

Selling the Transit Lifestyle:

Transit Oriented Development in the Next Normal

Eric Rothman

Rail~Volution 2010

Transit Oriented Development in the Next Normal

Transit-oriented Development: A Valuable Product

Demographic Trends: The Growing Markets

Development Market Trends: Return to the Core

Transit and TOD Create Value for Residents

Walkable, livable communities with good transit access:

- ➔ Increase values
- ➔ Reduce vehicle dependency



Transit riders can save **\$6-9K** annually in reduced car ownership costs

People Want To Live Near Transit

80% of homebuyers are seeking an urban location

75% want to live within walking distance of jobs

55% want to locate close to public transportation.

Source: *Housing in America: The Next Decade*, John McIlwain, January 26, 2010

Transit Creates Value for Local Economies

SAN DIEGO

Home values 17% (SF) to 46% (condo) higher near transit stations

NEW JERSEY

Homes within a ½ mile of Midtown Direct **increase 113% from 1993-2003** (vs. 65% >2 miles)

DALLAS

The value of property proximate to DART is **25% higher**

PORTLAND

\$3.5 billion in new development, 10,000 DU's and 5.4 million SF office within 2 blocks of Streetcar 1997-2008

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Demographic Trends to Watch

Aging Baby Boomers: start turning 65 in 2011

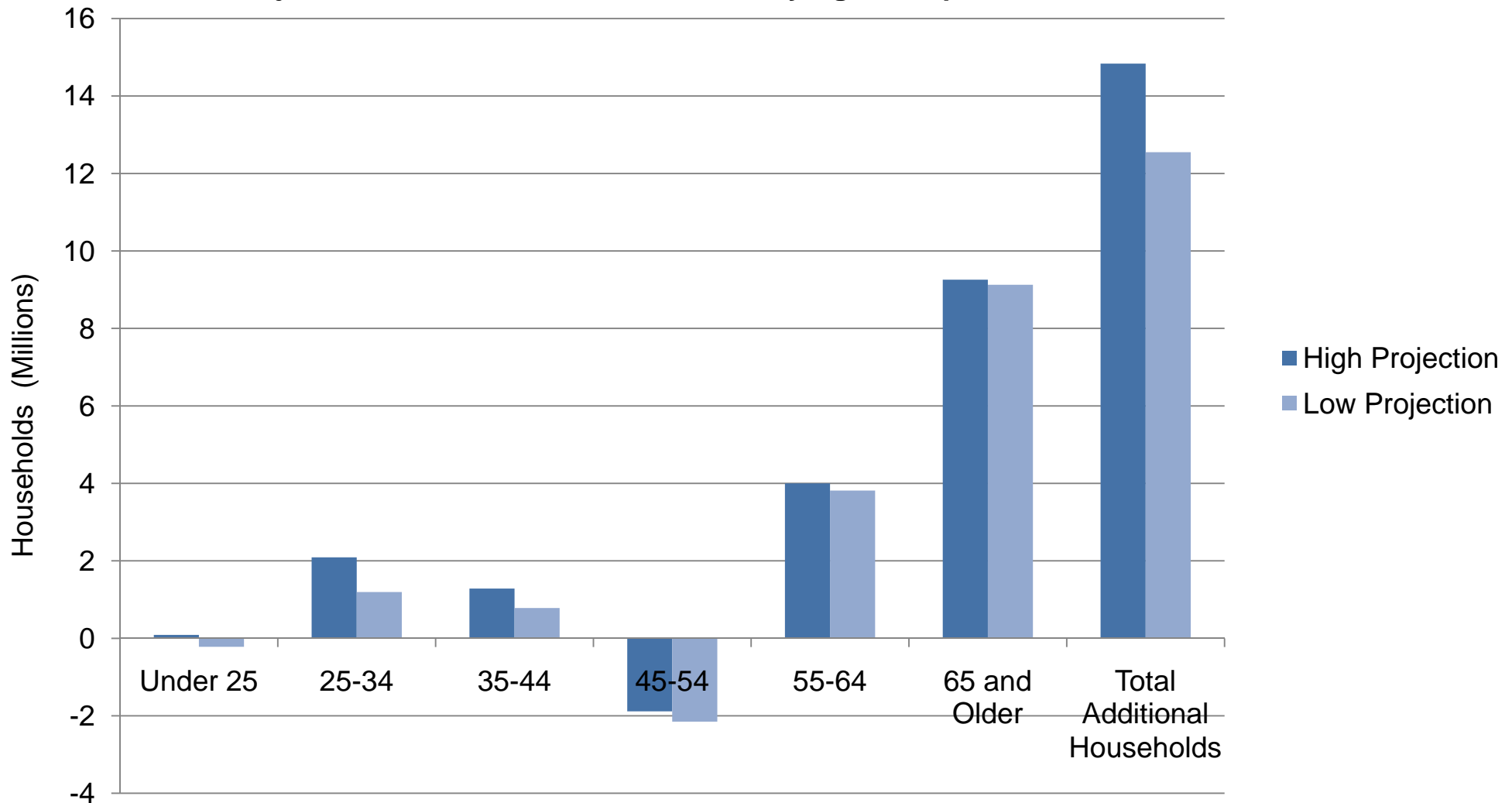
Echo Boomers: the “Social Network” generation

Immigrants: driver of population growth

Household sizes: getting smaller

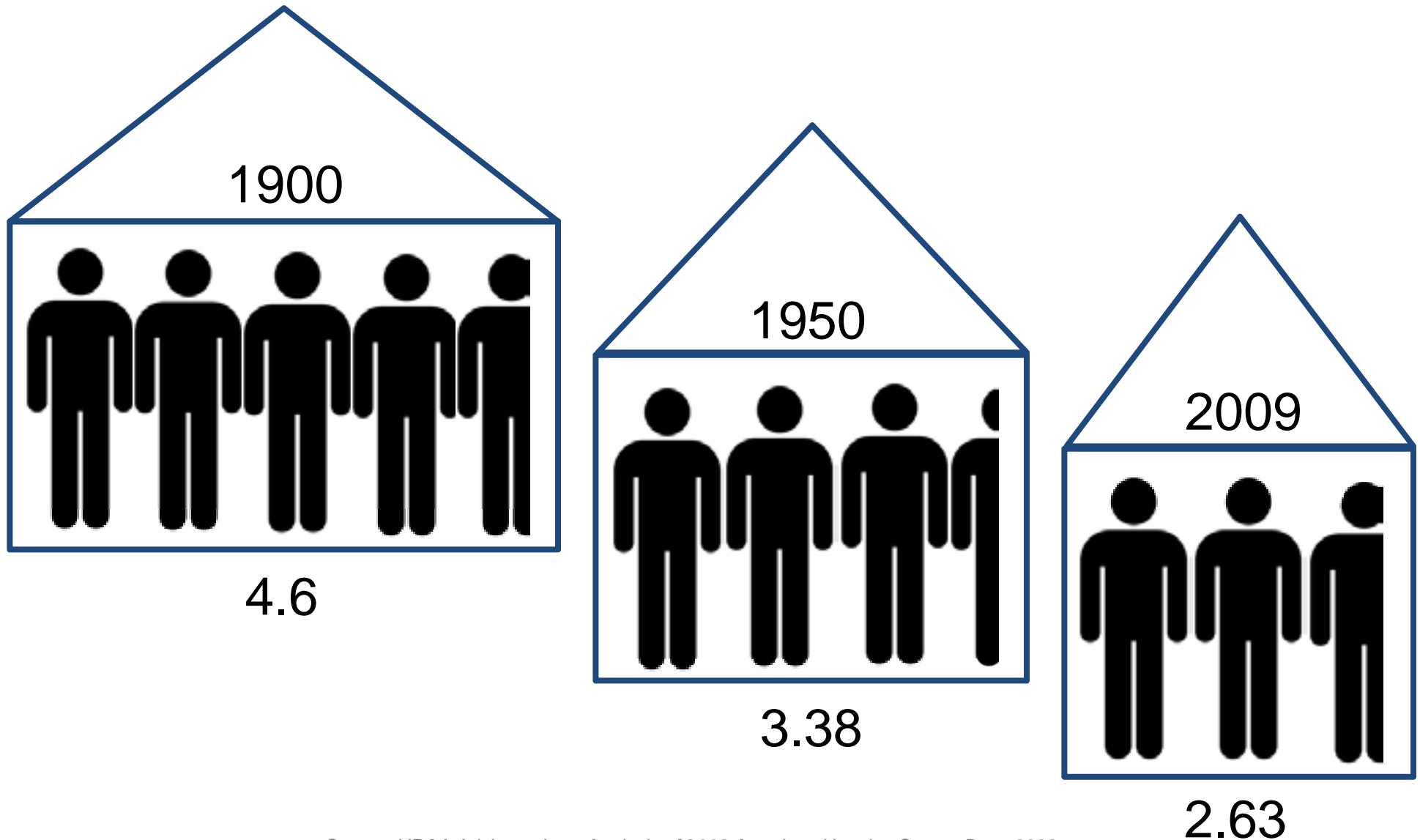
Boomers and their Children Lead the Charge of Household Growth

Projected Shift in Household Numbers, by Age Group, from 2010 to 2020



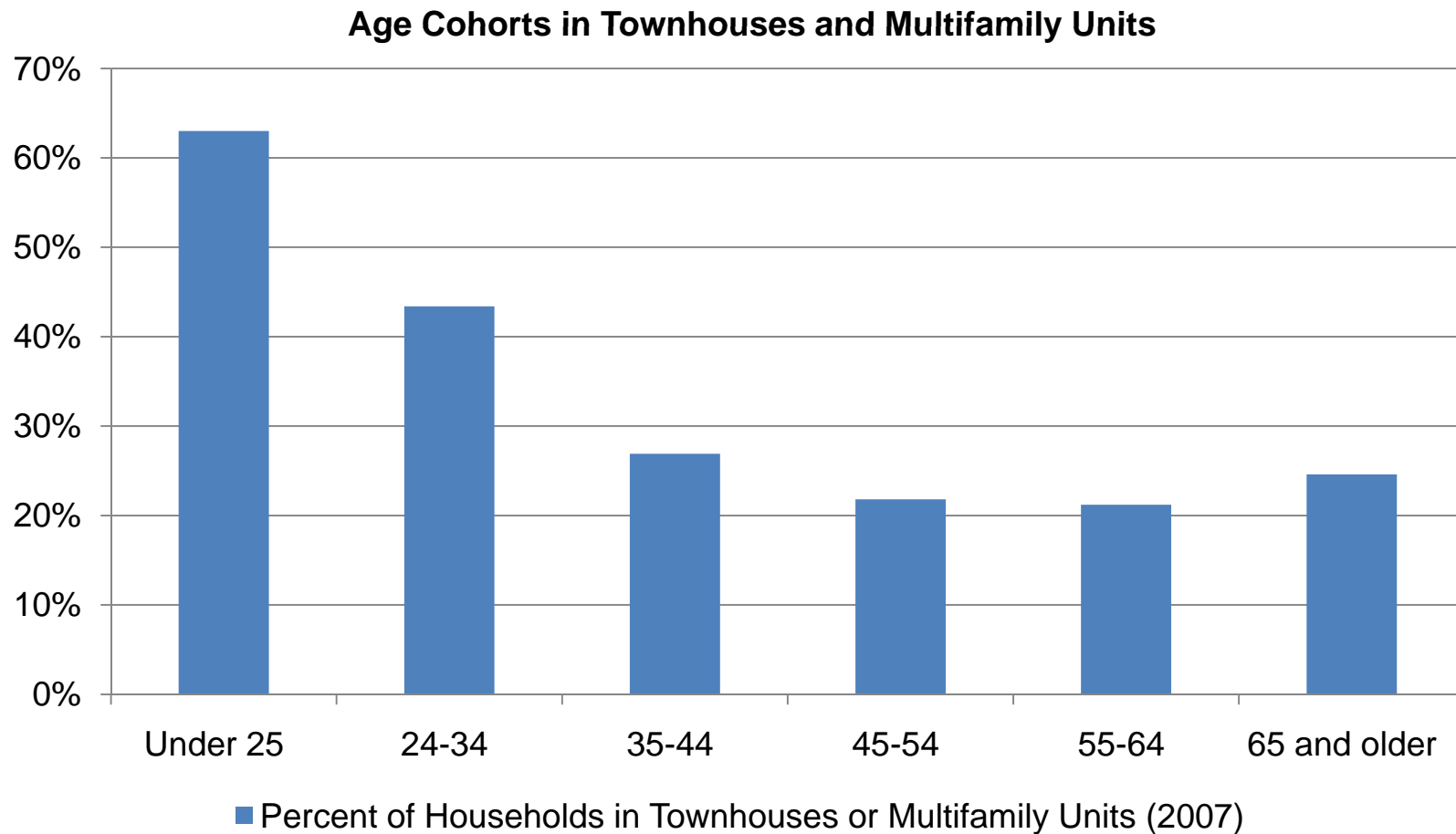
Source: *State of the Nation's Housing*, Joint Center for Housing Studies at Harvard University, 2010

Household Size Getting Smaller, More Aligned with Livable Communities



Source: HR&A Advisors, Inc. *Analysis of 2009 American Housing Survey Data, 2009*

Growing Age Cohorts are More Likely to Live in Denser Housing



Source: HR&A Advisors, Inc. *Analysis of 2007 American Housing Survey Data, 2007*

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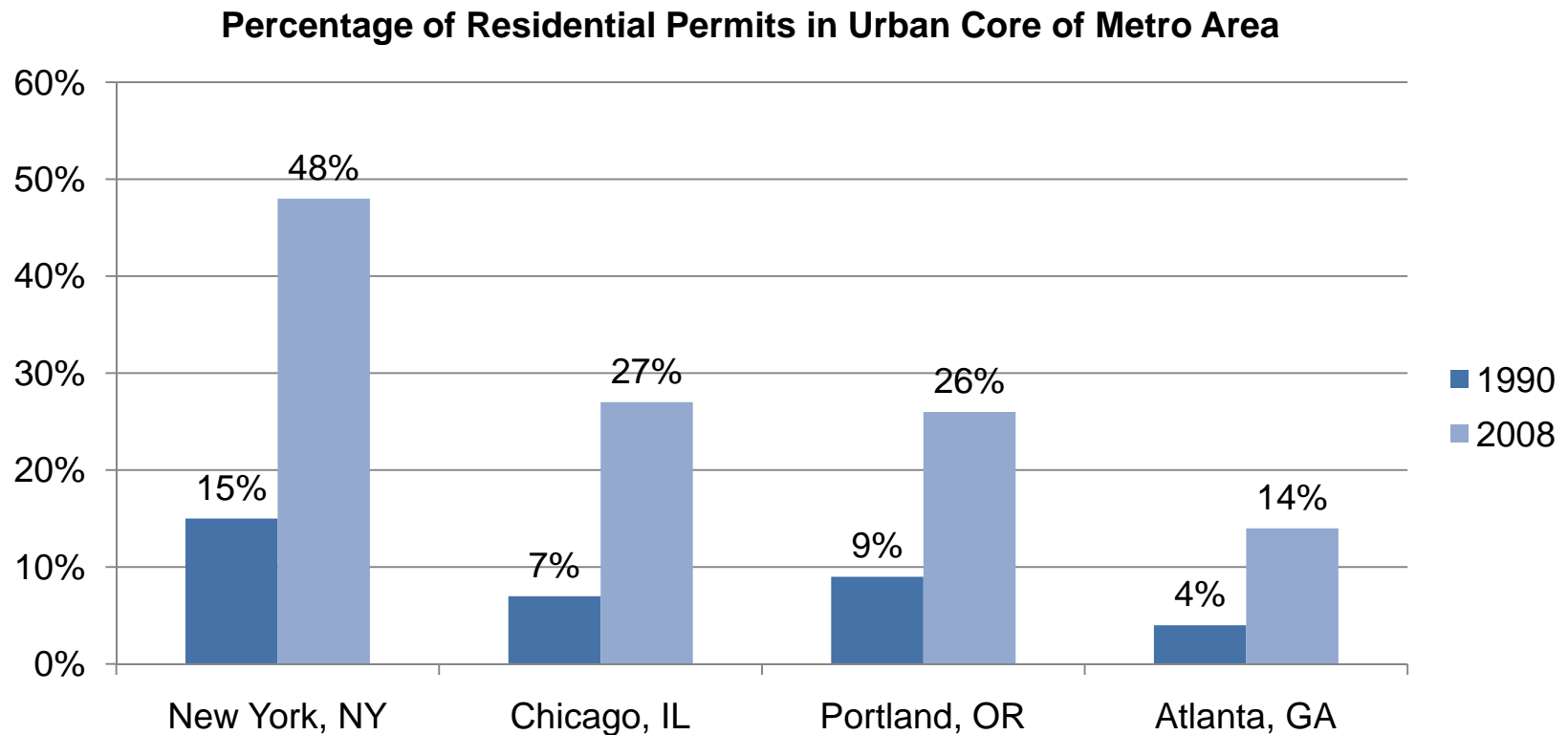
What is the *Next Normal*?

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Housing Development Returns to the Core

Nearly half of 50 largest U.S. Metro areas saw significant growth in urban housing starts 1990-2008



Source: *Residential Construction Trends in America's Metropolitan Regions*, Department, Community, and Environmental Division, U.S. Environmental Protection Agency January, 2010

Housing Markets Near Transit Perform have Performed Better in Great Recession

2008: 9 of the 10 strongest housing markets in New Jersey were towns with direct rail service to Manhattan

2010: median prices increase 5.7% for towns with rail, vs. 2.7% decline in all Northern NJ suburbs

Source: Rutgers University; Otteau Valuation Group, Inc.



Top – Maplewood, Bottom - Montclair, NJ : towns with direct rail service to Midtown Manhattan with strong housing markets

Livable Communities in the Next Normal: *Policy Trends*

Federal:

Sustainable Communities Partnership

Pending Livable Communities Legislation

State & Local:

NJ: Transit Villages and Urban Transit Hub Tax Credit

PA: Transit Revitalization Investment Districts

MN: Livable Communities Grant Program (Twin Cities)

OR: TOD Property Tax Abatement



Livable Communities in the Next Normal: *Housing Trends to Watch in 2011*

“20-something echo boomers want to experience more vibrant urban areas where they can build careers, and their aging baby boomer parents look for greater convenience in downscaled lifestyles.”

“Driving costs and lost time make outer suburbs less economical, while the big-house wave dissipates in the Era of Less”

- ULI Emerging Trends in Real Estate 2011



Downtown Silver Spring



Lowertown, St. Paul

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