

The Economic Impact of Walkable Communities

Christopher Coes
New Partners for Smart Growth Conference
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Twitter: @christophercoes @locusdevelopers



Who is LOCUS?

- Only organization working directly on behalf of developers and investors of walkable urban, transit-oriented and smart growth development.



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Smart Growth America
Making Neighborhoods Great Together



Changing Market Preferences

Young professionals

64% of college-educated 25- to 34-year-olds looked for a job **after** they chose the city where they wanted to live.

- *U.S. Census*



**Boomers are a different kind of
Senior Citizen:
Adulthood II**



Market Trends For Senior Adults

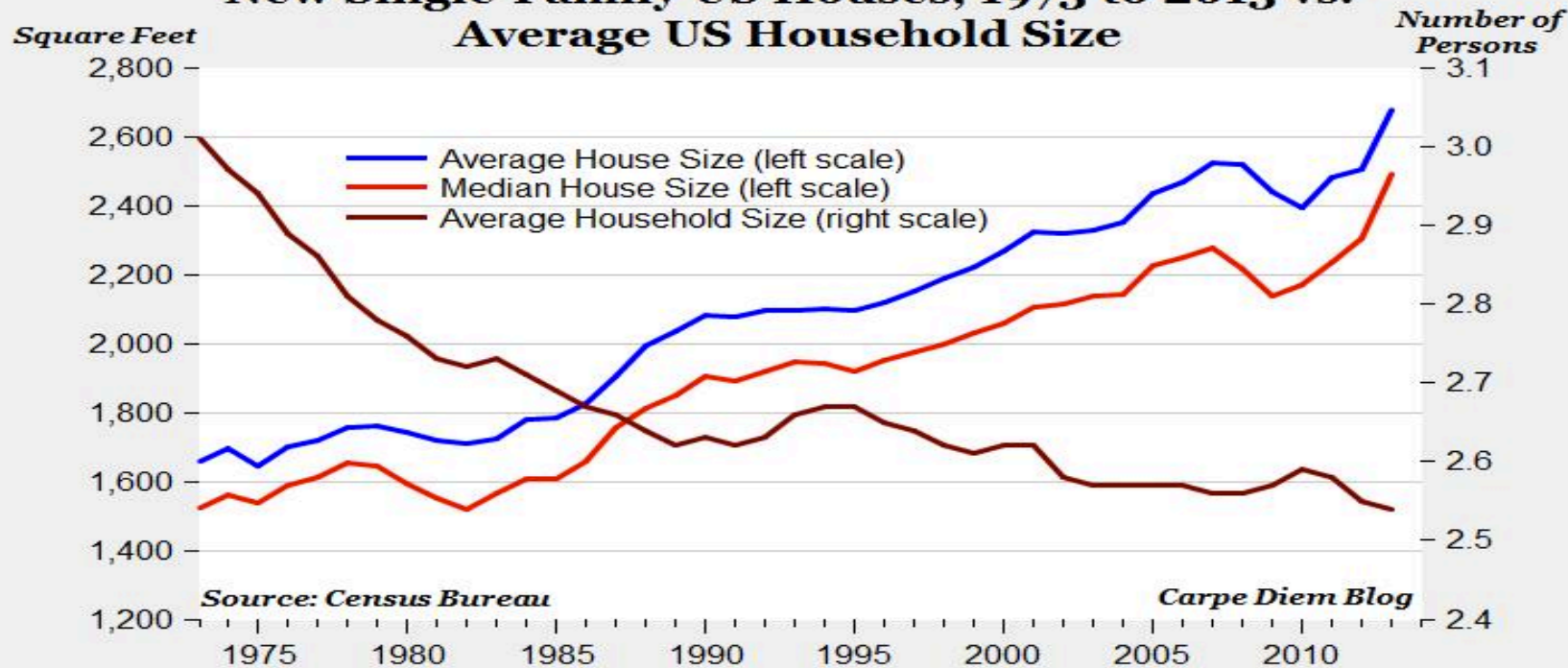
- A scientific poll of people age 45 and older by AARP in 2010 found that having the following amenities close by were also particularly important to older adults: bus stop (50%), grocery store (47%), park (42%) and pharmacy/drug store (42%)
- Based on a recent RCLCO's national survey of boomer preferences for amenities, 83% ranked walking, 67% nearby shopping, and 51% bicycling as top priorities. In addition, one notable trends are towards development of mix-aged housing projects and age-restricted housing projects that are closely integrated into an intergenerational neighborhood.
- Employment proximity is also becoming increasingly important, as the number of workers 75 or older has risen by 77 percent in the past two decades according to AARP's Public Policy Institute.



**We've got the wrong housing
stock for the 21st century**

Smaller homes-more people Larger homes-fewer people

**Average and Median Square Feet of Floor Area in
New Single-Family US Houses, 1973 to 2013 vs.
Average US Household Size**



Source: Census Bureau

Carpe Diem Blog



Foot Traffic *Ahead*

Ranking
Walkable Urbanism in
America's Largest Metros
2016



The Center for Real Estate
and Urban Analysis

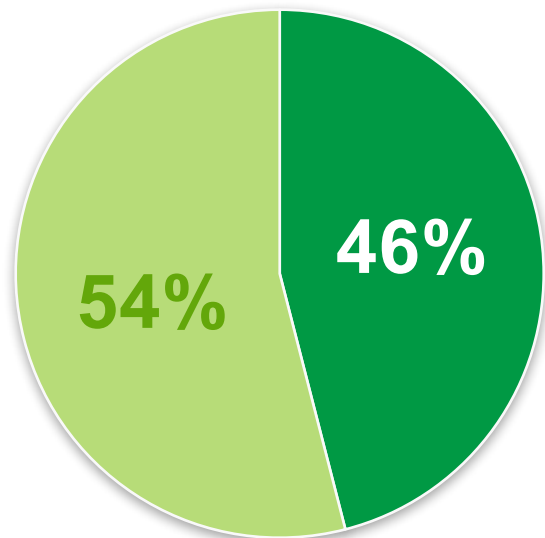
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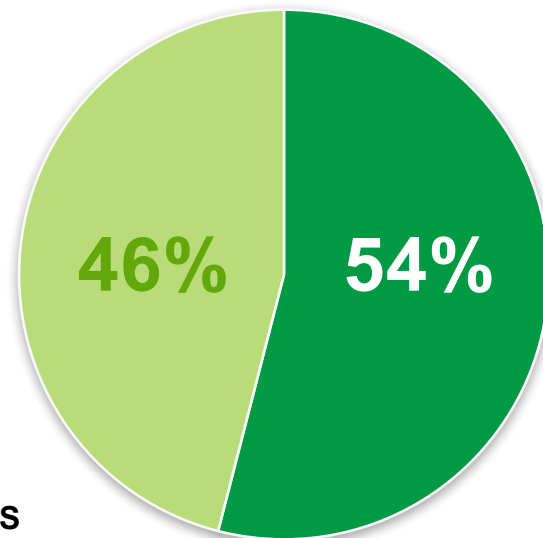
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The Largest 30 Metros in the United States

SHARE OF
U.S. POPULATION



SHARE OF
U.S. GDP



The Old Dichotomy



URBAN

SUBURBAN

Time for New Lenses



**WALKABLE
URBAN**

**DRIVABLE
SUB-URBAN**

Form & Function of Metropolitan America

METROPOLITAN LAND USE OPTIONS:



**WALKABLE
URBAN**

REGIONALLY SIGNIFICANT



WALKUP:
Metro Area Acreage: 1%

LOCAL SERVING



NEIGHBORHOOD
Metro Area Acreage: 2-6%



**DRIVABLE
SUB-URBAN**



EDGE CITY
Metro Area Acreage: 3-4%



BEDROOM COMMUNITY
Metro Area Acreage: 90-94 %

WalkUPs Defined

WALK SCORE:

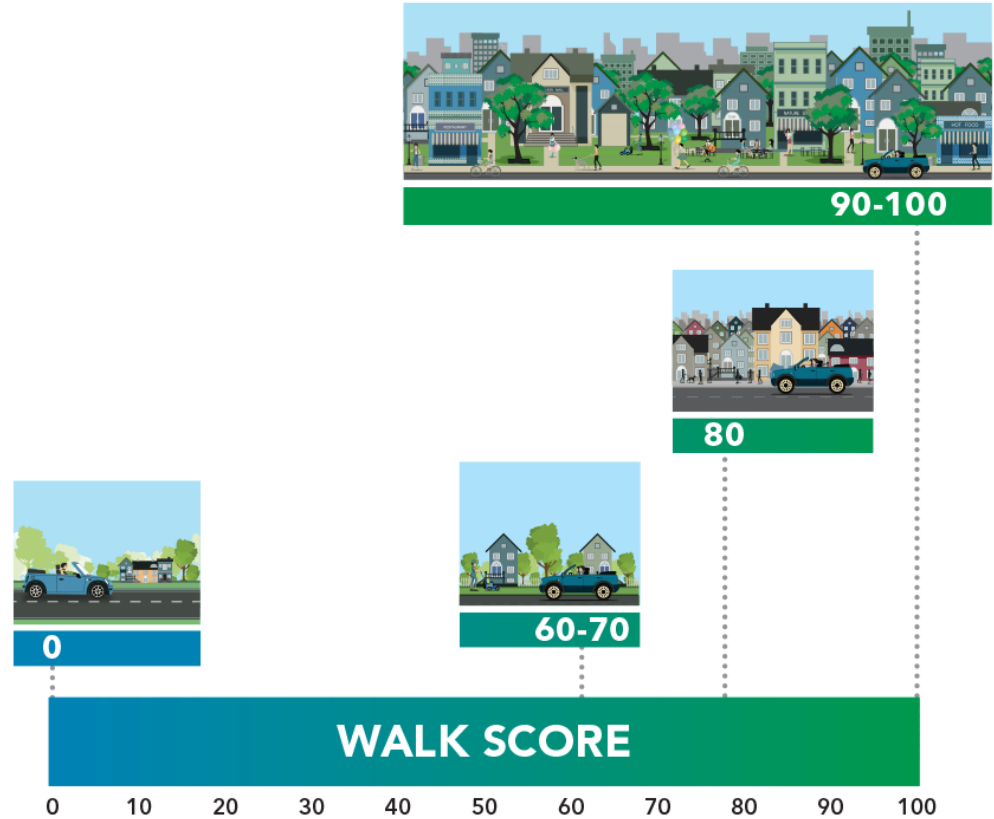
Walk Score ≥ 70

OFFICE & RETAIL SPACE:

Office ≥ 1.4 million sq. ft.

and/or

Retail $\geq 340,000$ sq. ft.



Key Findings

- **Walkable urban real estate product in the 30 largest metros commands a 72% rent-per-square-foot premium over rents in drivable sub-urban areas.**
 - **Office Space:** 90%
 - **Retail Space:** 71%
 - **Multi-Family Rental:** 66%
- **All 30 metros have a walkable urban rent premium, ranking from 4-191% (most 20-97%)**
- **And, these premiums have grown between 2010-2015**
- **All 30 metros for walkable urbanism gaining market share: 28 metros growing 77% to 4X faster over 6 yrs.**
- **Walkable urban absorption in metro Boston over 6 years absorbing 93% of new space in 1.2% of land**



Key Findings

- There are **619 WalkUPs**, or regionally significant walkable urban places, in the 30 largest metropolitan areas in the United States.
- **Six Highest-Ranked Metros:**
 - New York City
 - Washington, DC
 - Boston
 - Chicago
 - San Francisco Bay
 - Seattle



Key Findings

- Walkable urban development is not limited to the revitalization of center cities; it is also the urbanization of select suburbs.
- For example, nearly half (47%) of Washington, DC's WalkUPs are located in its suburbs.

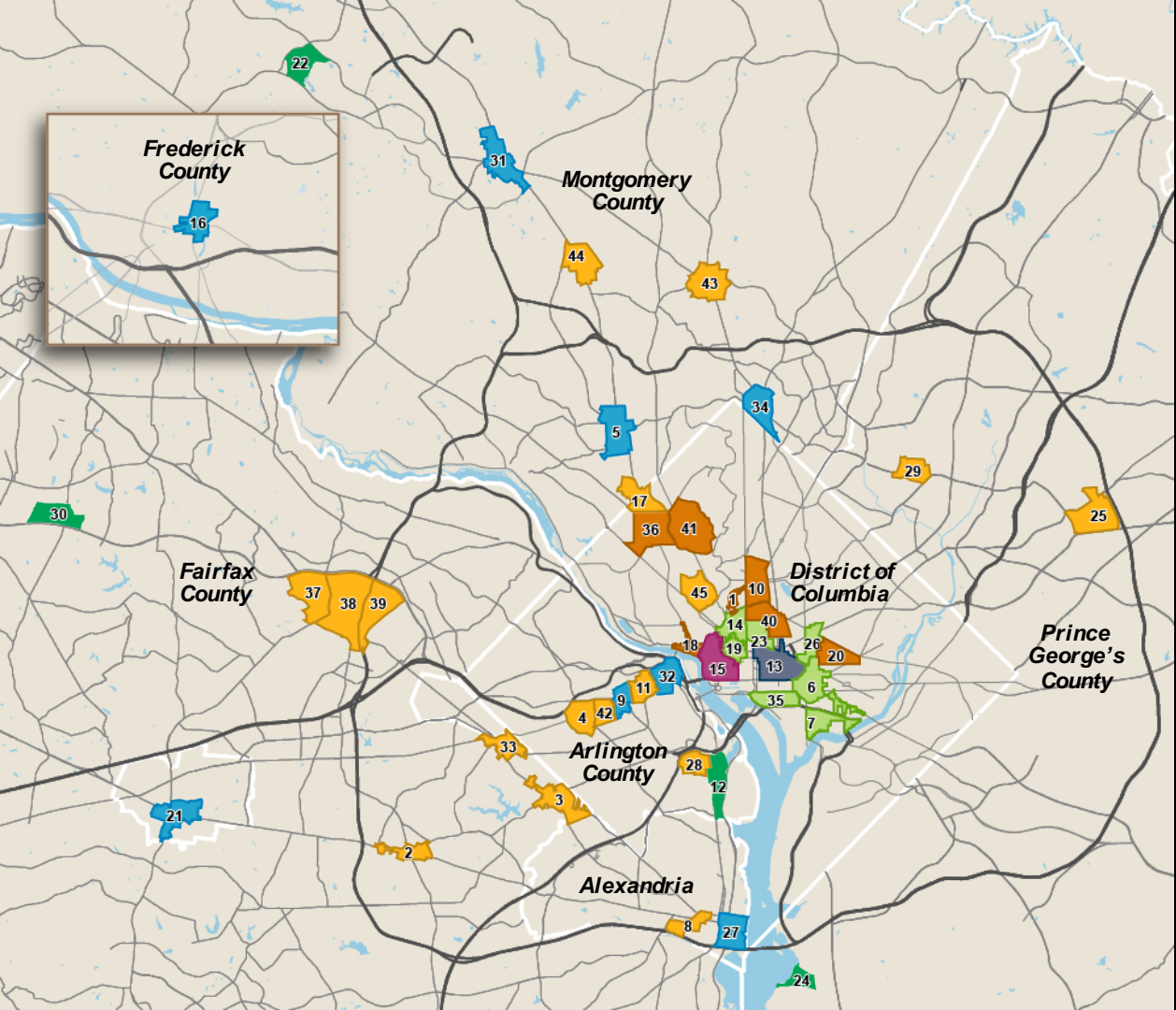


WalkUPs in Metro Washington, DC

- 44 WalkUPs
- 408 acres on average
- 17,500 acres or 1% of land mass

Key: WalkUP Types

- DOWNTOWN
- DOWNTOWN ADJACENT
- URBAN COMMERCIAL
- SUBURBAN TOWN CENTER
- URBAN UNIVERSITY
- REDEVELOPMENT of DRIVABLE SUB-URBAN
- GREENFIELD / BROWNFIELD

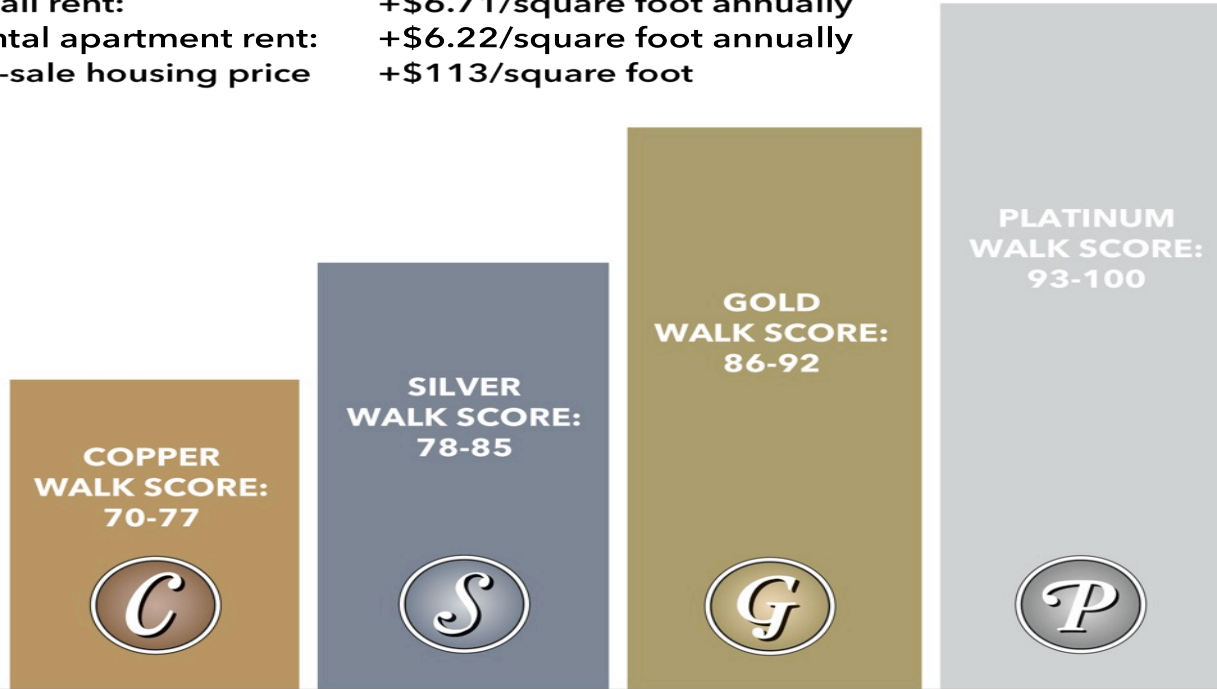


The Center for Real Estate and Urban Analysis



average performance by economic level

Walk Score: +6.22 points
Office rent: +\$7.28/square foot annually
Retail rent: +\$6.71/square foot annually
Rental apartment rent: +\$6.22/square foot annually
For-sale housing price: +\$113/square foot

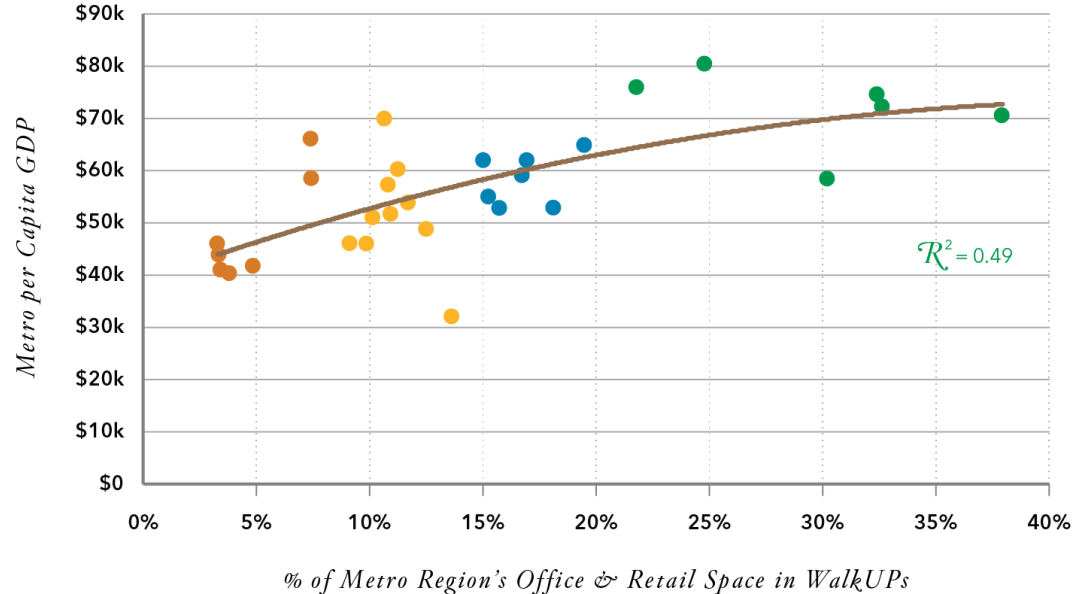


Correlation:

WALKUPS & GDP per Capita

- Significant correlation between walkable urbanisms & GDP per capita
- Causal link between Education of workforce & GDP per capita
- \$56,598 average GDP per capita for largest 30 metros
- The top 6 high-ranked walkable urban metros have GDP per capita of \$72,110 vs. 7 low ranked metros of \$48,314—or 49% higher
- Comparable to difference between Germany VS Russia, Latvia or Croatia

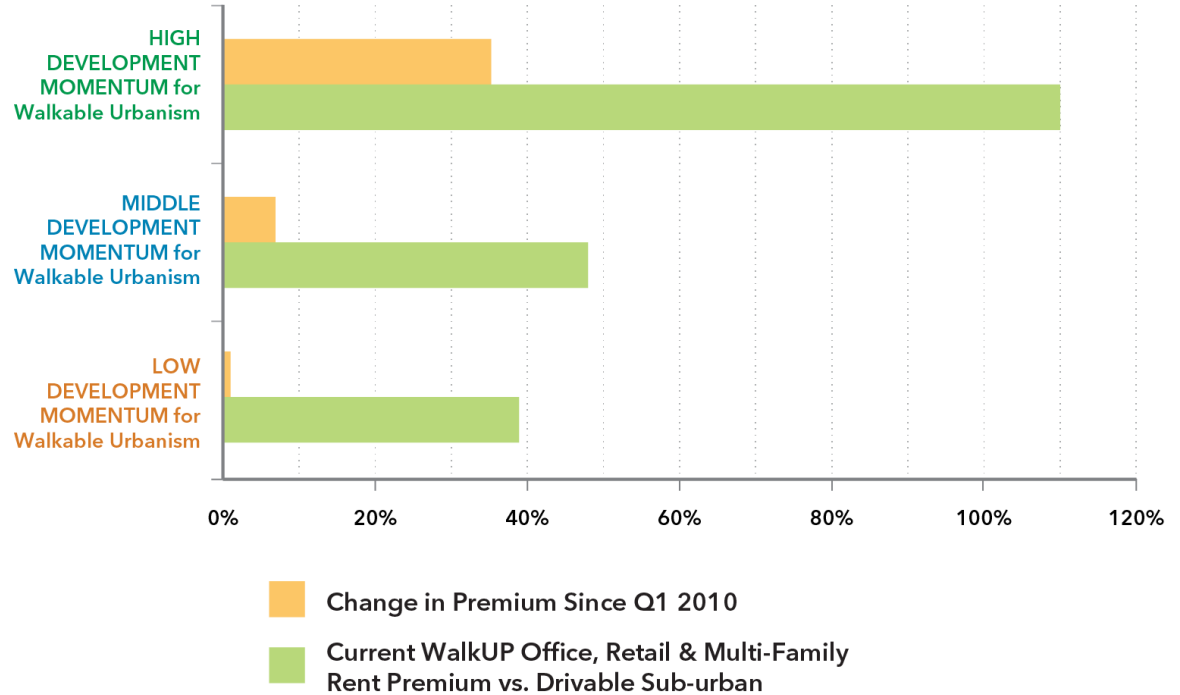
Correlation:
Walkable Urbanism & Per Capita GDP of Metro Regions
(2012 per capita GDP, chained 2005 dollars)



Development Momentum Rankings

1. New York City
2. Boston
3. Detroit
4. Seattle
5. Phoenix
6. Washington, DC
7. Los Angeles

Top 30 Metro Regions:
Office, Retail & Multi-Family Rental Premiums



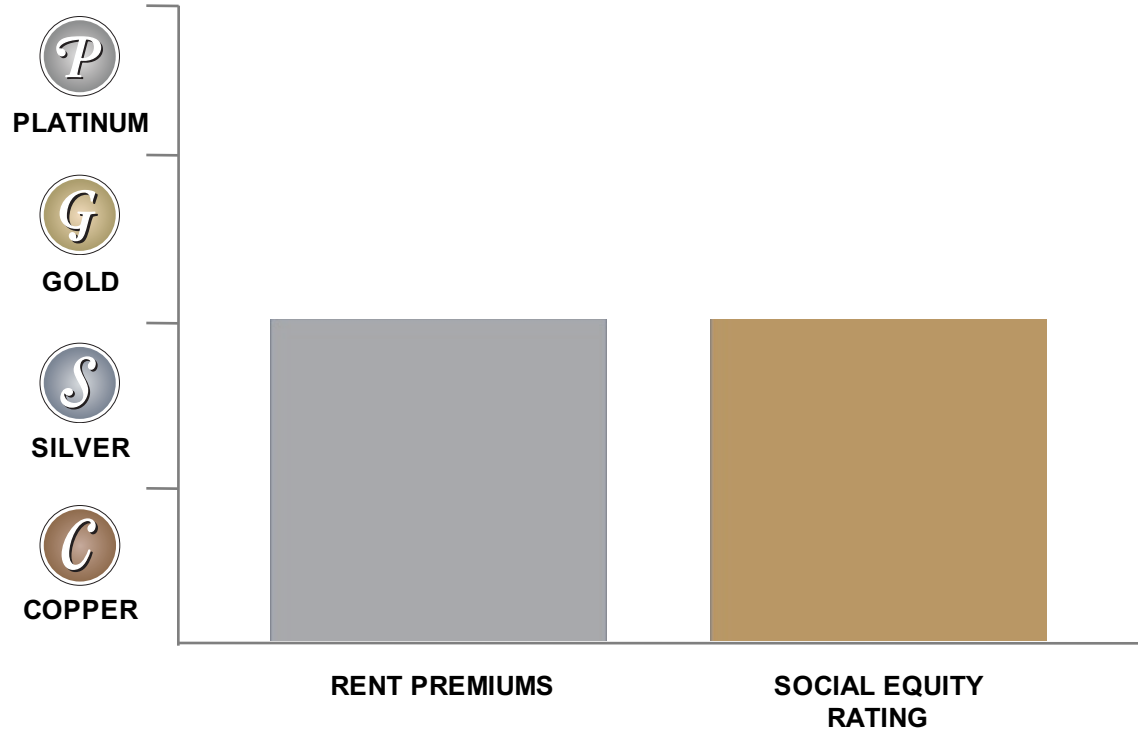
Key Development Momentum Findings

- **Development momentum metrics show that some metropolitan areas, such as Detroit, Phoenix, and Los Angeles, are making some surprising and unexpected shifts toward walkable urban development.**
- **Detroit: Nationally significant downtown turn around and strength in suburban downtowns, like Ann Arbor, Royal Oak and Birmingham**
- **Phoenix: ASU causing Tempe and downtown Phx to explode, using light rail as ‘horizontal elevator’**
- **Los Angeles: Building on old rail-based walkable urban backbone, largest new rail system revives old downtowns**



Counter-Intuitive Social Equity Outcomes

- Shown above, substantial walkable urban rent premiums
- Planning *attainable housing* to combat the natural effects of WalkUP development S-T
- 70% of premium is land costs
- BUT, highly walkable urban metros have 14 lower percentage point for moderate HH TRANSPORTATION costs
- Increased access to jobs: 2-3 X more jobs accessible by moderate income HHs



Key Social Equity Findings: Moderate Income HHs (80% AMI)

- The *most* walkable urban metros have the *highest* social equity:
 - New York City
 - Washington, DC
 - Boston
 - San Francisco
 - Minneapolis-St. Paul

Higher housing costs for moderate income HHs but substantial lower transportation costs, plus 2-3X more accessibility to employment

NEED AGGRESSIVE ATTAINABLE HOUSING PROGRAM AT WalkUP LEVEL



Executive Summary

- All 30 of the largest U.S. metros have rent per square foot premiums for walkable urban office, retail and rental multi-family housing
- Walkable urban development is expanding market share in all 30 metros, drivable suburban losing market share; 1st time 60 years
- Walkable urbanism correlates with a highly educated workforce and higher GDP per capita
- High walkable urbanism metros have the highest social equity, in spite of rent premiums
- These trends suggest FUTURE DEMAND for tens of millions square feet of WALKABLE URBAN DEVELOPMENT... Likely the end of sprawl.



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Thank You!

More information, please visit:

www.locusdevelopers.org

Christopher Coes,
Vice President for Real Estate Policy and External Affairs, Smart Growth America
Director, LOCUS: Responsible Real Estate Developers and Investors

[Email: ccoes@locusdevelopers.org](mailto:ccoes@locusdevelopers.org)

Twitter: @christophercoes