
Nonmanufacturing	132.3	140.5	144.8	150.7	156.4	160.7	166.0	170.4	174.0	175.4
Construction	10.9	12.0	11.8	13.2	13.5	12.6	13.0	13.5	14.7	14.9
Trans., comm. & pub util.	11.3	11.9	12.5	12.5	13.0	13.9	13.9	14.1	14.1	13.9
Wholesale & retail trade	39.6	42.4	43.8	45.9	47.2	48.3	48.8	49.6	50.3	51.0
Fin., ins., & real estate	11.8	12.4	12.6	12.8	14.4	14.9	16.2	16.8	17.2	17.7
Service & miscellaneous	30.3	31.4	32.6	34.3	35.6	37.2	38.6	39.6	40.1	40.2
Government	28.4	30.4	31.5	32.0	32.7	33.8	35.5	36.8	37.6	37.7

Source:. Tennessee Department of Employment Security.
a/ Includes Davidson, Sumner, and Wilson Counties.
b/ Includes primary metals, stone, clay and glass, professional, scientific and controlling instruments and miscellaneous manufacturing.
c/ Includes tobacco, paper and chemicals.

TABLE IV

ESTIMATED PERCENTAGE DISTRIBUTION
OF ALL FAMILIES AND RENTER HOUSEHOLDS BY ANNUAL INCOME
NASHVILLE, TENNESSEE, HOUSING MARKET AREA
1969 - 1974

Income	All Families		Renter Households 1/	
	1969	1974	1969	1974
Under $3,000	10	6	18	11
$3,000 - 3,999	5	3	8	5
4,000 - 4,999	5	2	9	5
5,000 - 5,999	6	4	10	6
6,000 - 6,999	6	4	9	6
7,000 - 7,999	7	4	8	9
8,000 - 8,999	8	5	8	7
9,000 - 9,999	7	6	6	7
10,000 - 11,999	13	12	9	13
12,000 - 14,999	14	16	8	14
15,000 - 24,999	14	28	6	14
25,000 and over	5	10	1	3
Total	100	100	100	100
Median	$9,400	$12,600	$6,600	$9,100

Source: Estimated by Economist.

1/ Excludes one-person households.

TABLE V

HOUSING UNITS AUTHORIZED BY BUILDING PERMITS
NASHVILLE, TENNESSEE, HOUSING MARKET AREA
1960 - MARCH 1974

Year	Nonsubsidized Housing Units			Subsidized Housing Units				Total Housing Units Authorized
	Single-Family	Multi-Family	Total	LRPH and RS Housing	BMIR and Section 236 Housing	Section 235 Housing[a]	Total	
1960	2083	1079	3162	0	0	0	0	3162
1961	2472	1584	4056	0	0	0	0	4056
1962	2154	1012	3166	0	0	0	0	3166
1963	2287	1177	3464	181	0	0	181	3645
1964	2053	2472	4525	220	178	0	398	4923
1965	2266	2002	4268	0	136	0	136	4404
1966	1803	2120	3923	0	207	0	207	4130
1967	2428	2154	4582	226	256	0	482	5064
1968	1894	3631	5525	853	291	0	1144	6669
1969	1457	2239	3696	1025	346	79	1450	5146
1970	1126	1258	2384	333	584	433	1350	3734
1971	1608	5069	6677	0	0	567	567	7244
1972	1353	5743	7096	100	464	633	1197	8293
1973	1247	3559	4806	0	798	280	1078	5884
Jan.-March 1974	310	1101	1411	0	0	0	0	1411

Sources: U.S. Bureau of the Census and local permit-issuing places.

a/ Estimated by Economist.

TABLE VI

TREND OF POPULATION AND HOUSEHOLD GROWTH
NASHVILLE, TENNESSEE, HOUSING MARKET AREA
APRIL 1960 - APRIL 1976

Area and Type	April 1960	April 1970	April 1974	April 1976	Average Annual Change 1960-1970 Number[a]	1970-1974 Number[a]	1974-1976 Number[a]
Population							
Davidson County	399,743	447,877	471,900	483,300	4,810	6,010	5,700
Households							
Davidson County	114,635	140,409	153,650	159,650	2,580	3,310	3,000

[a] Rounded.

Sources: 1960 and 1970 Censuses of Population and Housing; 1974 and 1976 estimated by Economist.

TABLE VII

TENURE AND OCCUPANCY IN THE HOUSING INVENTORY
NASHVILLE, TENNESSEE, HOUSING MARKET AREA
APRIL 1, 1960 - APRIL 1, 1974

Tenure and Occupancy	April 1960	April 1970	April 1974
Total housing supply	120,847	147,266	160,750
Occupied housing units	114,635	140,409	153,650
Owner-occupied	69,865	83,694	88,075
Percent of all occupied	60.9	59.6	57.3
Renter-occupied	44,770	56,715	65,575
Percent of all occupied	39.1	40.4	42.7
Vacant housing units	6,212	6,857	7,100
Available vacant	3,797	5,133	4,250
For sale	1,395	791	825
Homeowner vacancy rate	2.0	0.9	0.9
For rent	2,402	4,342	3,425
Renter vacancy rate	5.1	7.1	5.0
Other vacant[a]	2,415	1,724	2,850

a/ Includes seasonal units, units rented or sold and awaiting occupancy, and units held off the market for absentee owners or other reasons.

Sources: 1960 and 1970 Censuses of Housing; 1974 estimated by Economist.

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