WHAT’S MODE GOT TO DO WITH IT?
REAL ESTATE DEVELOPMENT FUNDAMENTALS

Kate Bolinger, AICP
Does Mode Make a Difference for Real Estate?

- Heavy Rail
- Light Rail
- Commuter Rail
- Bus Rapid Transit
LRT, BRT and TOD?

- Do “Lighter” Modes = Light TOD?
Perceptions

- Notion that BRT is less permanent and therefore more risky for TOD
- Idea that there is a hierarchy of TOD by mode
- Heavy rail systems have a longer history than LRT, more TOD
- Lack of empirical data on TOD and BRT, as a newer mode

### TOD Typologies and Transit Modes

<table>
<thead>
<tr>
<th>TOD Type</th>
<th>Transit Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban Downtown</td>
<td>All Modes</td>
</tr>
<tr>
<td>Urban Neighborhood</td>
<td>Light Rail, Streetcar, Rapid Bus, Local Bus</td>
</tr>
<tr>
<td>Suburban Center</td>
<td>Rail, Streetcar, Rapid Bus, Local Bus, Paratransit</td>
</tr>
<tr>
<td>Suburban Neighborhood</td>
<td>Light Rail, Rapid Bus, Local Bus, Paratransit</td>
</tr>
<tr>
<td>Neighborhood Transit Zone</td>
<td>Local Bus, Paratransit</td>
</tr>
<tr>
<td>Commuter Town Center</td>
<td>Commuter Rail, Rapid Bus</td>
</tr>
</tbody>
</table>

Key Factors for Real Estate Development

- Five Key Interrelated Factors

  - Service
  - Private Sector
  - Public Sector
  - Land
  - Market
Factor #1

Level of Rail Service/Transportation Advantage

- Speed
- Reliability
- Frequency
- Connectivity
- Image
- Design
- Congestion

Transport Modes

<table>
<thead>
<tr>
<th>Mode</th>
<th>Right-of-Way Characteristics</th>
<th>Level of Investment in Transit Facilities</th>
<th>Typical Stop/Station Spacing</th>
<th>Vehicle Speed</th>
<th>Service Reliability</th>
<th>Typical Transit Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Semirapid transit</td>
<td>Operates in dedicated right-of-way with regular crossings</td>
<td>Moderate to heavy investments (platforms, shelters, lighting, etc.)</td>
<td>1/2 to 2/3 mile</td>
<td>Moderate</td>
<td>High</td>
<td>BRT, LRT</td>
</tr>
<tr>
<td>Regional transit</td>
<td>Operates in dedicated right-of-way with limited crossings</td>
<td>Moderate to heavy investments (platforms, shelters, lighting, etc.)</td>
<td>3/4 to 3 mile</td>
<td>High</td>
<td>High</td>
<td>BRT, LRT, Commuter Rail</td>
</tr>
<tr>
<td>Rapid Transit</td>
<td>Operates in dedicated right-of-way with grade separation</td>
<td>Heavy investment (stations/protected waiting areas)</td>
<td>1/3 to 1 1/3 mile</td>
<td>High</td>
<td>High</td>
<td>Heavy Rail</td>
</tr>
</tbody>
</table>

Source: APTA, “Defining Transit Areas of Influence”
Factor #2

Land Availability

- Undeveloped land
- Infill opportunity (i.e. parking lot)
- Redevelopment (improvement value low relative to building value)
- Consolidation opportunities
Factor #3

- **Private Sector Interest**
  - Willingness of owners to sell property or participate in development
  - Already development activity/interest
  - Developer’s perception that transit system will provide additional value
  - Presence of TOD savvy developers
Factor #4

- **Market Strength**
  - Transit changes access, and can redistribute demand
  - Consider demand (growth, turnover)
  - Compare to trends in supply (absorption, sales, vacancy)
  - Transit is one factor in choosing home or office locale
  - Residents and firms must value access advantages provided by transit
Factor #5

- Supportive Public Policies
  - Land use policies
  - Allowable densities
  - Density bonus
  - Infrastructure investment
  - Financing incentives
  - Expedited permitting
  - Neighborhood support
Two Communities in Comparison

- Herndon, VA
- Takoma/Langley Crossroads, MD

Source: ESRI BAO
Factor #1

- Level of Rail Service/Transportation Advantage

Herndon
Silver Line Metrorail

Takoma/Langley Crossroads
Purple Line LRT

Sources: Dulles Corridor Metrorail Project, MTA
Factor #2

- Land Availability

Herndon
Office Buildings
Redevelopment

Takoma/Langley Crossroads
Shopping Centers
Redevelopment

Source: ESRI BAO

Source: ESRI BAO
### Private Sector Interest

- Property owners expressed interest with reservations:
  - Will future densities warrant redevelopment?
  - Will densities be marketable/can space be filled?
- BBP LLC employees tested financial potential to redevelop:

<table>
<thead>
<tr>
<th>Herndon</th>
<th>Takoma/Langley Crossroads</th>
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<tr>
<td>Silver Line Metrorail</td>
<td>Purple Line LRT</td>
</tr>
<tr>
<td>4.5 FAR Works</td>
<td>2.0-4.0 FAR Works</td>
</tr>
<tr>
<td>13-15 Stories</td>
<td>6-12 Stories</td>
</tr>
</tbody>
</table>
Factor #4

- Market Strength
  - Regional context of growth – Households and Businesses
  - Different market orientations:
    - Herndon: Mixed Use with Office Focus
    - Takoma/Langley: Mixed Use with Multicultural Focus
Factor #5

- Supportive Public Policies
  - Proactive communities, detailed area plans (underway or completed)
  - Higher densities, mix of land uses considered
Lessons Learned/Summary

- Remember that transit service is one factor impacting real estate opportunities.
- All modes have opportunities.
- Degree of opportunity shaped by interplay of factors.
- For built-out suburban communities, some of the most important factors relate to financial and market issues.
- Policies regarding density and land use can have a major impact in redevelopment situations.