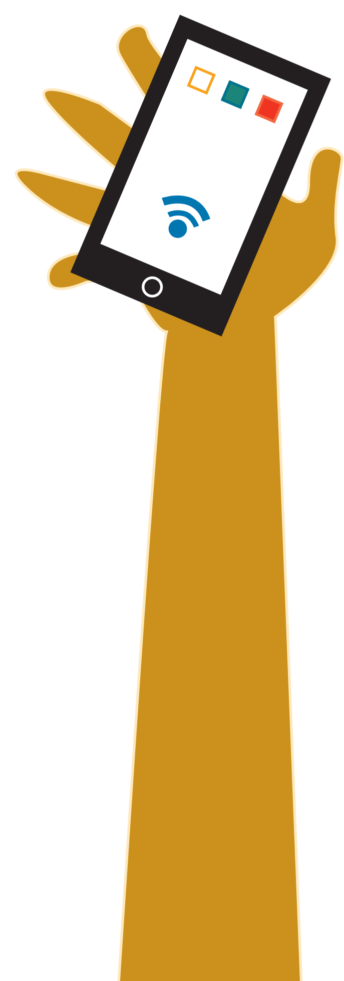
THE DEMISE OF NIMBY

As the demand for connectivity grows, market resistance wanes

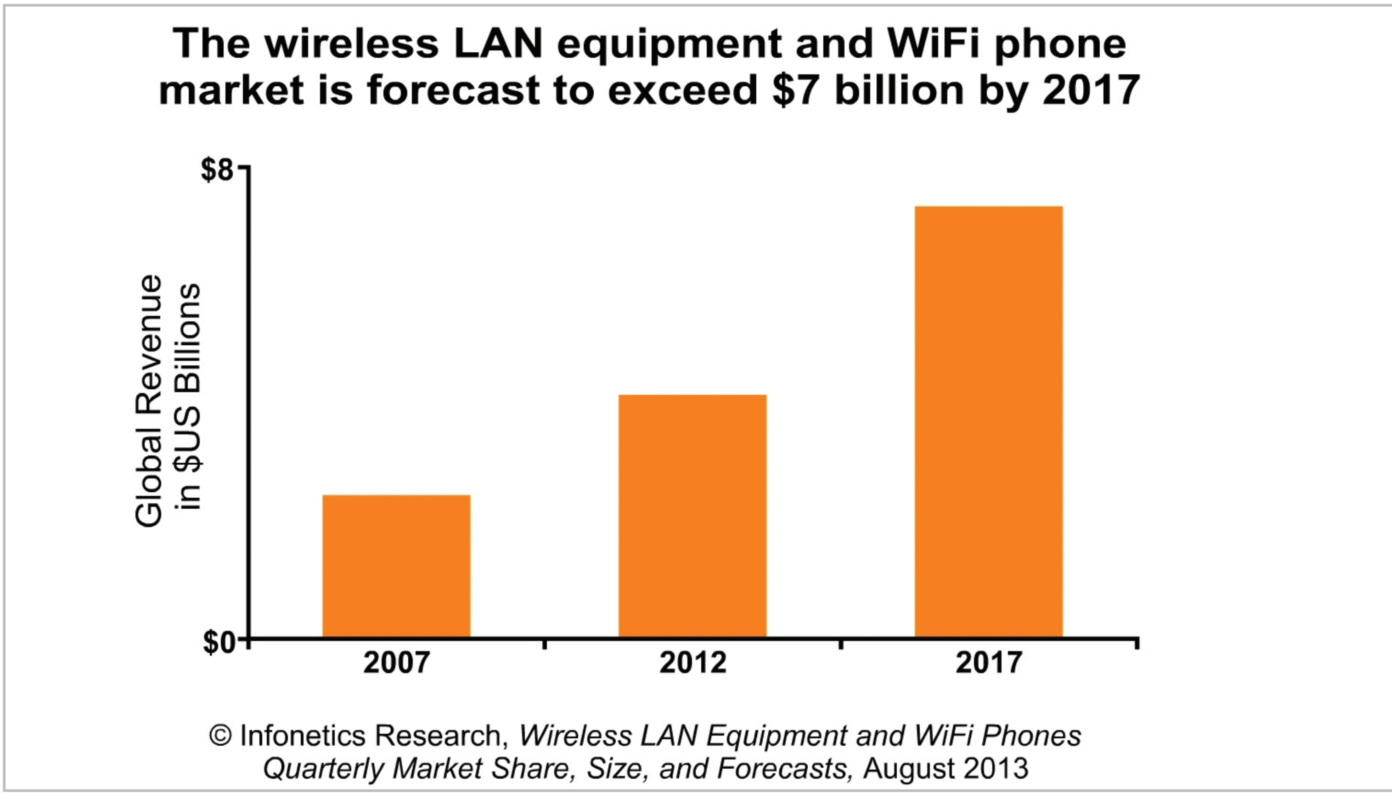
BY BILLY R. MEDLEY, SR/WA



Society's insatiable thirst for increased wireless connectivity is evident by the sheer number of new tower sites in both large cities and rural communities everywhere. This growing demand for services coupled with suburban/urban sprawl has changed the idea of NIMBY (Not in My Back Yard) forever.

This is especially true in Tennessee, where we have observed telecommunication sites on flagpoles in schoolyards, near higher-education facilities, industrial and commercial areas, in church steeples and atop almost every downtown rooftop that could accommodate them. Tower sites in our state are located close to high-end and middle-class residential neighborhoods, most downtowns and essentially cover most of the urban and semi-urban counties. Even the rural counties have majority site coverage.

Recently, our office conducted a study of telecommunication towers for wireless carriers in the state. The study included 1,300 site valuations from 1996 to 2014 and revealed some noteworthy findings. First, we learned that the number of tower sites in Tennessee has increased from 900 in 1996 to over 3,000 in 2014. We also learned that ground rental rates for tower sites had increased from an average of $500 per month to $777 per month during that same time period. And near the larger population centers, some of the sites rented for as high as $2,000



a month, indicating that the principle of change is more active than ever.

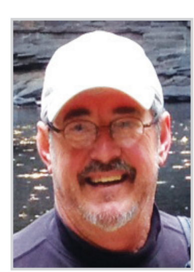
The study also included a revamping of the land cap rate utilized by our office. Our Assistant Director Gary Harris, CAE used the ground rental data to consider an overall average cap rate of 8.50 percent. The arrayed site values derived from the study were 10.63 percent for the poorer rural or remote sites to 5.31 percent for the super sites in our best commercial locations. After presenting our findings to the wireless management and wireless carriers in a joint meeting, they agreed that our data conclusions were market based and well founded.

In writing this article, I reached out to one of the top appraisers in Tennessee, Gary Standifer, MAI to gain his valuable insight into this phenomenon. He mentioned a recent assignment that required him to do a study of a tower site in a semi-rural area of Tennessee just west of Nashville. This site was located on the border of an established residential neighborhood in close proximity to a local school. This study was done for a condemnation lawsuit. Gary gathered data and pictures and included several sites that were not only located close to high-end and median residential neighborhoods, but also near a church and daycare site. During depositions, Gary revealed his findings indicating no stigma for the area outside the fall zone and 50 percent damages within the fall zone. After depositions, the case was settled prior to going to trial. It was indicated by the lawyer that Gary was working for that the data/studies were an important factor in settling the case.

This story piqued my interest, and I decided to get additional information about the number of filings for this type of lawsuit. I found that, from the beginning of the buildout of telecommunication coverage statewide and nationally, the market resistance for cellular tower sites had not only slowed, but has almost completely stopped. The recent population boom and urban sprawl in many southern states has essentially removed the stigma associated with most public utility facilities.

The increased demand in rural communities, combined with the needs of their urban counterparts, has led to a new level of expectations for cellular-related services. And as the demand for more and better services grows, residents and businesses will be welcoming other technologies, such as solar and wind farms. NIMBY, as we know it, has been relegated to mostly waste disposal and environmentally sensitive sites, and as such, may be nearing its expiration date. ✪

The views expressed here are those of the author and do not necessarily reflect those of the Comptroller of the Treasury for the State of Tennessee.



Billy is the Appraisal Supervisor, Office of State Assessed Properties for the Comptroller of the Treasury. He serves as Chair of Tennessee Chapter 32's Professional Development Committee, Education Committee and Transportation Committee.