WELCOME TO THE FUTURE.

Urbanizing the Suburbs
The Major 21st C Development Trend
Rural/Semi-rural Upbringing
Suburban Upbringing
Urban Upbringing
TRANSPORTATION DRIVES DEVELOPMENT

We first build our transportation system and then it molds our metro regions

- Modification of Winston Churchill quote

Highways Only = Drivable Sub-Urban
TRANSPORTATION DRIVES DEVELOPMENT

Multiple Modes = Walkable Urbanism

LOCUS: RESPONSIBLE REAL-STATE DEVELOPERS & INVESTORS
Corollary to Transportation Drives Development:

One does *NOT* build transportation systems with the *goal* of moving people

One builds transportation systems with the *goal of economic development*, the *means* is by moving people
2nd Version of the American Dream... Drivable Sub-Urban

INDUSTRIAL ECONOMY

“See the USA in your Chevrolet”

LOCUS: RESPONSIBLE REAL-STATE DEVELOPERS & INVESTORS
only two general ways to build the built environment

The Pendulum Swings in How America Invests

Post 1946

Walkable Urban

Option of Either

Drivable Sub-Urban
2nd Half of the 20th Century
3rd Version of the American Dream: Option of Walkable Urban OR Drivable Sub-Urban
the beginning of another **structural shift**

The Pendulum Swings in How America Invests

Option of Either

Walkable Urban

Mid-1990s on

Drivable Sub-Urban
WHAT’S THE PRIMARY REASON FOR MARKET DEMAND FOR WALKABLE URBAN PLACES?

The Millennials!

Television as a reflection of how we want to live... then & now.

LOCUS: RESPONSIBLE REAL-STATE DEVELOPERS & INVESTORS
OTHER REASONS FOR MARKET DEMAND FOR WALKABLE URBAN PLACES

- Baby Boomers have become *empty nesters* and soon *retirees*, starting in 2012 in big numbers
- 50% of Households in 1950s *w/children* / 50% *w/no children*; 25% *w/children Today* / 75% *without* → target WU market

**ONLY** 14% of new households over next 20 years will have children / 86% *without*

- **Boredom** with drivable sub-urbanism; “More is Less”
- **Creative Class** demanding the option of urbanism
- **Expense** of maintaining the household fleet of cars
DEMAND PREFERENCE

Source: Dr. Jonathan Levine, University of Michigan

Studies are nice... what about the facts on the ground? Initial study: 40-200% price/foot premium

Yet Supply is FAR less - Pent-Up Demand
GDP vs VMT GROWTH: Disconnect After All These Years

Knowledge Economy requires fewer car/truck trips

GDP: BEA National Income and Product Account Table, Table 1.1.6 Real GDP, Chained (2006) Dollars.
Decline from 2004 peak by 6% on average; the young (16-34) declined by 23% since 2001
Smart Growth/Walkable Urban Places are Different & Complex to Manage

But today's market is very different and requires a new skill set.

- Each New Element Adds Value to Existing Assets... IF within Walking Distance (1500-3000 feet)

- Creates a Special Place... and Significantly Greater Asset Values and Taxes = More is Better

**Upward Spiral**

- Conscious Affordable & Workforce Planning requires the New Metrics

- Go straight, up, down, left, right, and straight or turn left, travel at 150 mph

LOCUS: RESPONSIBLE REAL-ESTATE DEVELOPERS & INVESTORS
the 6 types of walk ups

TRADITIONAL DOWNTOWN

DOWNTOWN ADJACENT

URBAN COMMERCIAL
the 6 types of walk ups

SUBURBAN TOWN CENTER

STRIP COMMERCIAL REDEVELOPMENT

GREEN FIELD
Arlington Starts Transforms in 1980s: Rail Transit, Overlay Zoning & Mgmt

1980s: Ex-Sears Stores

Same Place Today

Two blocks north and south, single family housing that is highest priced in Arlington on $/foot basis: Best of Two Worlds

10% of the land=50%+ of government revenues

Among best schools in Country...new housing has 0.4 per unit
Downtown White Flint, MD
Green Field: National Harbor, Prince George’s County, MD
the 4 income property categories
over the past 3 cycles

2009

49% in walk ups

OFFICE
RETAIL
APARTMENT
HOTEL
average office rent for walk ups

$36.78 per square foot

68% of rents generated by Walk UPs
for today and in the future...

Walkable urban development is becoming the market
Christopher B. Leinberger
Land use strategist, developer, author, researcher, professor
(www.cleinberger.com)

- The Option of Urbanism; Investing in a New American Dream, Island Press, 2008
- Here Comes the Neighborhood, The Atlantic