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The Re-Emergence of Walkable Urban Places: How the Move Back to Urban Centers is Changing the U.S. Landscape and Economy

Presented by:
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May 15, 2015
12:00 - 1:00 PM ET
The WalkUP Wake-Up Call: Boston

By Christopher B. Leinberger & Patrick Lynch
The George Washington University School of Business
Form & Function of Metropolitan America

Metropolitan Land Use Options

**WALKABLE URBAN**

- **WALKUPS: (Walkable Urban Places)**
  - Established & Emerging: 1.2% of the land in metro Boston

**DRIVABLE SUB-URBAN**

- **DRVABLE EDGE CITIES**
  - 2.4% of the land in metro Boston

**LOCAL SERVING**

- **WALKABLE NEIGHBORHOODS**
  - 4.4% of the land in metro Boston

- **DRIVABLE SUB-DIVISIONS**
  - 92% of the land in metro Boston
Real Estate Product Type - Metropolitan Boston

- **5.5 billion square feet** of real estate in the **3,119 square miles** that comprise Metropolitan Boston

- **3.5 billion square feet (63%)** is For-Sale Residential (6-12% points is rental)

* For-sale Residential includes all single-family homes and condominiums, plus 2-3 family units
Significant and increasing real estate premiums for Walkable Urban real estate over Drivable Sub-urban in across all product types.

Pent-up demand for walkable urbanism...probably take 20-30 years to satisfy
Shifting Income Property Market Share to Walkable Urban (Absorption per Real Estate Cycle)

1992-2000
- Walkable Urban: 27%
- Drivable Sub-urban: 73%

2001-2008
- Walkable Urban: 39%
- Drivable Sub-urban: 61%

2009-Present
- Walkable Urban: 46%
- Drivable Sub-urban: 54%

Walkable urban income property development has increased its market share during the past three cycles versus Drivable Sub-urban.
Key Land Use Metrics in Metropolitan Boston

- **Regional Land:**
  - Walkup: 4.4%
  - Walkable Neighborhood: 12.2%
  - Drivable Edge City: 26%
  - Drivable Sub-Division: 47%

- **Population:**
  - Walkup: 12%
  - Walkable Neighborhood: 28%
  - Drivable Edge City: 58%
  - Drivable Sub-Division: 2%

- **Employment:**
  - Walkup: 26%
  - Walkable Neighborhood: 15%
  - Drivable Edge City: 9%
  - Drivable Sub-Division: 49%
WalkUPs in Metro Boston

- **57 Established WalkUPs** and **14 Emerging WalkUPs**
- The **d densest** of all the metropolitan development options
- **Substantial opportunity** for infill development and redevelopment
- **74%** of Established WalkUPs are **served by rail transit**
- **5 of 7** possible WalkUP types in Metro Boston
- **Greenfield/Brownfield debut with Assembly Row**
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Product Distribution by WalkUP Type

DOWNTOWN
- More Office space as %
- Adding Residential & Retail in the future

REGIONAL URBAN CENTERS
- More Retail & Residential as a %
- More Civic space
Average Rents by Product Type

Economic Rankings

- Office
- Retail
- Rental Apartment
- For-Sale Residential
- Overall

DRIVABLE
EDGE CITY
COPPER
SILVER
GOLD
PLATINUM
Economic Rankings

PLATINUM WALKUPS
Back Bay
Beacon Hill
Financial District (Boston)
MIT/Kendall Square

Assessed Valued per Acre
($ Millions)

$40MM
$30MM
$20MM
$10MM
$0

$34.2 MM
$11.8 MM
$3.7 MM
$1.5 MM
$0.6 MM

EDGE CITIES
COPPER
SILVER
GOLD
PLATINUM
Walkable Urban Development Generates Greater Tax Revenue

- **WalkUPs:** 12x the tax revenue of Edge Cities
- **Walkable Neighborhoods:** 6x the tax revenue of Drivable Sub-Urban

Property Tax Revenue by Acre
Accessibility/Opportunity vs. Affordability

Accessibility:
• % of Regional Population That Can Access WalkUP by Transit
• Non-car Commute Share

Opportunity:
• Job Density
• School Test Scores

Affordability:
• Housing & Transportation Costs
• Housing Cost Burden on Low-Income Households
Social Equity Rankings

Considering both Housing & Transportation Costs:
WalkUPs and Walkable Neighborhoods are more affordable than their Drivable Sub-Urban counterparts:
• 43% vs 48% of HH income

From a Social Equity Perspective:
High Economic Ranking WalkUPs tend to offer:
• High levels of accessibility
• Low transportation costs
• High opportunity BUT
• High housing costs
• Poor test scores
WalkUPs: Education & GDP

Significant correlation, but no causal link

% of workforce with college degrees:
- Top 6 high-ranked metros: 39%
- Low-ranked 10 metros: 29%

GDP per capita:
- Top 6 high-ranked metros: $69,000
- Low-ranked 10 metros: $49,000—or 41% higher
Conclusions

- A major structural shift towards walkable urbanism appears to be happening in Boston, especially transit-oriented development (TOD).
- Rising market share and high valuation premiums are indicators of this shift.
- Maintenance & expansion of transit system is critical for the economic success of the region.
- Rising prices raise social equity concerns; attainable housing policies must be put in place.
The Blizzards of 2014-2015 showed how vulnerable WalkUPs and Walkable Neighborhoods are given the years of deferred maintenance and the need for expansion of the MBTA rail and bus transit system....

But, walkable urban places generates much higher government revenues to help pay for the needed resources.
Thank you
Income Property Is Shifting to Walkable Urban

Average Home Sale Price
(Cost per Square Foot)

WALKUP
WALKABLE NEIGHBORHOOD
DRIVABLE EDGE CITY
DRIVABLE SUB-DIVISION