

# The Rise of Walkable Development: Ushering The Next Era of Economic Prosperity

New Partners for Smart Growth  
February 15, 2014  
Denver, CO  
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# Who is LOCUS?

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



How is the Real Estate Market Changing?

# 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**



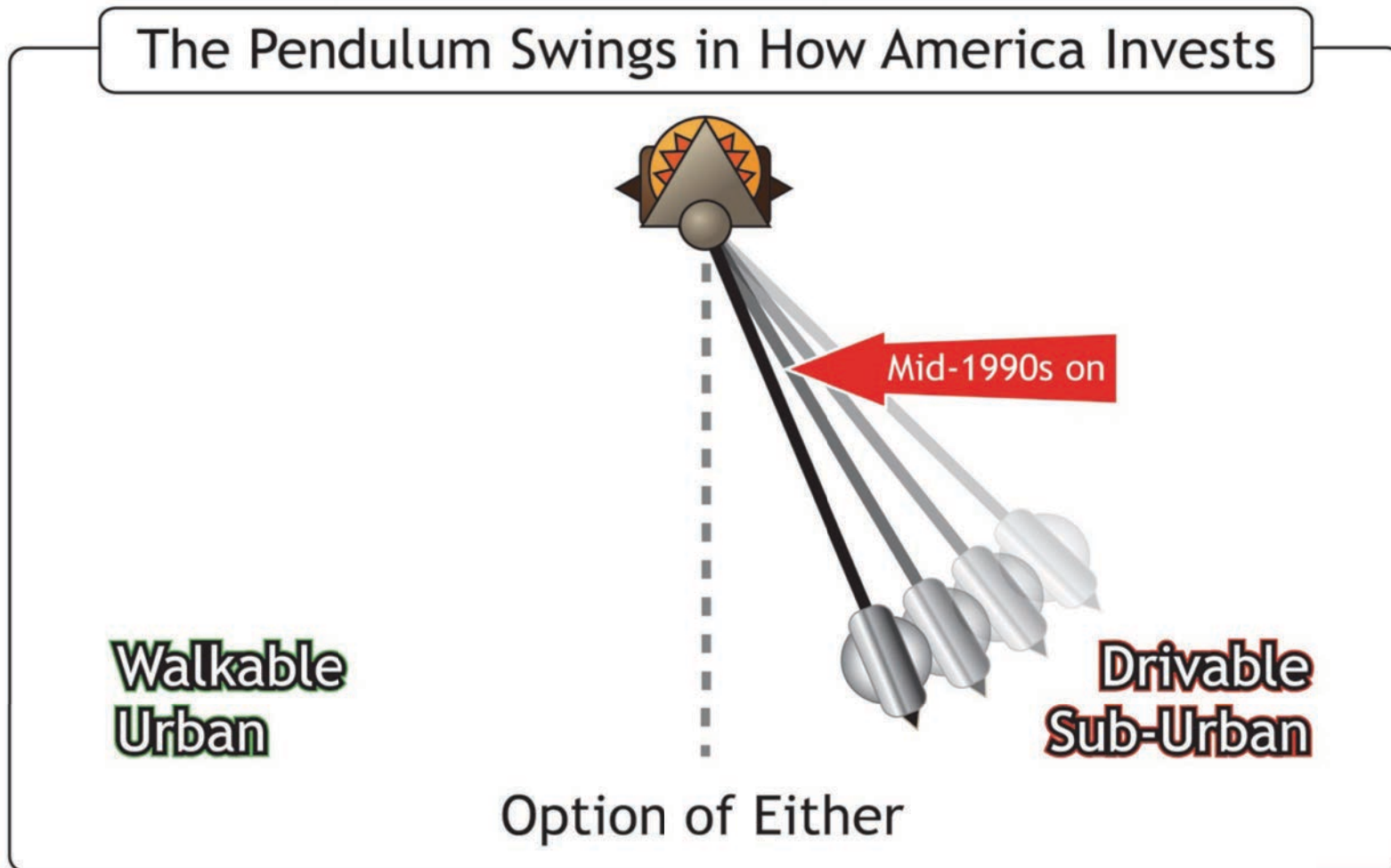
# TRANSPORTATION *DRIVES* DEVELOPMENT



**Multiple Modes = Walkable Urbanism**



the beginning of another  
**structural shift**



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.



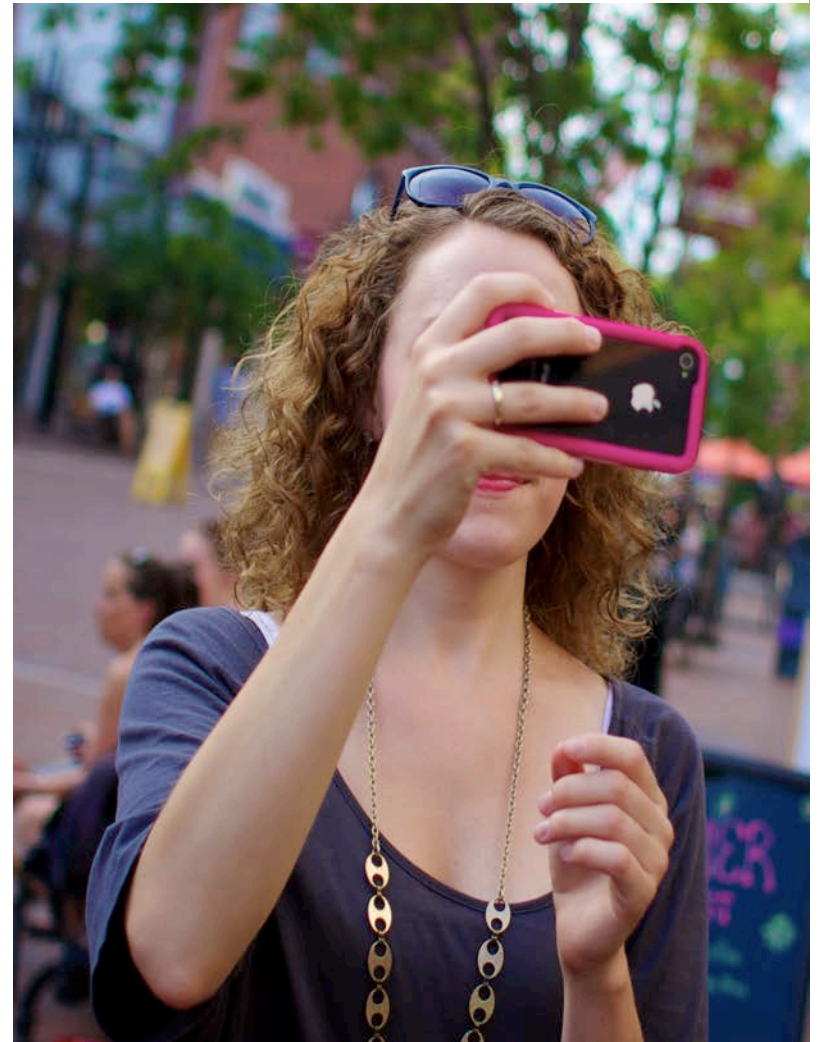
LOCATION AND FORM MATTER: WHO MOVES THERE

# Attracting new residents

## 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*





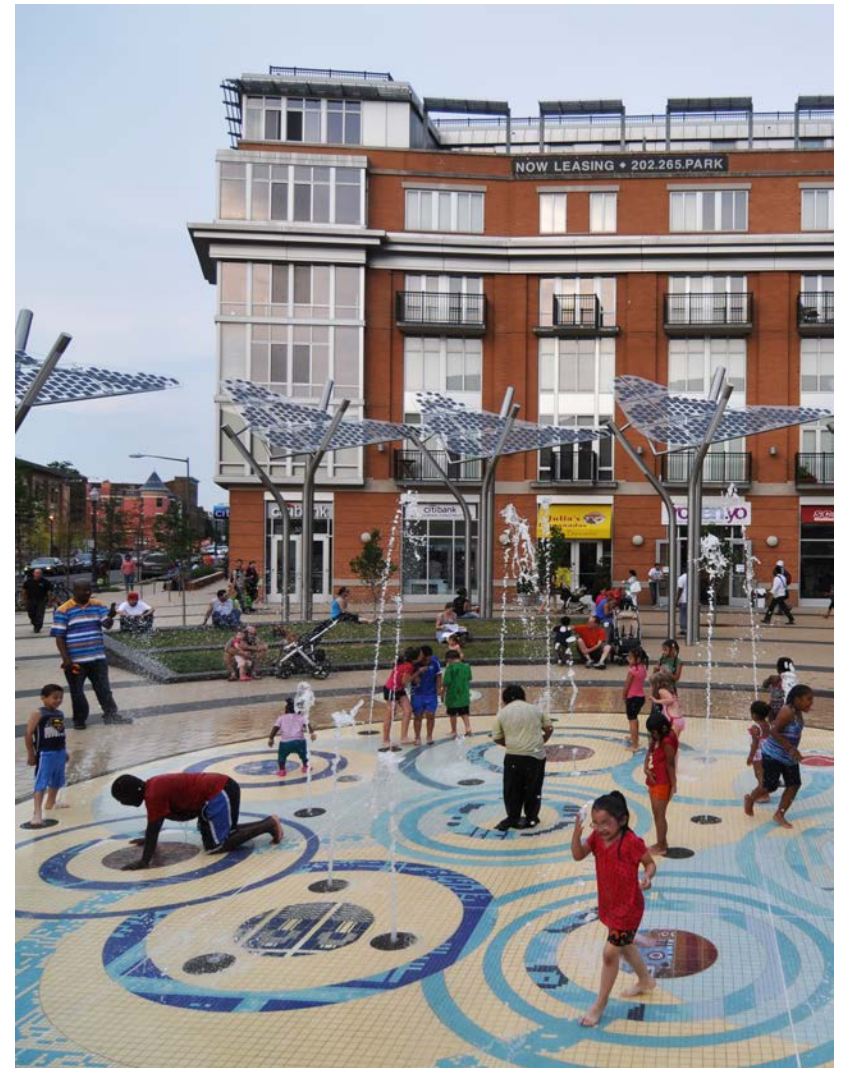
LOCATION AND FORM MATTER: WHO MOVES THERE

# Attracting new residents

Three qualities attach people to a place:

- Social offerings: entertainment and places to meet;
- How welcoming a place is;
- Physical beauty and green spaces.

*Gallup poll of 43,000 people in 26 communities*



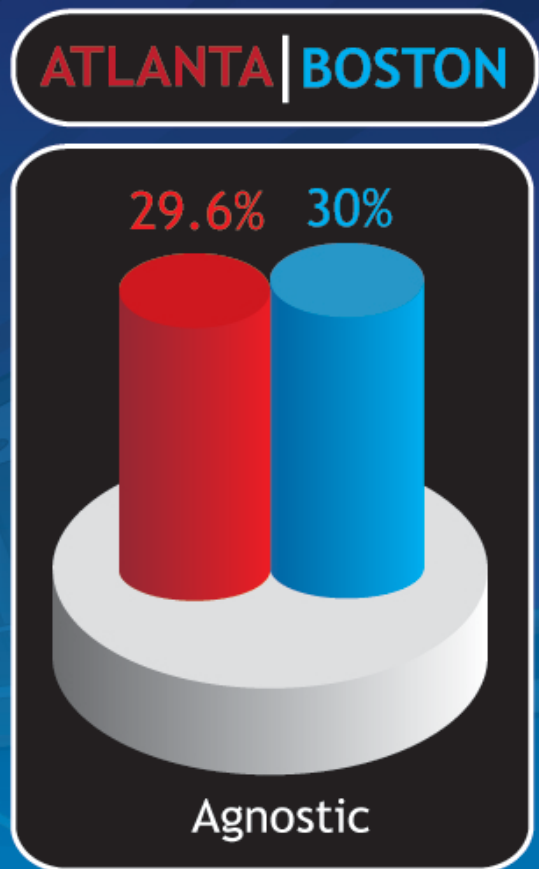
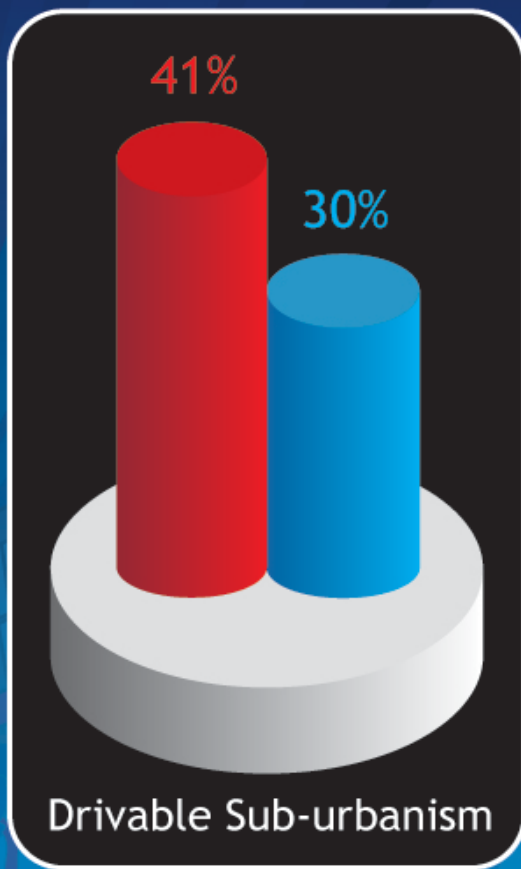
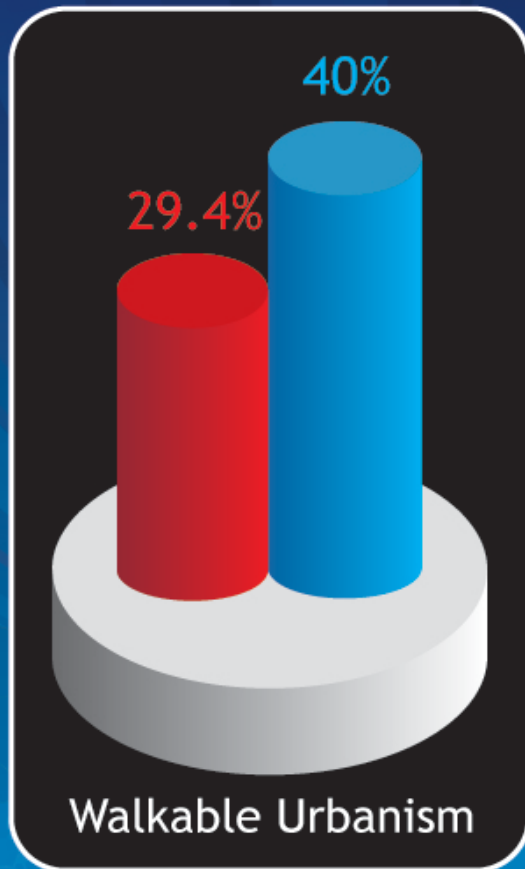
# OTHER REASONS FOR MARKET DEMAND FOR WALKABLE URBAN PLACES

- **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



ATLANTA | BOSTON

Studies are nice... what about the facts on the ground?  
Yet supply is FAR less = Pent-Up Demand  
initial study: 40-200% price/foot premium

# U.S. HOUSEHOLD SPENDING: Average, Drivable, & Walkable



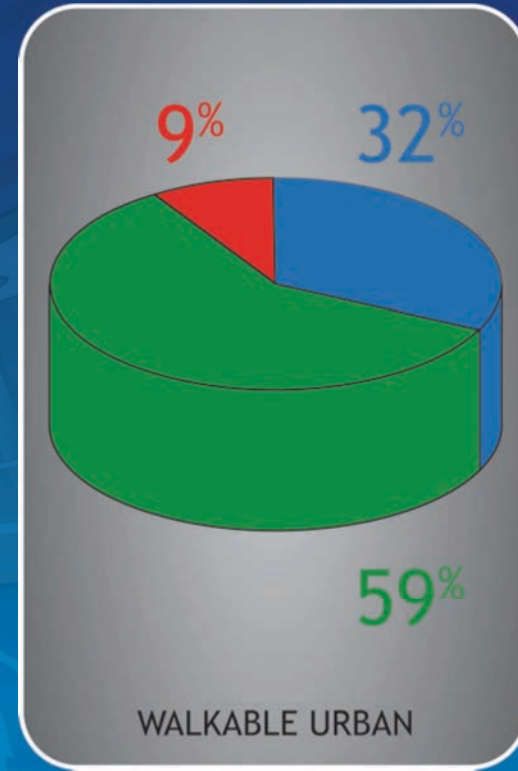
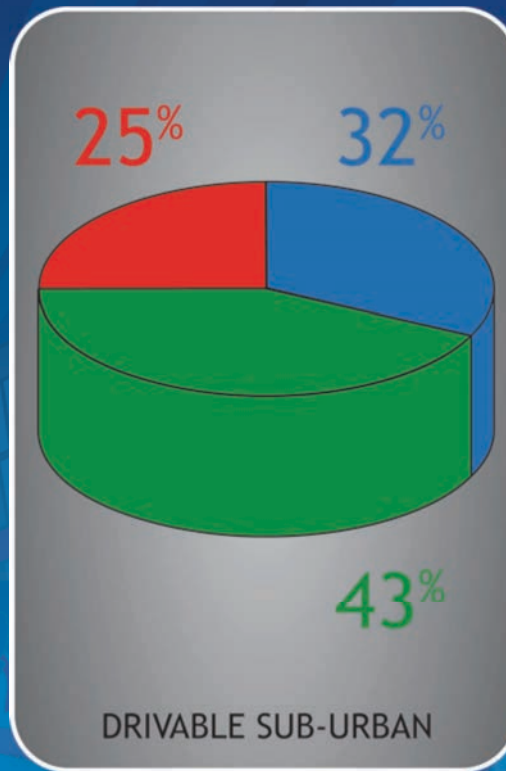
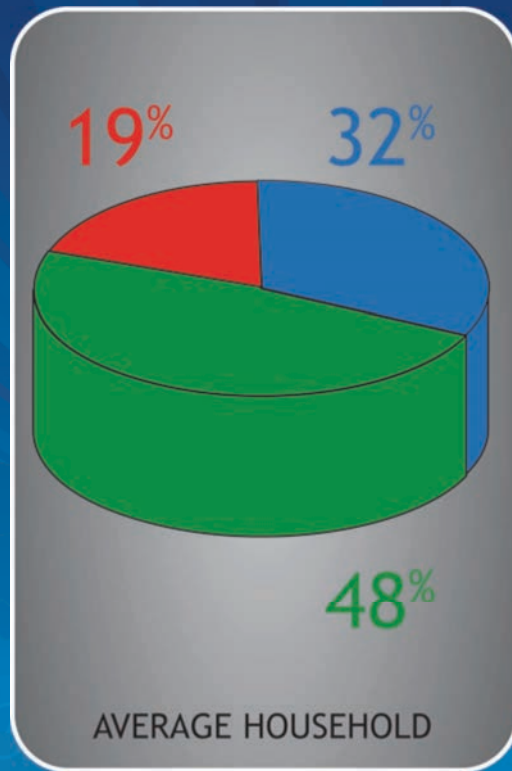
TRANSPORTATION



HOUSING



DISPOSABLE



\*Source: Center for Neighborhood Technology



# Smart Growth/Walkable Urban Places are Different & Complex to Manage

But Over the years, this type of development has become more like NASCAR Red Bull 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*

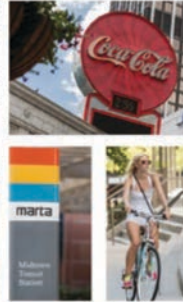
- Conscious Affordable & Workforce Housing  
It's the only way to get the city required

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



# ...The Economics of WalkUPS



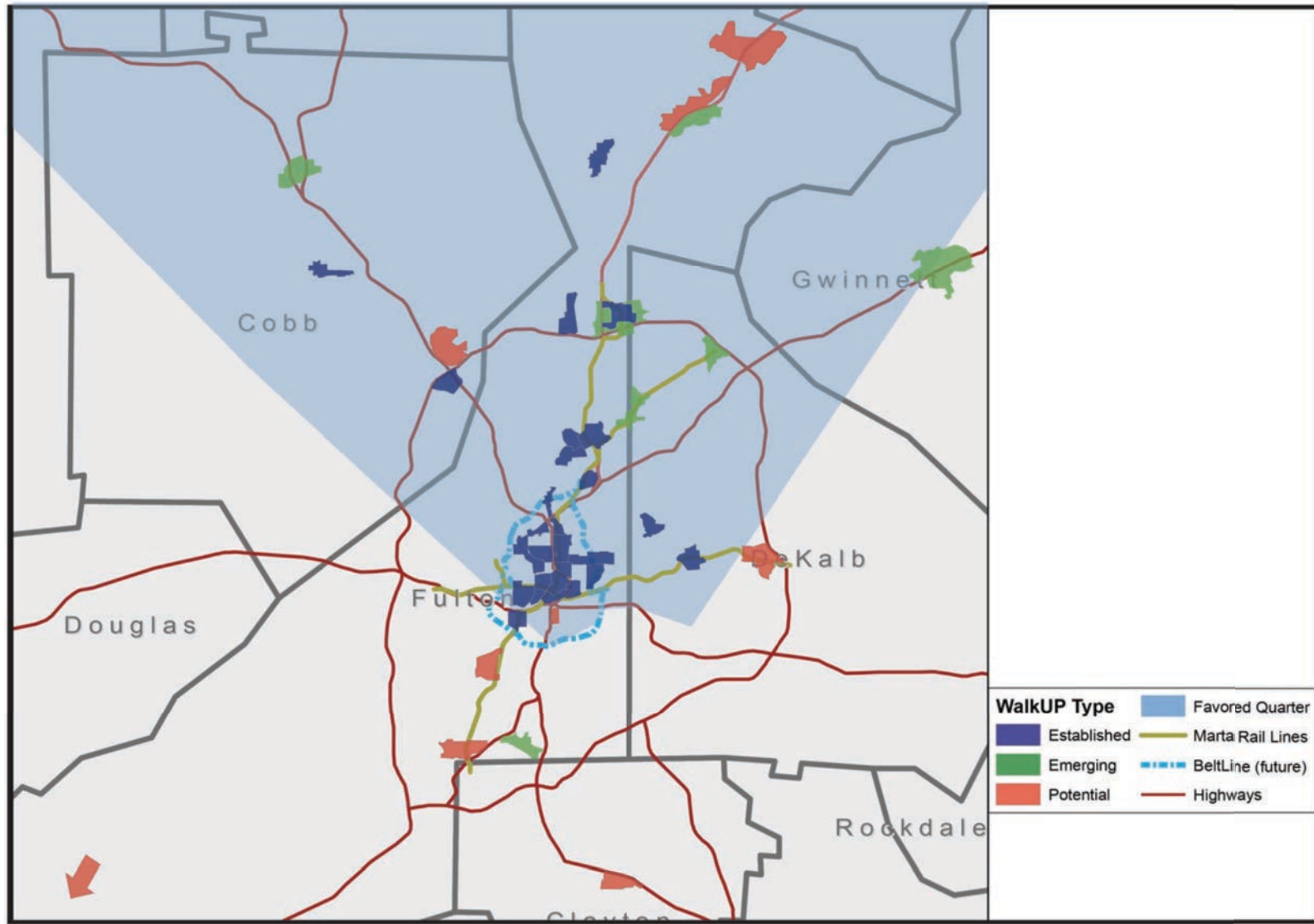


# The WalkUP *Wake-Up Call:* Atlanta

By Christopher B. Leinberger  
The George Washington University  
School of Business



# walkUPs in the atlanta metro area: **established, emerging, & potential**

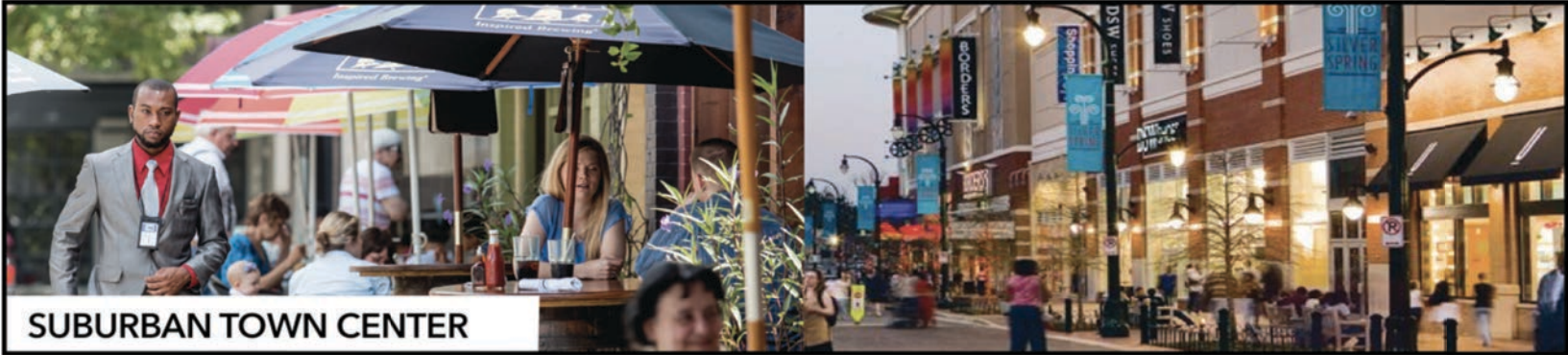




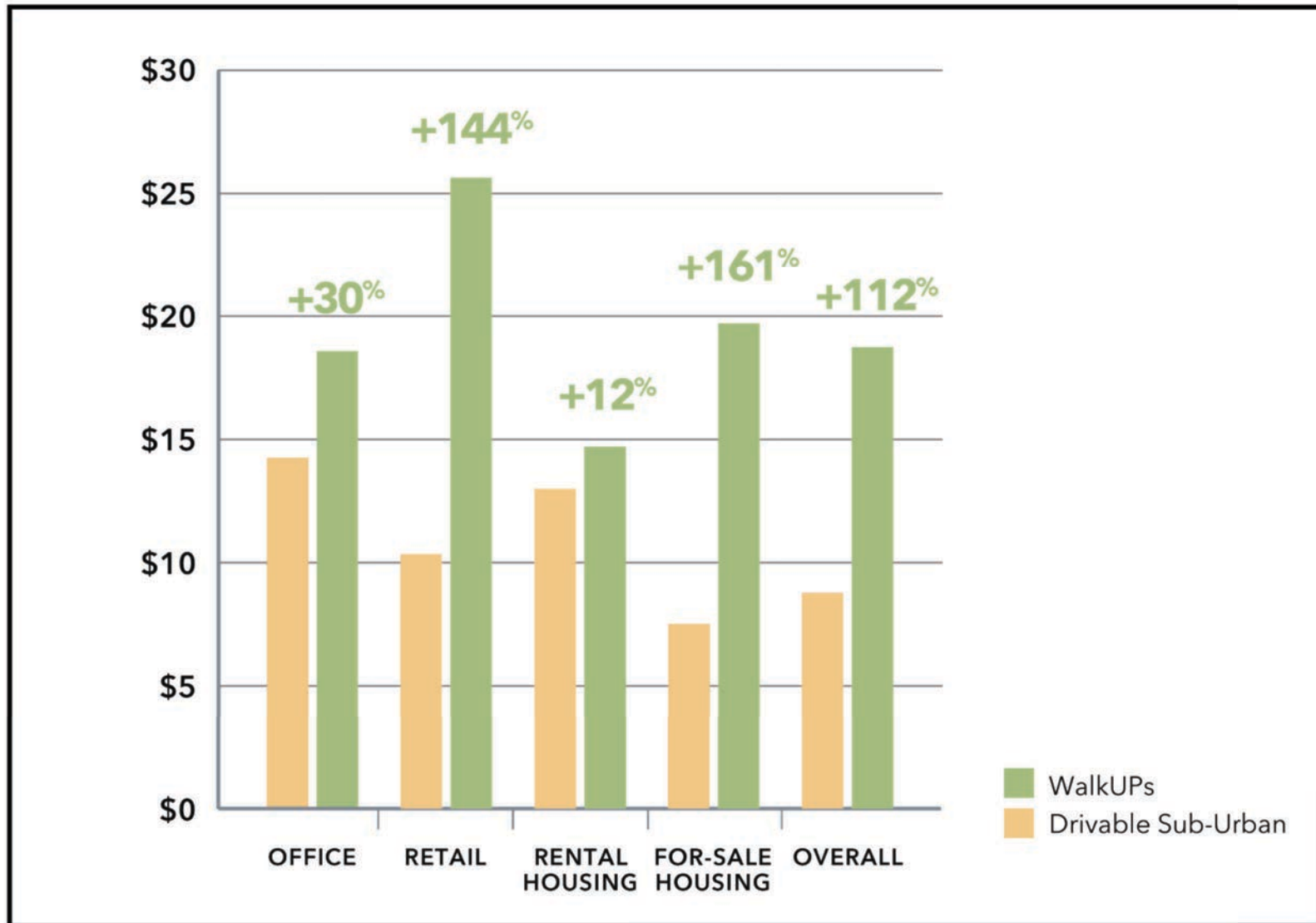
# the 7 types **of walk ups**



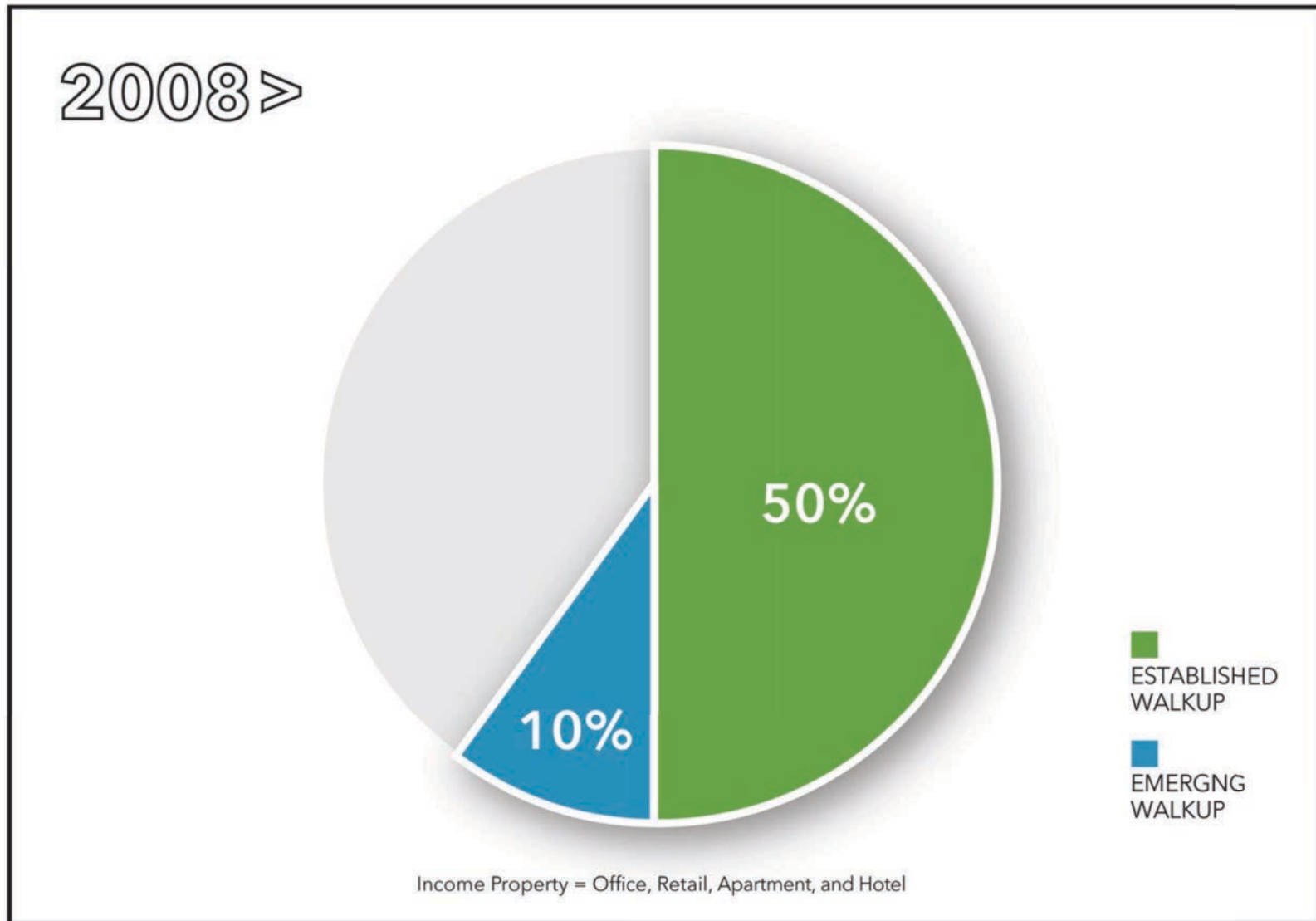
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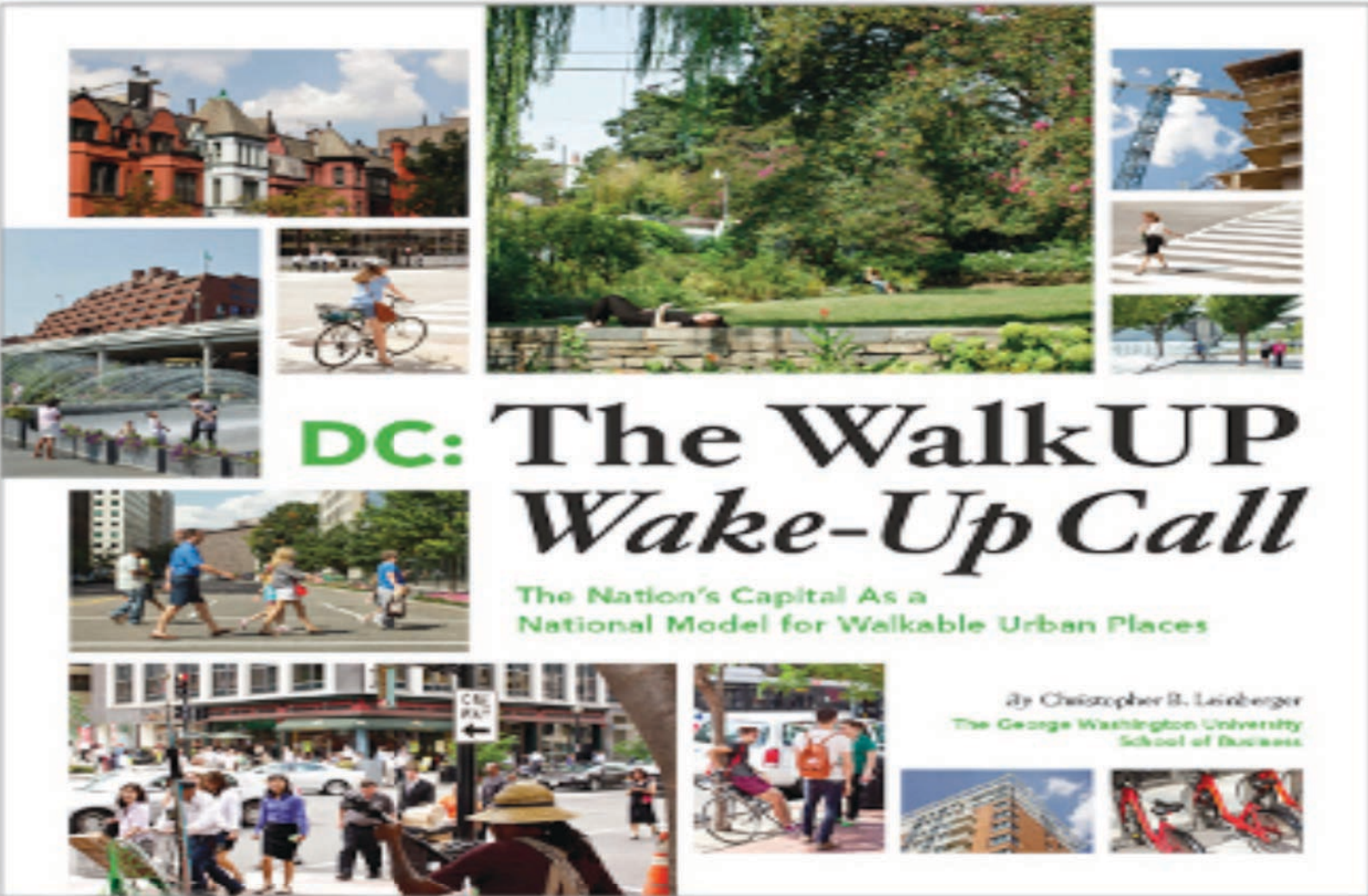


# walk ups vs. drivable sub-urban **average rents per sq. ft.**



share of income property  
**over the last 3 real estate cycles**





**DC:** *The WalkUP  
Wake-Up Call*


The Nation's Capital As a  
National Model for Walkable Urban Places

By Christopher B. Leinberger  
The George Washington University  
School of Business

walk ups:  
**district vs suburbs**


**42%**  
in the District of Columbia

**49%**  
of total square footage

An aerial photograph of the U.S. Capitol building in Washington, D.C., showing the iconic dome and surrounding urban landscape with roads and other buildings.

**58%**  
in the Suburbs

**51%**  
of total square footage

A photograph of a modern suburban commercial building with a brick facade and a large fountain in the foreground. The building has signs for 'Armed Forces Career Center' and 'egg speculation'. People are sitting on a bench near the fountain.

product mix of  
**dc's walk ups**

**4.1 Billion** sq. ft. of real estate

**Walk UPs**

**11.6%**

**Income Producing**

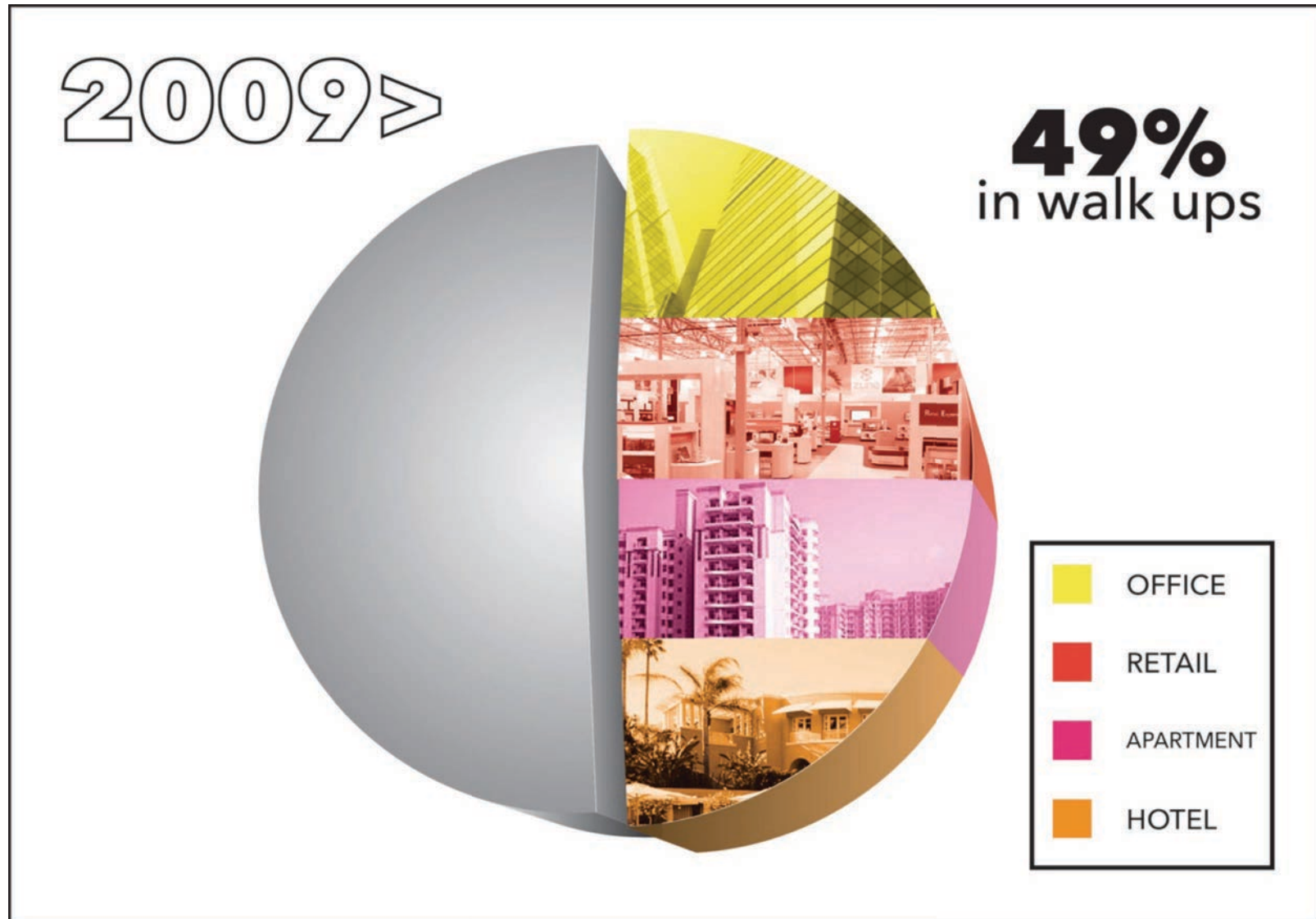
(office, apartment, retail, institutional  
and all other non-for-sale real estate)

**33%**

**Walk UPs = 29%**

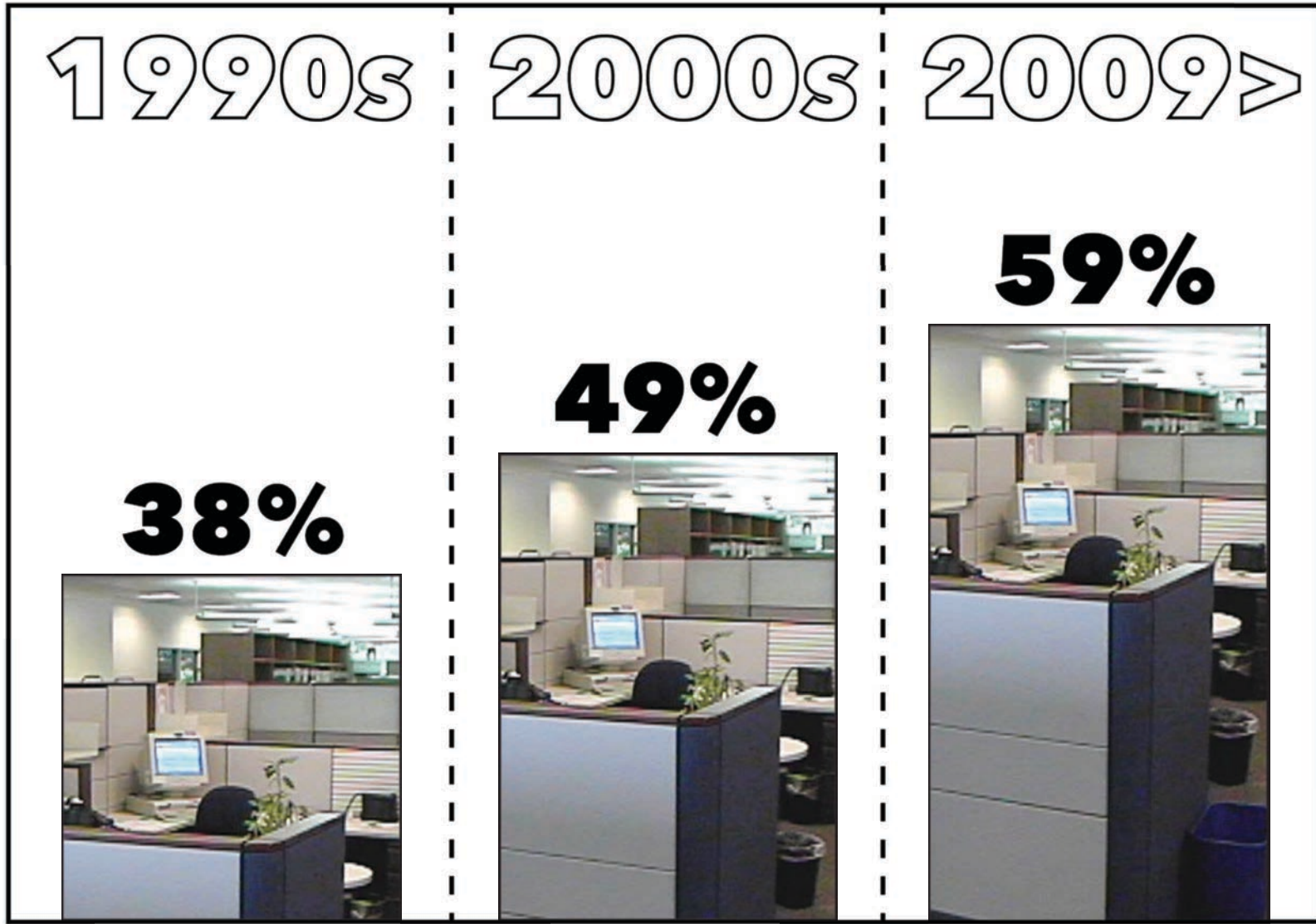
of income producing properties

the 4 income property categories  
**over the past 3 cycles**

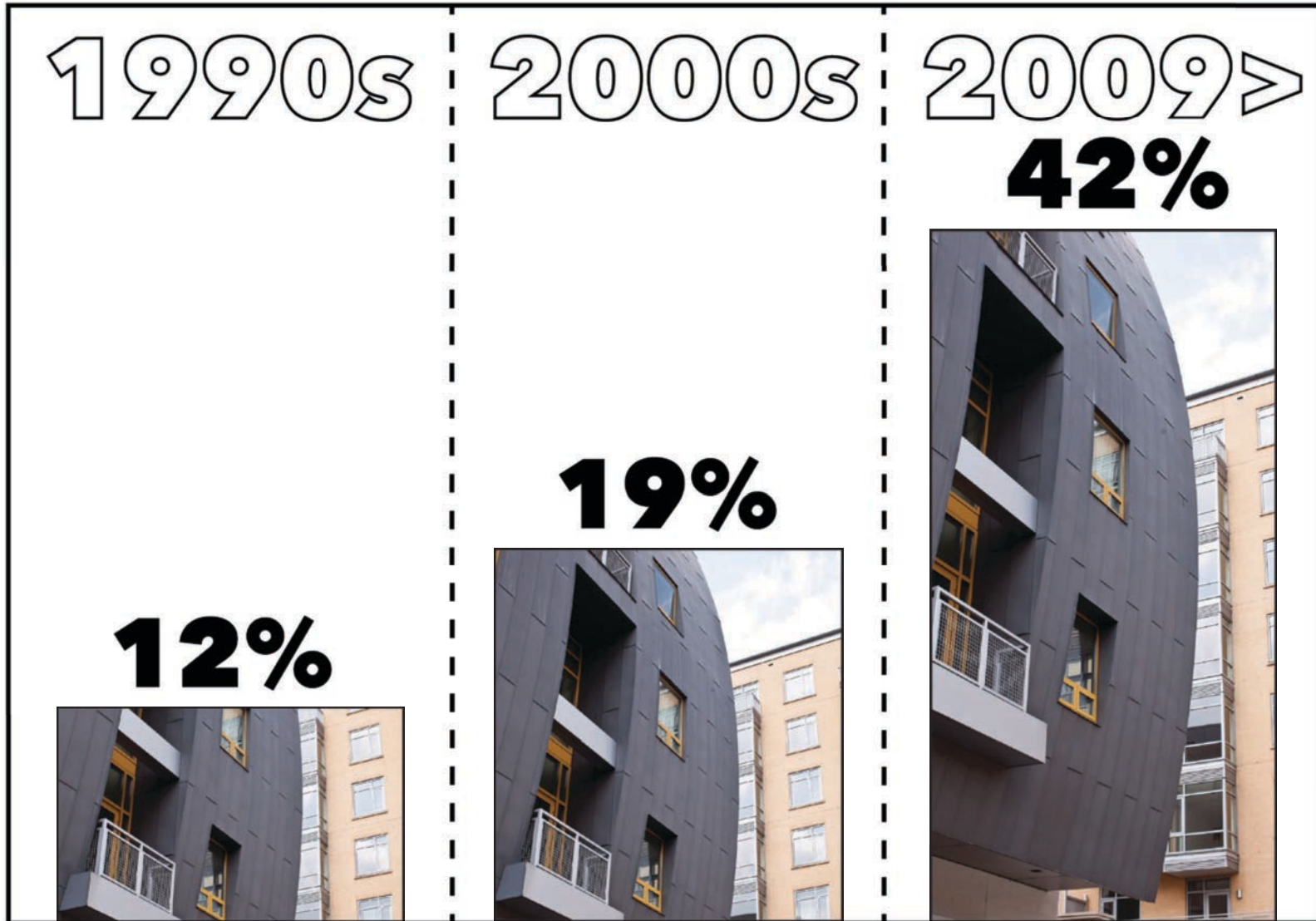




office space was the  
**driver of the trend**



rental apartments  
**in walk ups**



average office rent  
**for walk ups**



**68%**  
of rents  
generated  
by Walk UPs

for sale residential  
**in the region**



values of for-sale housing  
**in walk ups**



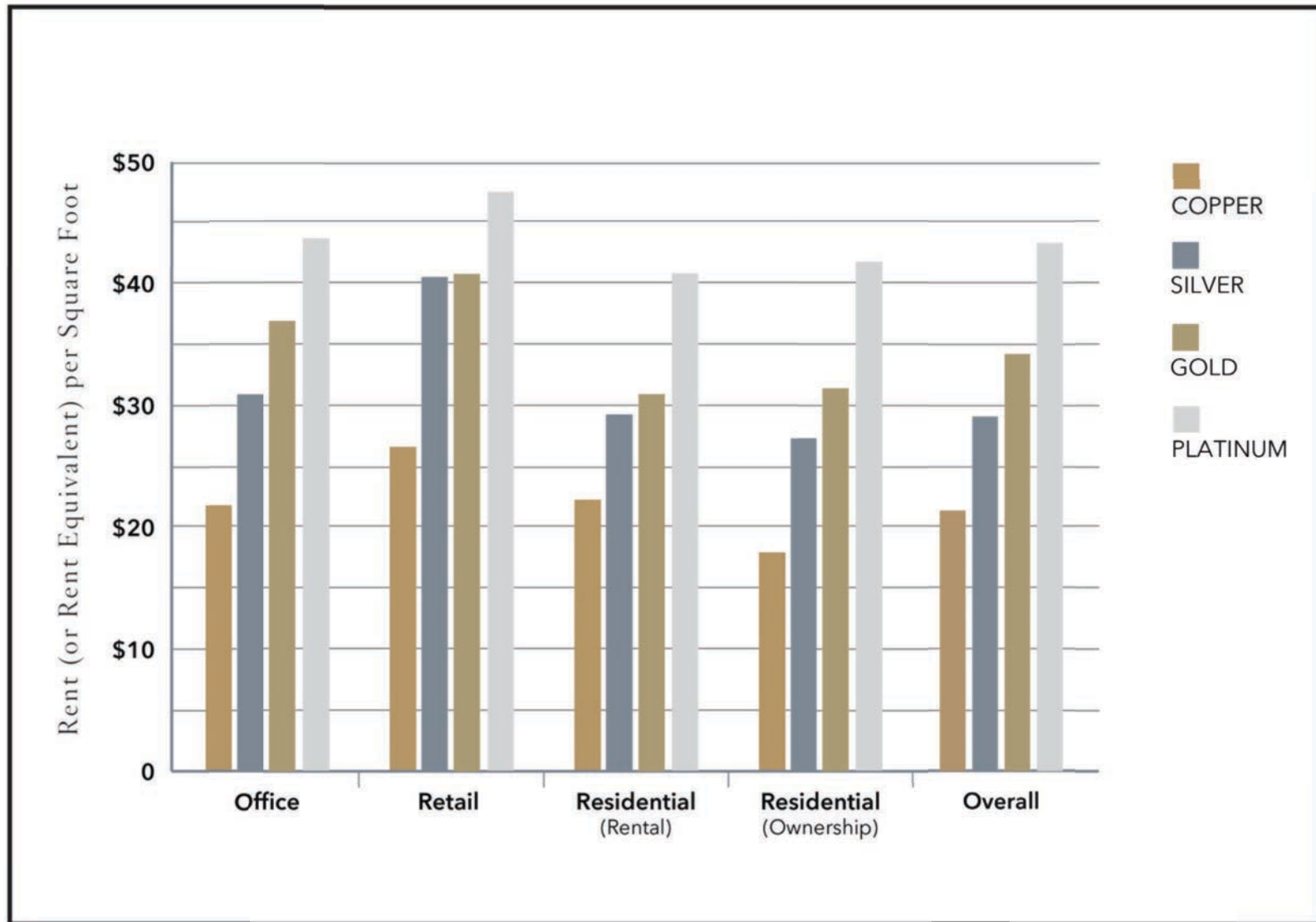
**\$380.00**  
per square foot

**71%**  
higher  
per sq. ft.

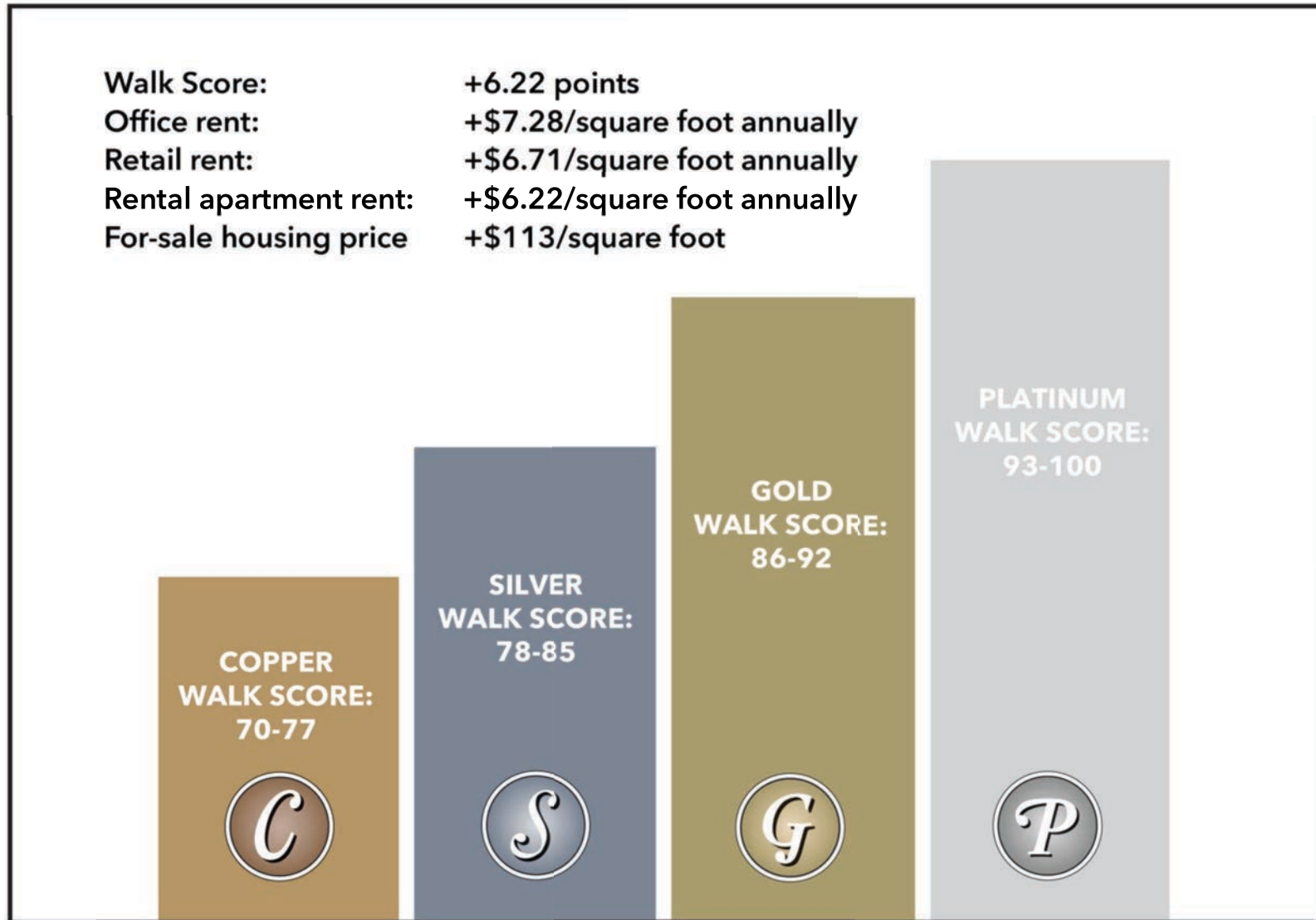


**\$222.28**  
per square foot

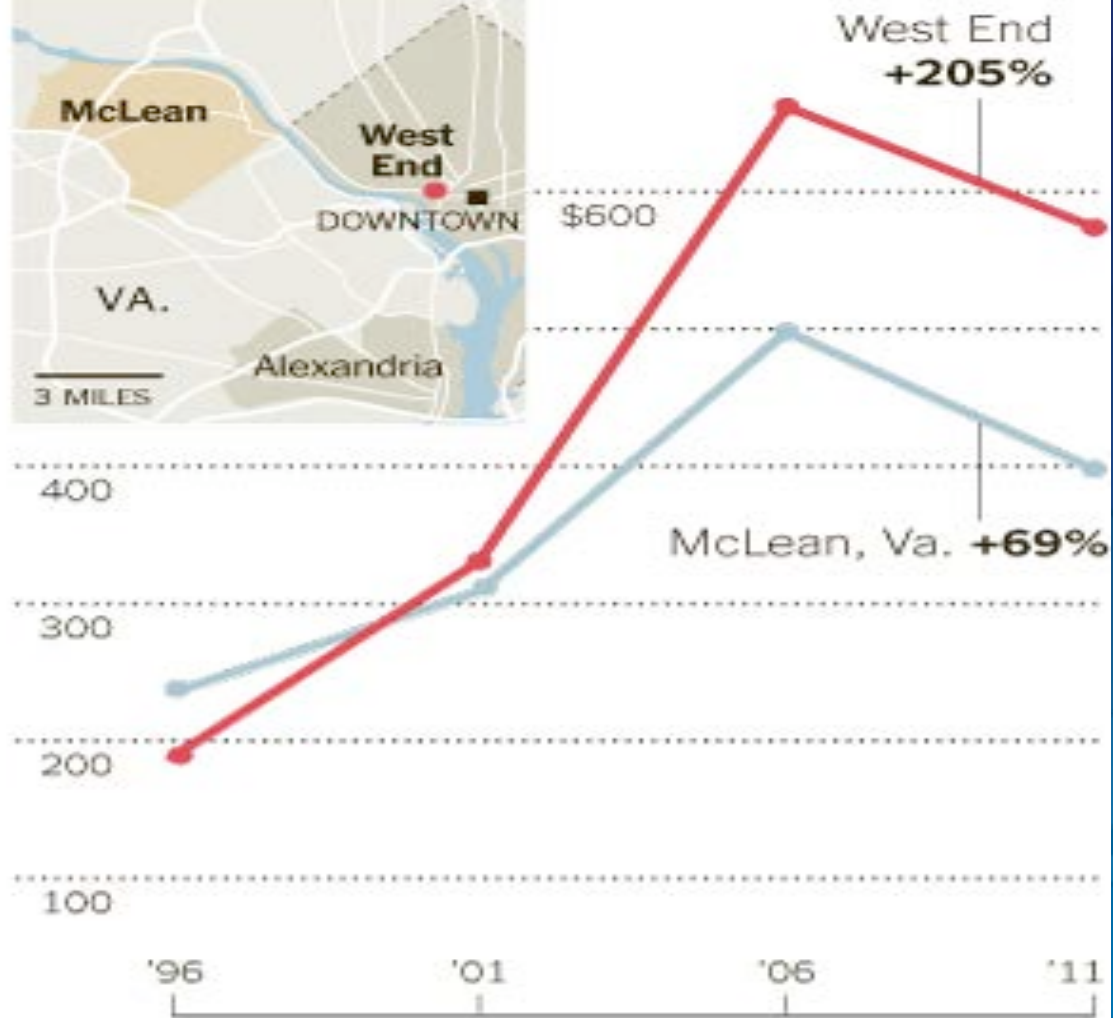
# rents by **product type**



# average performance by economic level

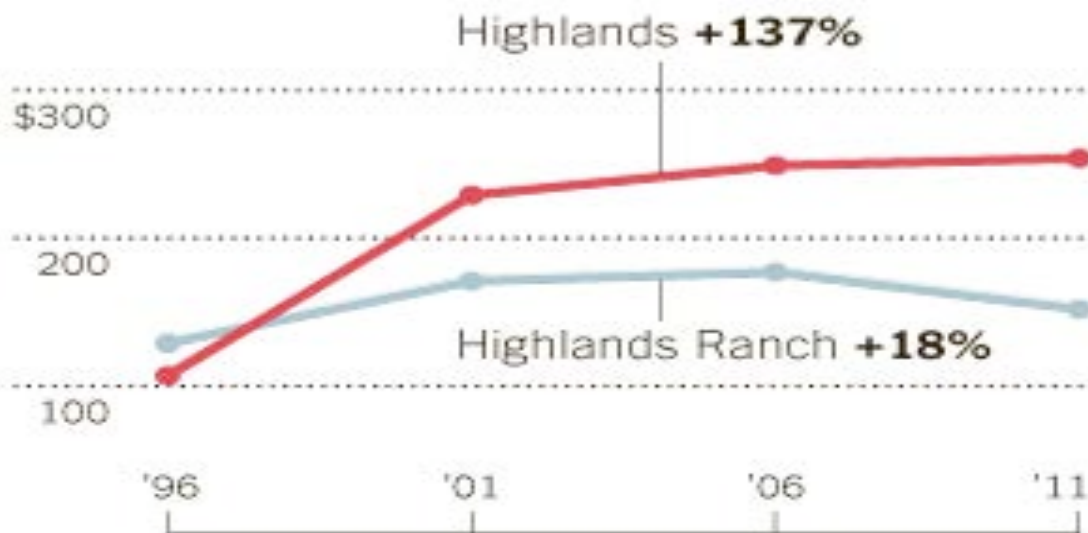


## Washington





## Denver



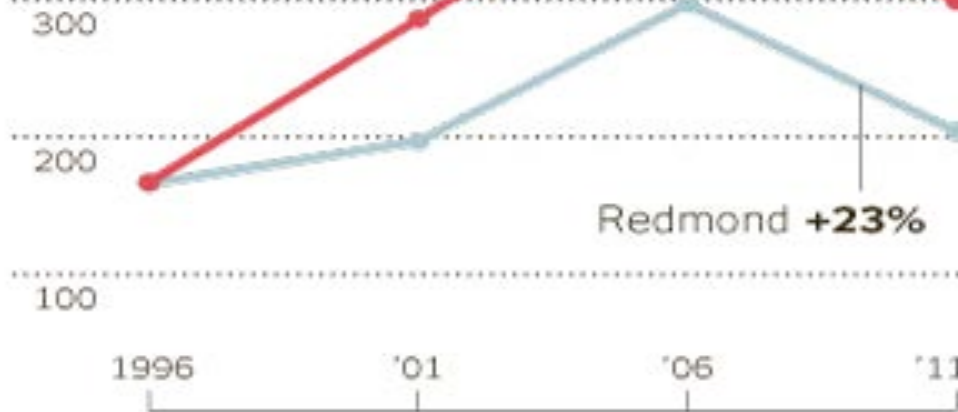
## Seattle



**Change in value, 1996-2011**  
(all figures in 2012 dollars):

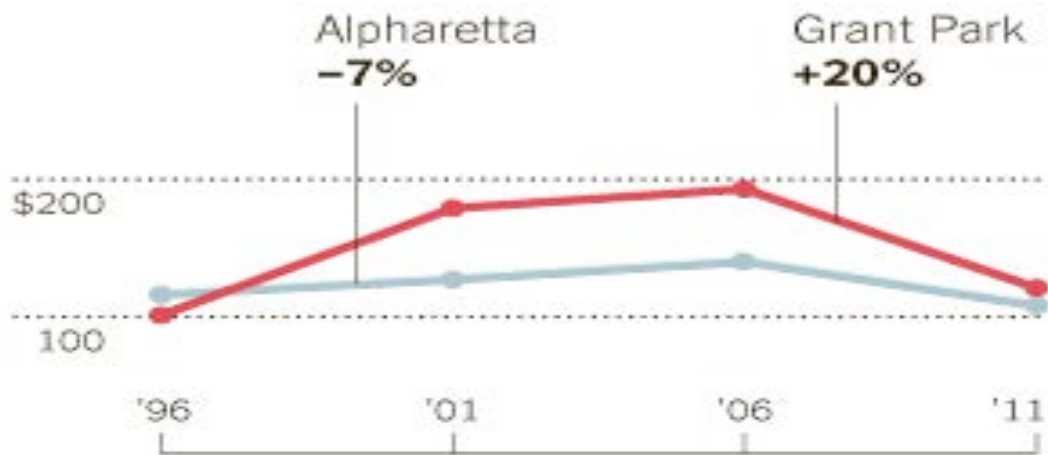
Capitol Hill **+79%**

\$400 PER SQUARE FOOT

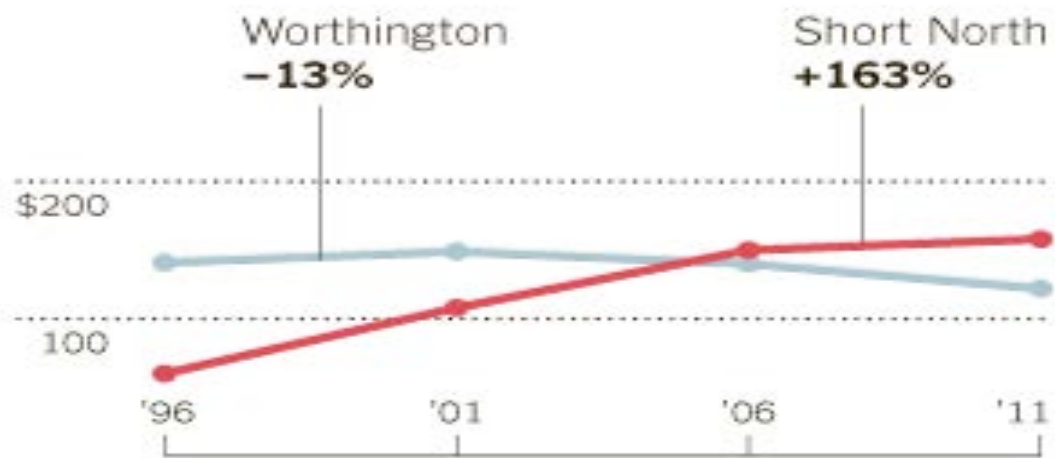


Redmond **+23%**

## Atlanta



## Columbus



Is this only for the “BIG CITY”?

# America Over The Next Generation



walkable urbanism used to be  
**a niche market**



LOCUS



Smart Growth America  
Making Neighborhoods Great Together

Thank You!

More information, please visit:

[www.locusdevelopers.org](http://www.locusdevelopers.org)

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