



Determining the Market for MXD

Melina Duggal, AICP | April 11, 2011



OUTLINE

Role of market studies

Demographic trends impacting mixed-use

Lessons learned from mixed-use projects



Role of Market Studies

WHEN DO YOU NEED A MARKET ANALYSIS?

Where does mixed-use really work?

Does this product create **pricing premiums**?

Who is the **market**?

What to do with the **ground floor**?

Does “**live-work**” really work?

Does it need to be **vertically integrated**? Does horizontal integration of uses actually work just as well, or better?

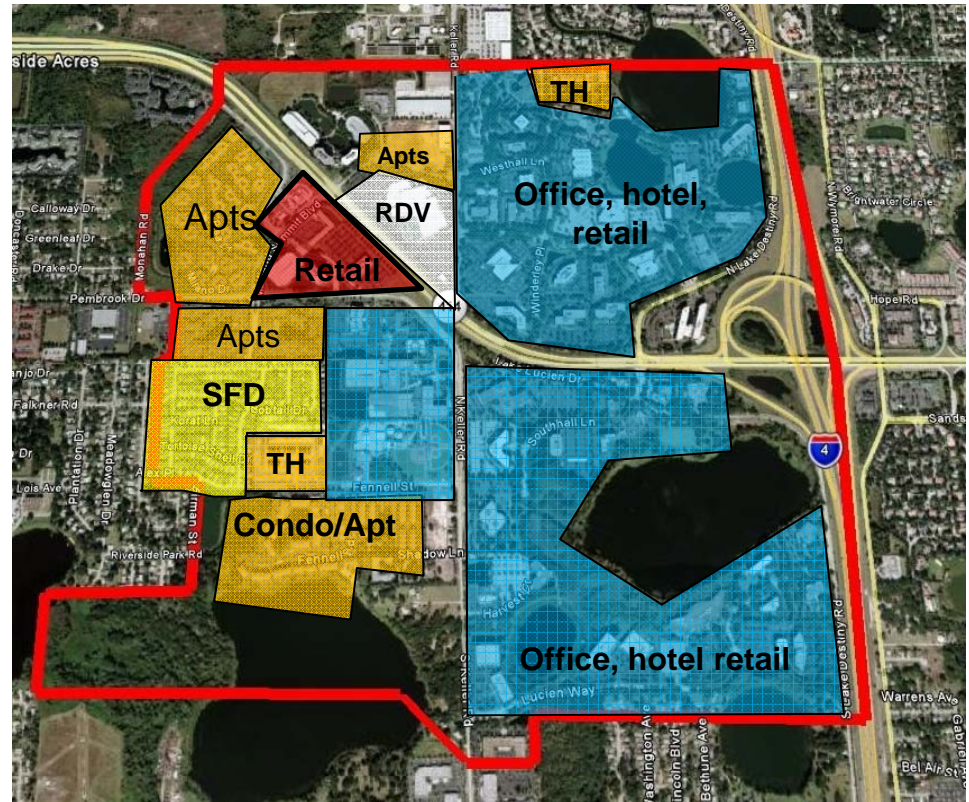
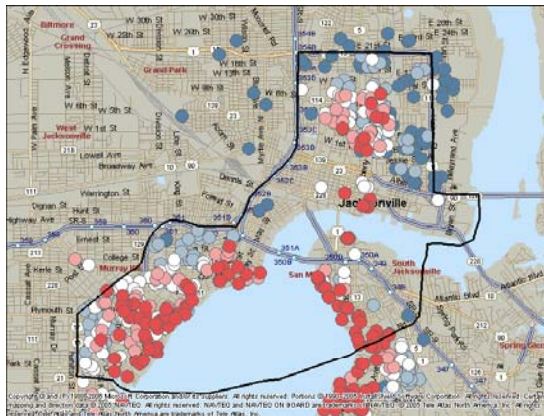
What is the role of mixed-use in the **suburbs**?

WHAT IS A MARKET ANALYSIS?

Examination of subject property/area in context of broader market trends

Supply and demand factors

Market-driven recommendations and programming



Maitland Center, Maitland, FL

MARRYING MARKET REALITIES AND PUBLIC GOALS

What are the market realities?

- ▶ “Natural” market demand
- ▶ Niche market opportunities
- ▶ Big ideas
- ▶ Consumer preferences

What are the public goals?

- ▶ Community vision
- ▶ Existing plans
- ▶ Political environment
- ▶ Community wants/needs

How do you marry these two?



Demographic Trends Impacting Mixed-Use

GENERATIONAL SHIFTS

Generation	Born	2010 Age	2010 Pop. US	2010 % Pop. US
Eisenhowers	Before 1946	65+	41M	13%
Baby Boomers	1946 – 1964	46 – 64	<u>76M</u>	25%
Gen X	1965 – 1980	30 – 45	66M	21%
Gen Y	1981 – 1999	11 – 29	<u>80M</u>	26%
Gen Z (?)	2000 and After	0 – 10	46M	15%

SOURCE: Claritas

LIFE STAGE INFLUENCES HOUSING CHOICE

Year	Student Housing	Single & Roommate Rental	Rent as Couple / 1st Home	Young Family Own	Mature Family Own	Empty Nester Downsize Own	Retiree Senior Housing
2008	Gen Y	Gen Y	Gen X	Gen X	Baby B	Baby B	Eisen Baby B
2010	Gen Y	Gen Y	Gen Y	Gen X Gen Y	Baby B Gen X	Baby B	Eisen Baby B
2015	Gen Y	Gen Y	Gen Y	Gen Y	Gen X	Baby B Gen X	Eisen Baby B
2020	Gen Z	Gen Y	Gen Y	Gen Y	Gen X Gen Y	Gen X Baby B	Baby B

BOOMERS ARE LOOKING FOR....



- “Urban myth” = prefer “safe urbanism”
- Healthy active lifestyles
- Affordability
- Smaller, move-down homes, high-level of finish
- Low-maintenance lifestyle
- Niche SFD and SFA products

GEN X STILL FAMILY BUYERS



- Primarily families - still have to build for the family buyer
- Good schools!
- Larger lots/homes
- Affordability
- Healthy active lifestyles – safe neighborhoods, parks, trails and walkability



GEN Y WILL PAY FOR MIXED-USE CHALLENGE IS AFFORDABILITY



SOURCE: RCLCO

- In-town areas and inner suburbs will remain on an upward trajectory
- Diversity, walkability and proximity to jobs keys to attracting this segment
- Suburbs will need to evolve to remain attractive to Gen Y
- Affordability

FUTURE HOUSING TRENDS – RIGHT-SIZED, DENSER, GREENER

- Attitudes have changed – people want:
 - More free time
 - Less commuting
 - Greater role in saving the planet
- Demand post downturn - right-sized, denser and greener
- Smaller units in close-in, desirable locations
- Larger units still popular in suburbs
- Cities and MPCs - more dense and promote walkability
- Sustainability is a given

CONCEPT OF IDEAL WORKPLACE IS CHANGING

- From single use to multiuse or mixed-use environments
- Live closer to work
- Spend less time driving – more transportation options
- Useable open spaces
- Walkable environments
- More retail “amenities”





Lessons Learned From Mixed-Use Projects

BARRIERS TO MIXED-USE EFFORTS

APPROPRIATE ROLE OF THE PUBLIC SECTOR

The public sector should be focused on those activities that cannot be adequately performed by the private market

- Site assembly
- Public infrastructure improvements
- Finance constructions cost that meet public needs but are not supported by the market
- Community consensus and visioning
- Improve governmental services
- Create clear and consistent entitlement process

PUBLIC INVESTMENT CASE STUDY EXAMPLE

DC USA, WASHINGTON, D.C.

- District of Columbia government desired an urban project given the context of the existing neighborhood, the future vision for the corridor, and the proximity to transit
- Costs of structured parking not supported by private market economics
- Tax increment financing (TIF) was utilized to support cost of structured parking garage



SET THE STAGE, LET THE MARKET PROCEED

CREATE FLEXIBLE PLANS

- Market conditions – appropriate land uses, densities, etc. – change over time
- Plan should set vision and critical guidelines
- What is really important to meeting the spirit of the plan?
- Let the market proceed as efficiently as possible after vision is created
- Don't set requirements on mix of land uses, timing of land uses

CASE STUDY EXAMPLE

NORTHEAST DISTRICT, OCECOLA COUNTY, FL

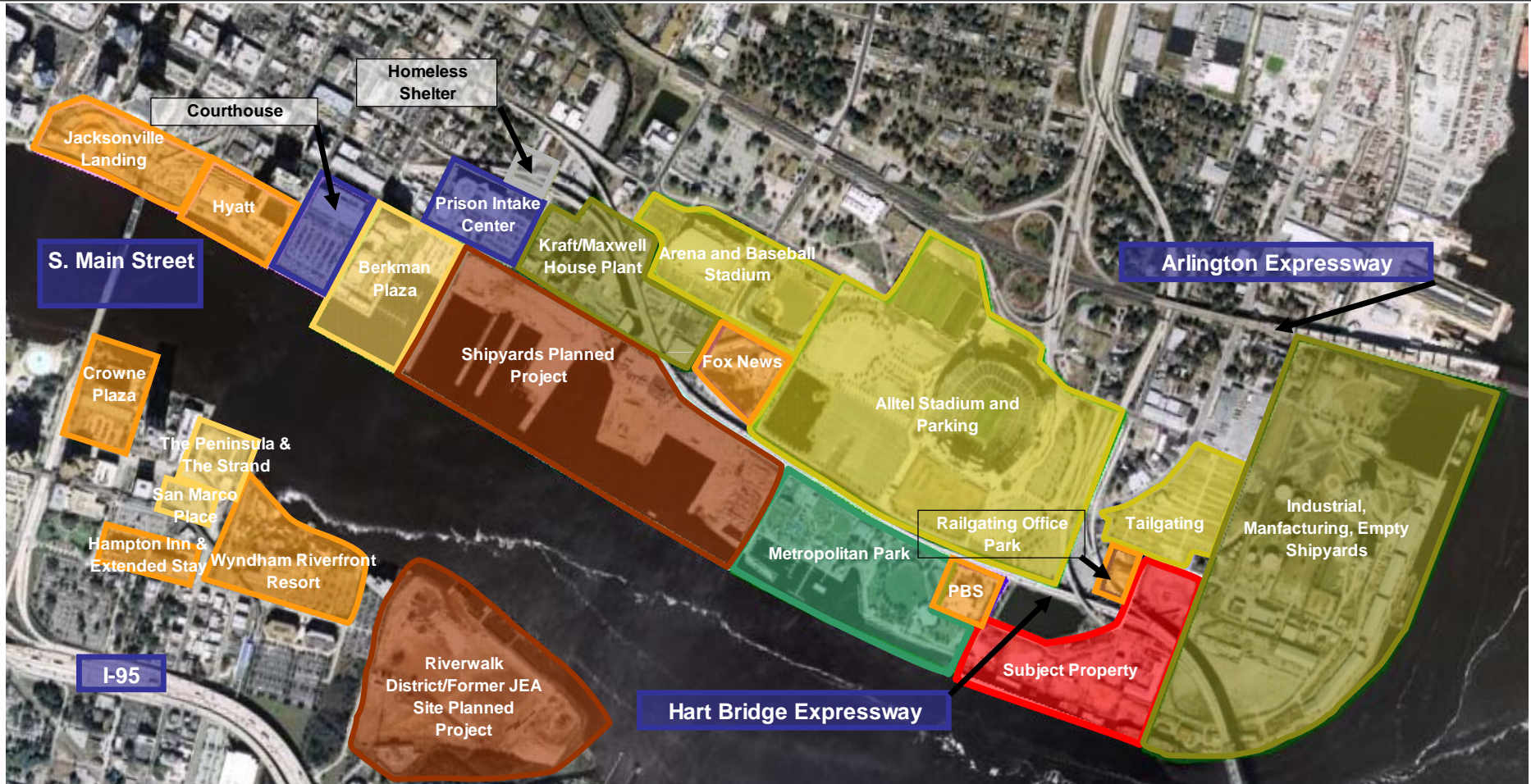


MIXED-USE PROJECTS










KEYS TO SUCCESS

- Project should be feasible – need to secure early win to create market momentum
- Tie into adjacent land use and/or market trends
 - Typically demand can't be created
 - Catalytic project can be a bridge, not an island
- Bigger is not always better
- Don't require one land use to be tied to another
 - City expectations for ground floor retail tenant is often much too high
- Synergy comes from the interaction among each of the pieces
 - Residents and tenants view the shops, entertainment and restaurants as amenities

MIXED-USE PROJECT IN JACKSONVILLE, FL



MAP KEY

- | | | |
|---|---|---|
|  Subject Property |  Retail, News Station, Office, & Hotel |  Planned and Proposed Projects |
|  Public Park |  Manufacturing & Industrial |  Government Facilities |
|  Sports Venues and Parking |  Residential |  Homeless Shelter |