



A MARKET AND ECONOMIC CONTEXT FOR THINKING ABOUT SUBURBAN SPRAWL REPAIR

CONGRESS FOR THE NEW URBANISM 19

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TWO QUESTIONS TO CONSIDER IF WE ARE GOING FROM SPRAWL TO COMPLETE COMMUNITY



1-3. Commercial sprawl



1-4. Complete community

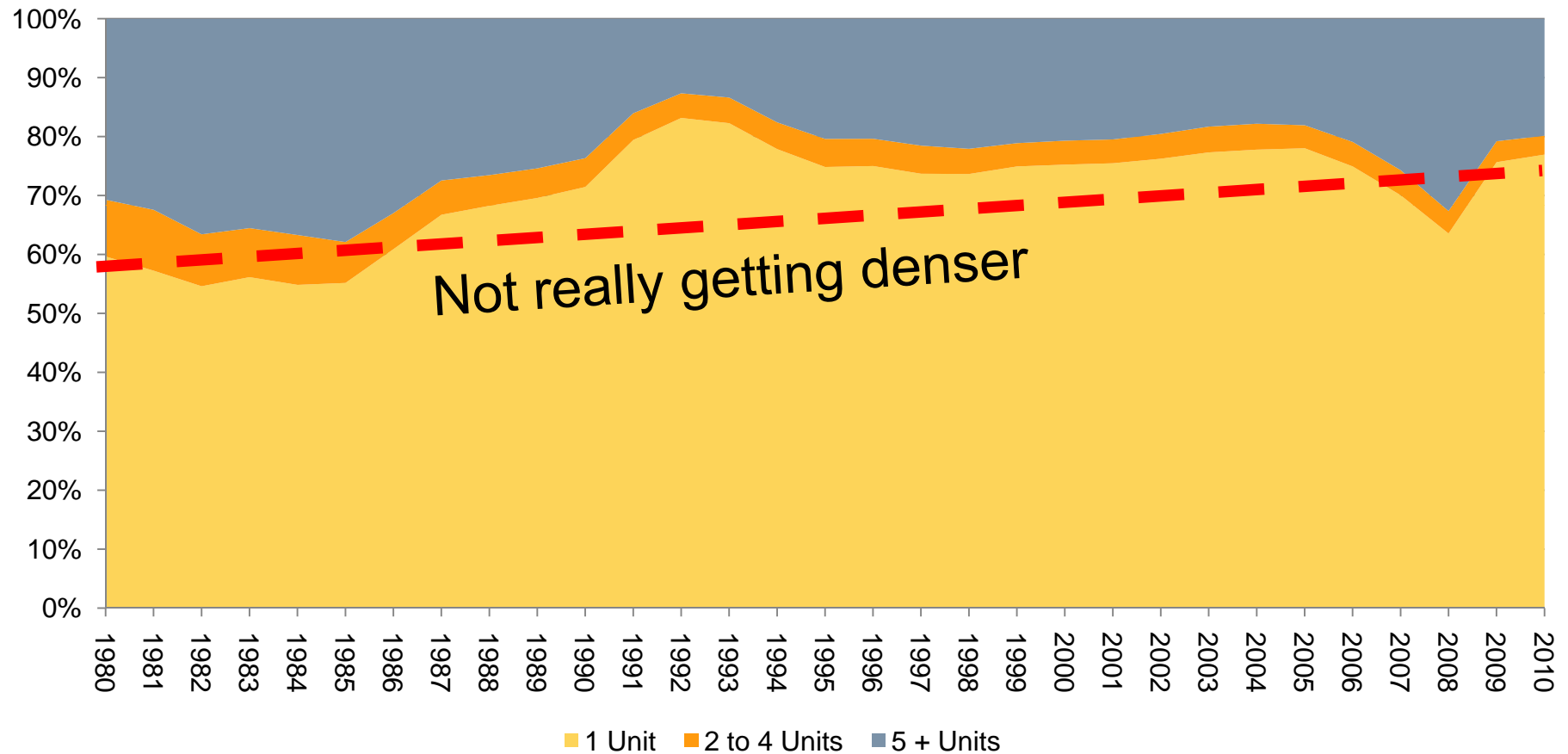
- ▶ Does the market want it?
- ▶ Who is going to pay for it?

THE BAD NEWS – WE ARE NOT REALLY GETTING DENSER... YET

New Residential Building Permits Issued

United States of America; 1980 to 2010

Source: U.S. Census Bureau



AND EVEN GEN Y CONSUMER STILL LARGELY INTERESTED IN SINGLE-FAMILY HOUSING

Gen Y Stated Product Type Preference

United States of America

Source: RCLCO Survey 2007; ULI/Lachman Survey 2010; NAR Consumer Preference Study 2011

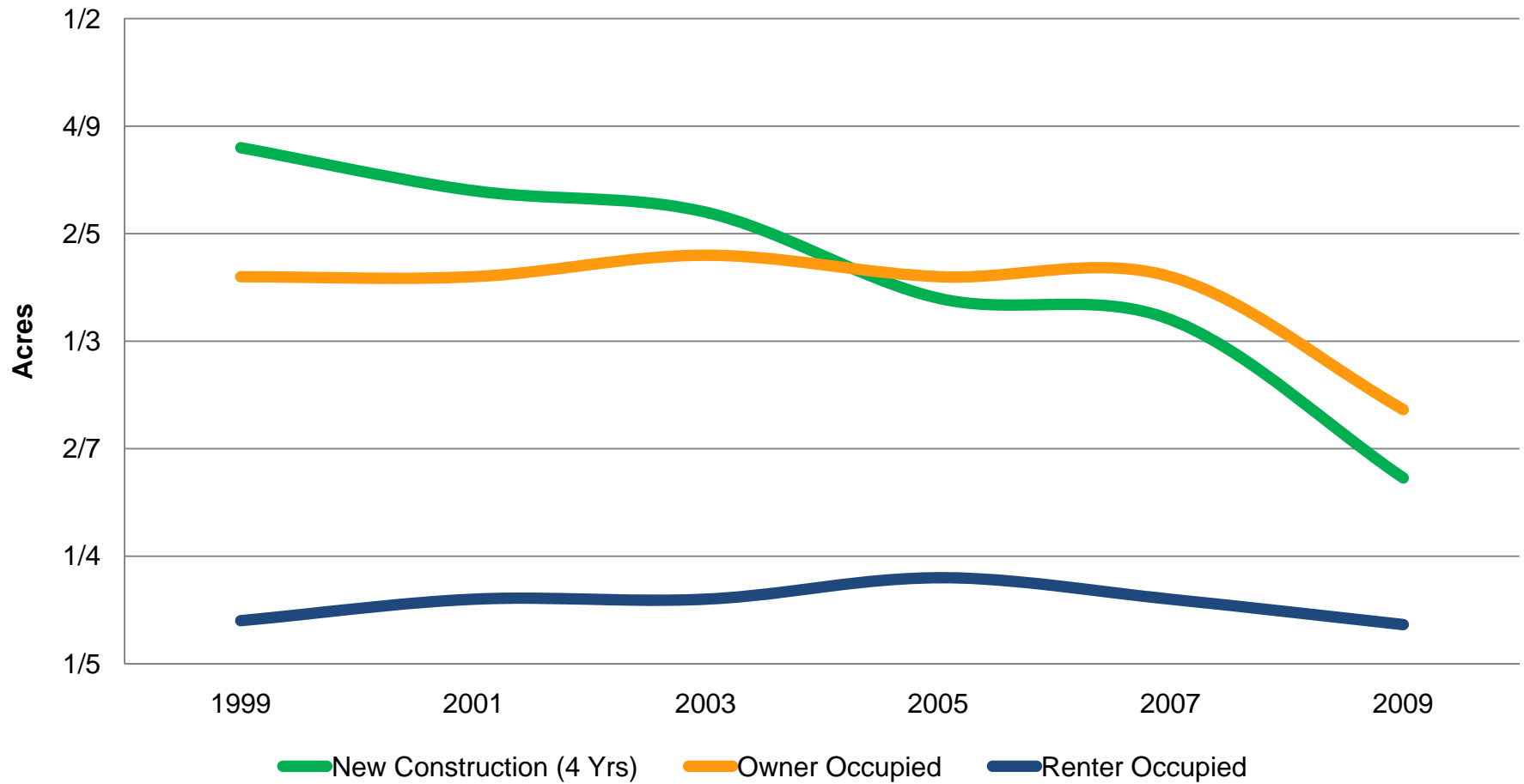
	Fall 2007 “Home Type Likely to Choose”	Summer 2010 “Anticipated Housing in 2015”	March 2011 “Home Type Preference”
Apartment/Condo	12%	25%	15%
Rowhouse/ Townhome	12%	6%	6%
Single-Family	70%	64%	74%
Other	5%	5%	n/a

BUT... LOT SIZES ARE GETTING SMALLER

Median Lot Size of New Housing Delivered

United States of America; 1999 to 2009

Source: American Housing Survey

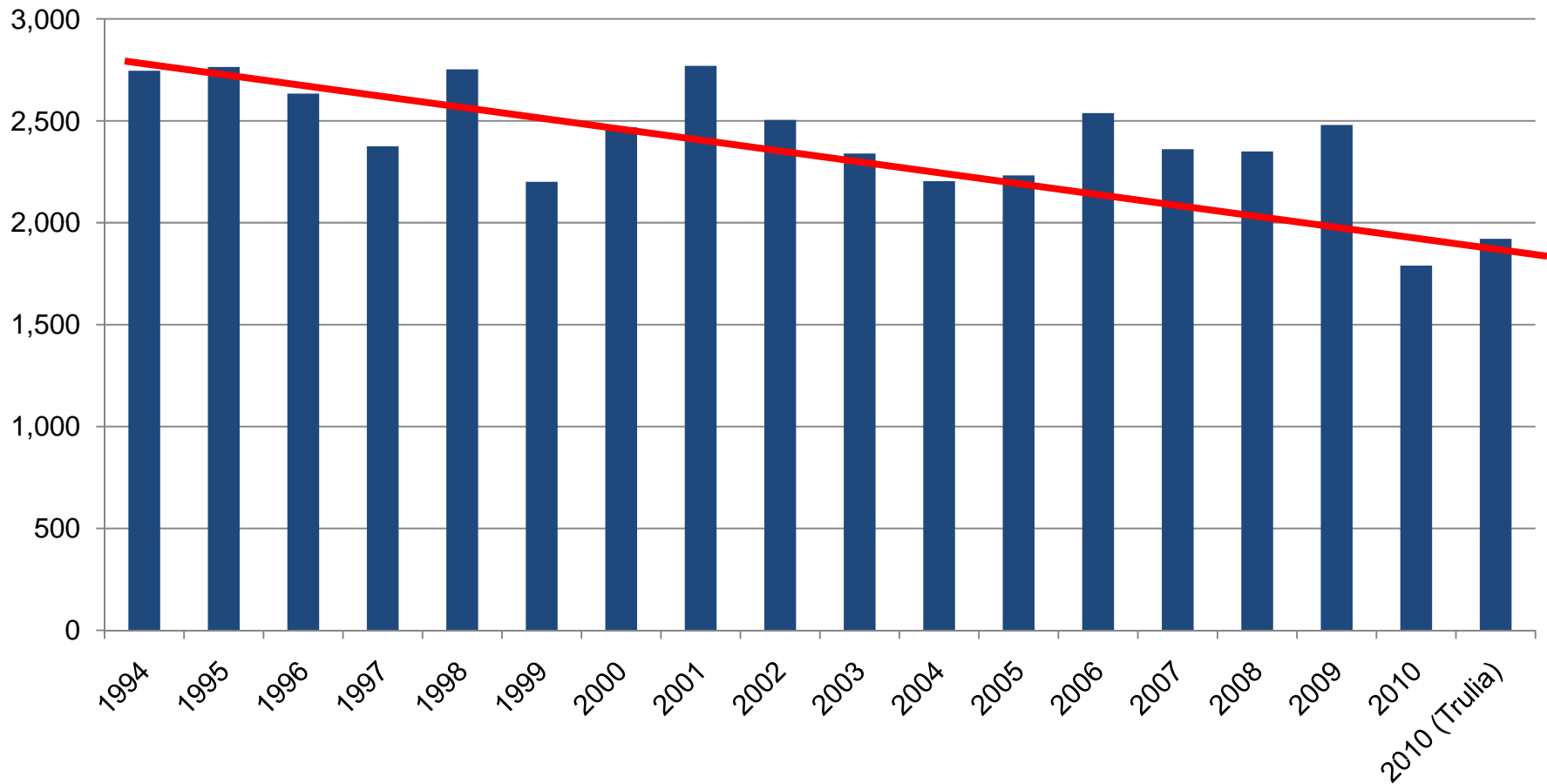


AND CONSUMER PREFERENCE REALLY IS EVOLVING TOWARD SMALLER HOMES

Preferred Home Size

United States of America; 1994 to 2010

Source: Trulia-Harris Interactive Survey; July 2010

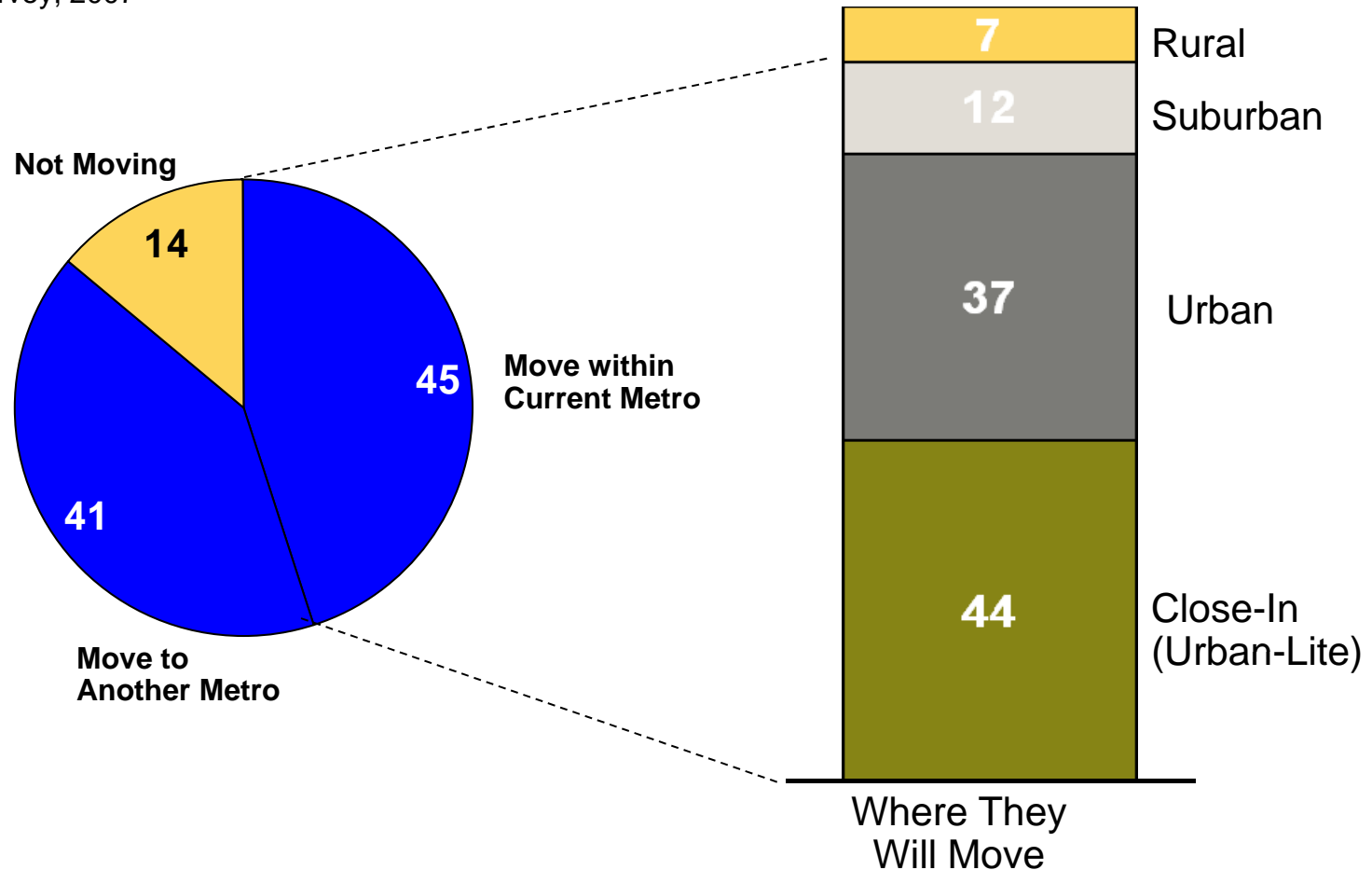


BUT... "URBAN LITE," OR REPAIRED SUBURBS ARE THEIR MOST PREFERRED DESTINATION

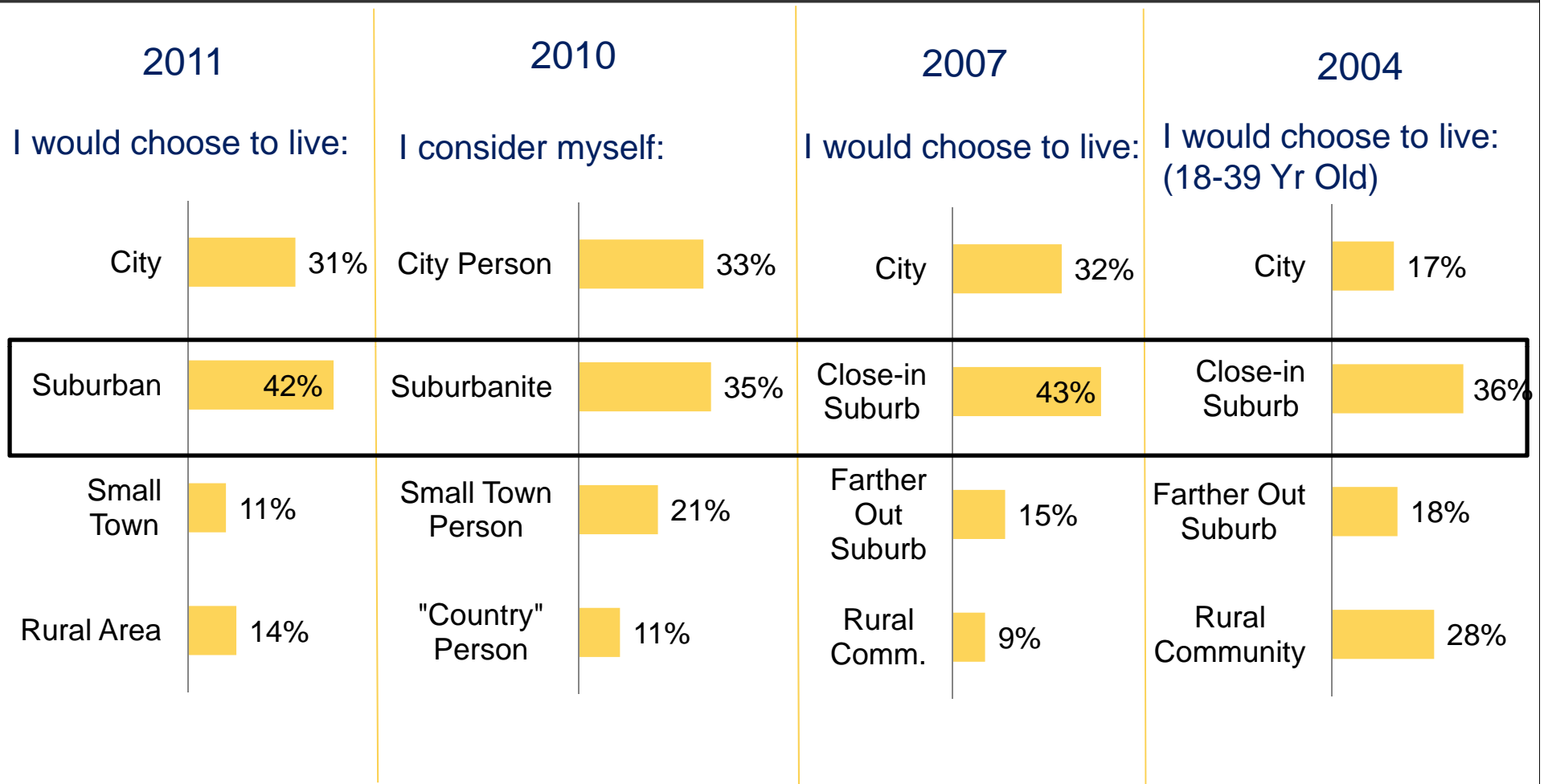
Desired Residential Context in Next Move; Gen Y Renters

United States of America

Source: RCLCO Survey; 2007



EMERGING 1/3, 1/3, 1/3 MARKET SEGMENTATION



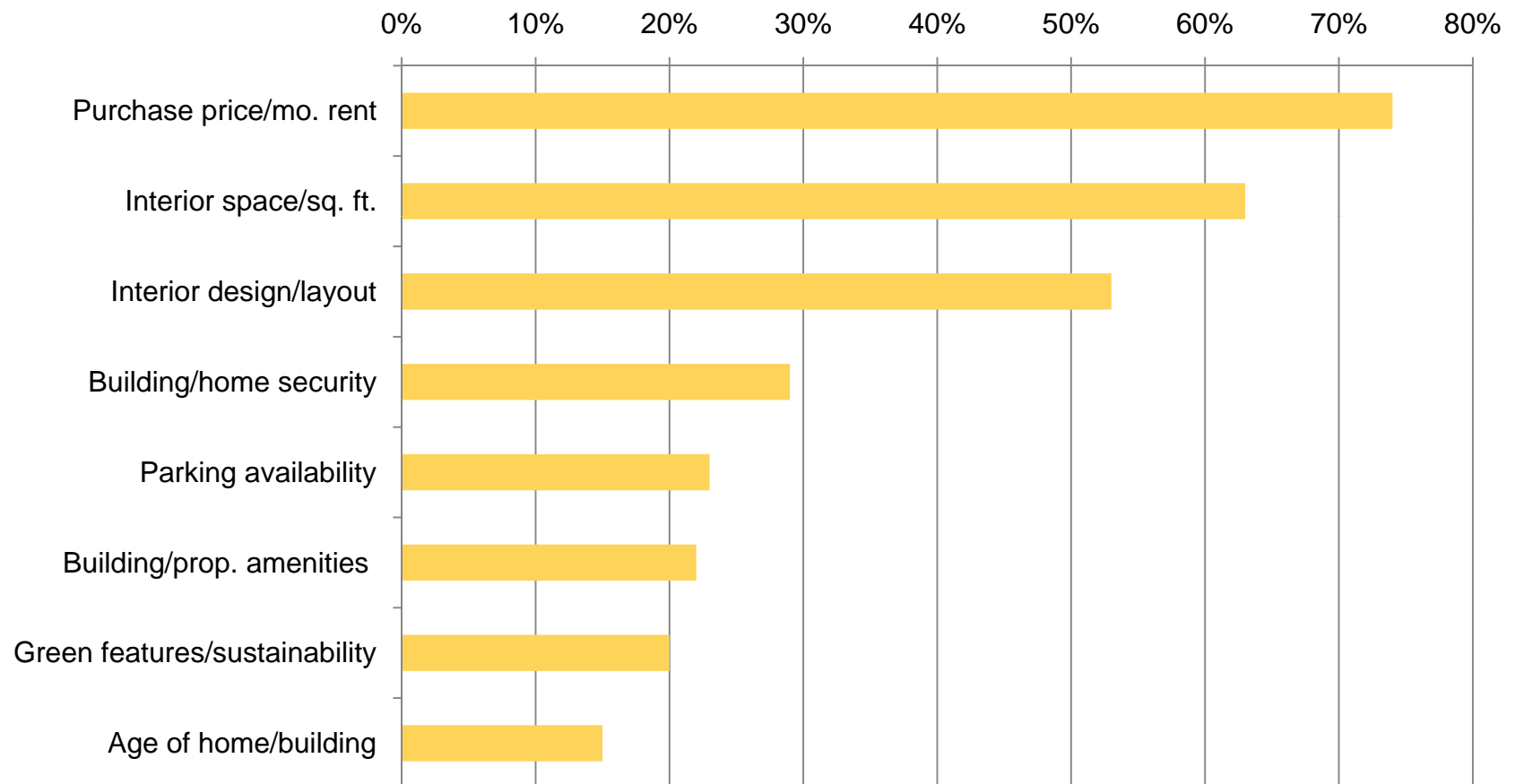
Source: RCLCO Consumer Research, Fall 2007, ULI/Lachman Associates Survey, Summer 2010, 2011 National Community Preference Survey, National Association of Realtors, March 2011, 2004 National Community Preference Survey, National Association of Realtors, October 2004

LET'S NOT KID OURSELVES, CONSUMERS ARE STILL MOVITVATE BY PRICE AND SIZE

Key Housing Market Decision Factors (Top 3 Factors)

United States of America

Source: ULI/Lachman Associates Survey, Summer 2010

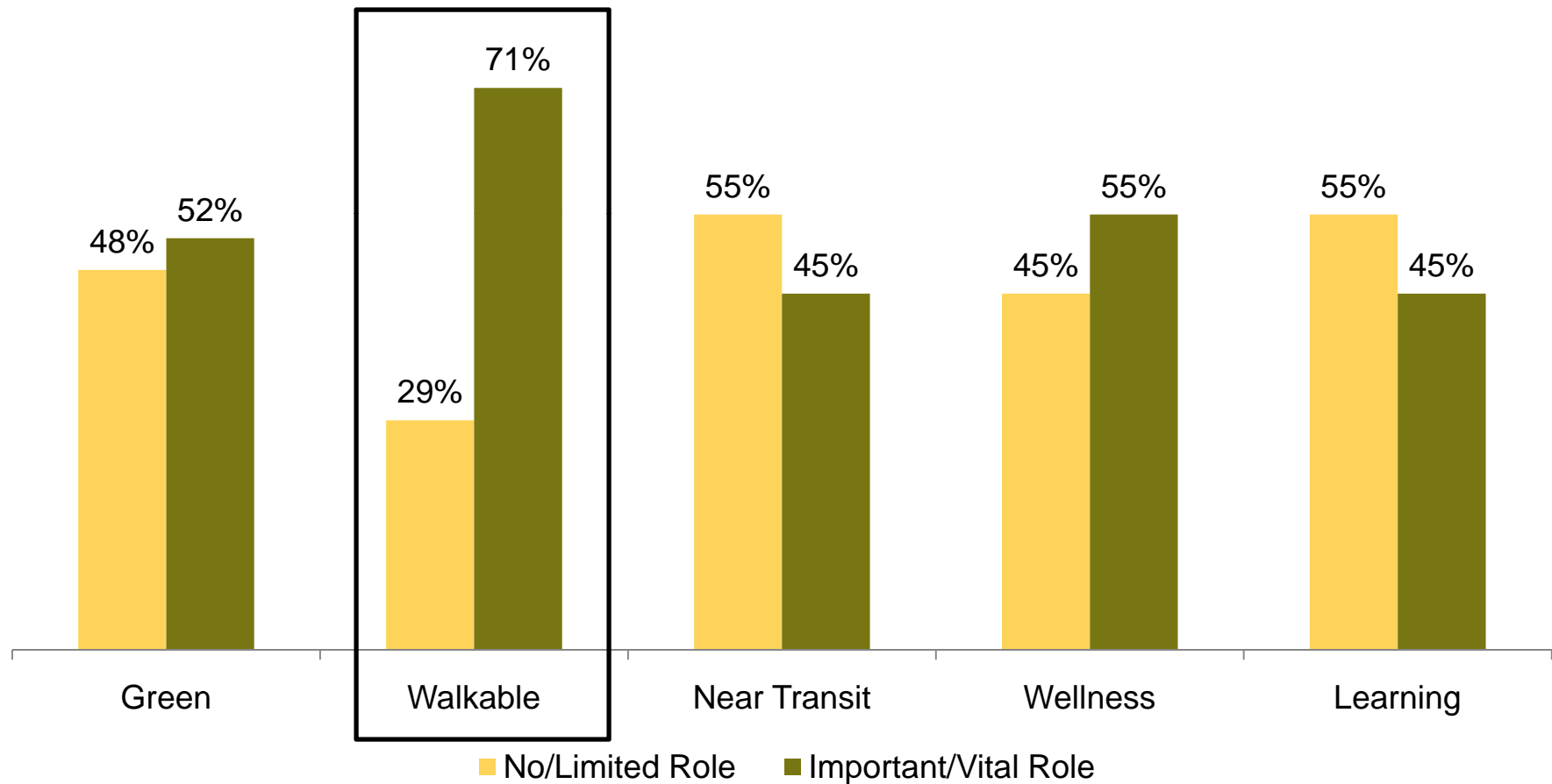


BUT, WALKABLE IS NOW THE MOST IMPORTANT COMMUNITY FEATURE TO GEN Y

Key Housing Market Decision Factors

United States of America

Source: ULI/Lachman Associates Survey, Summer 2010



Source: RCLCO Consumer Research, Fall 2007

TRADE-OFF QUESTIONS

Interest in Walkable Neighborhoods

United States of America

Source: Surface Transport Policy Project Survey 2003

VIEWPOINT	PERCENT RESPONDENTS WHO AGREED
<u>Would like to walk more than they do</u>	55%
Would like to <u>run errands on foot</u> , walk to stores	63%
Walking is too inconvenient and <u>things are too far away</u>	61%
<u>Presence of sidewalks</u> and other places to walk and exercise are important in deciding where to live	79%

WALKSCORE.COM IS NOW ACTUALLY A WALL STREET UNDERWRITING TOOL

Cities & Neighborhoods | Why It Matters | How It Works | Add Walk Score to Your Site | Blog

Follow us:

Type an Address:

Walk Score
82
 Out of 100
Very Walkable
 8009 Park Ln Bethesda

[Overview](#) [More Amenities](#) [Your Commute](#)

Restaurants

Le Vieux Logis 0.21mi

Coffee

Starbucks 0.45mi

Groceries

Lilit Cafe 0.21mi

Shopping

Nikaia Inc 0.17mi

Schools

Bethesda Elementary 0.39mi

Parks

Veterans Park 0.45mi

Books

Big Planet Comics 0.42mi

Bars

Satsuma 0.31mi

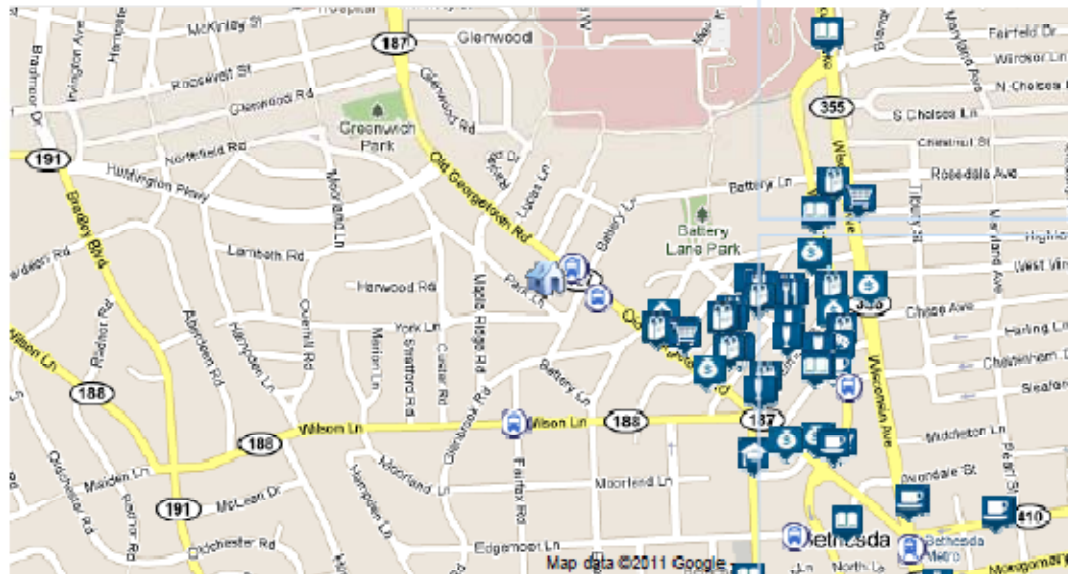
Entertainment

United Artists Beth 0.77mi

Banking

Associated Investme 0.17mi

[View more amenities](#)



Public Transportation

.66 mi - Red	.08 mi - 30 Route 31	.08 mi - 34 Route 34
.08 mi - 47 Route 47	.08 mi - 70 Route 71	.08 mi - J9

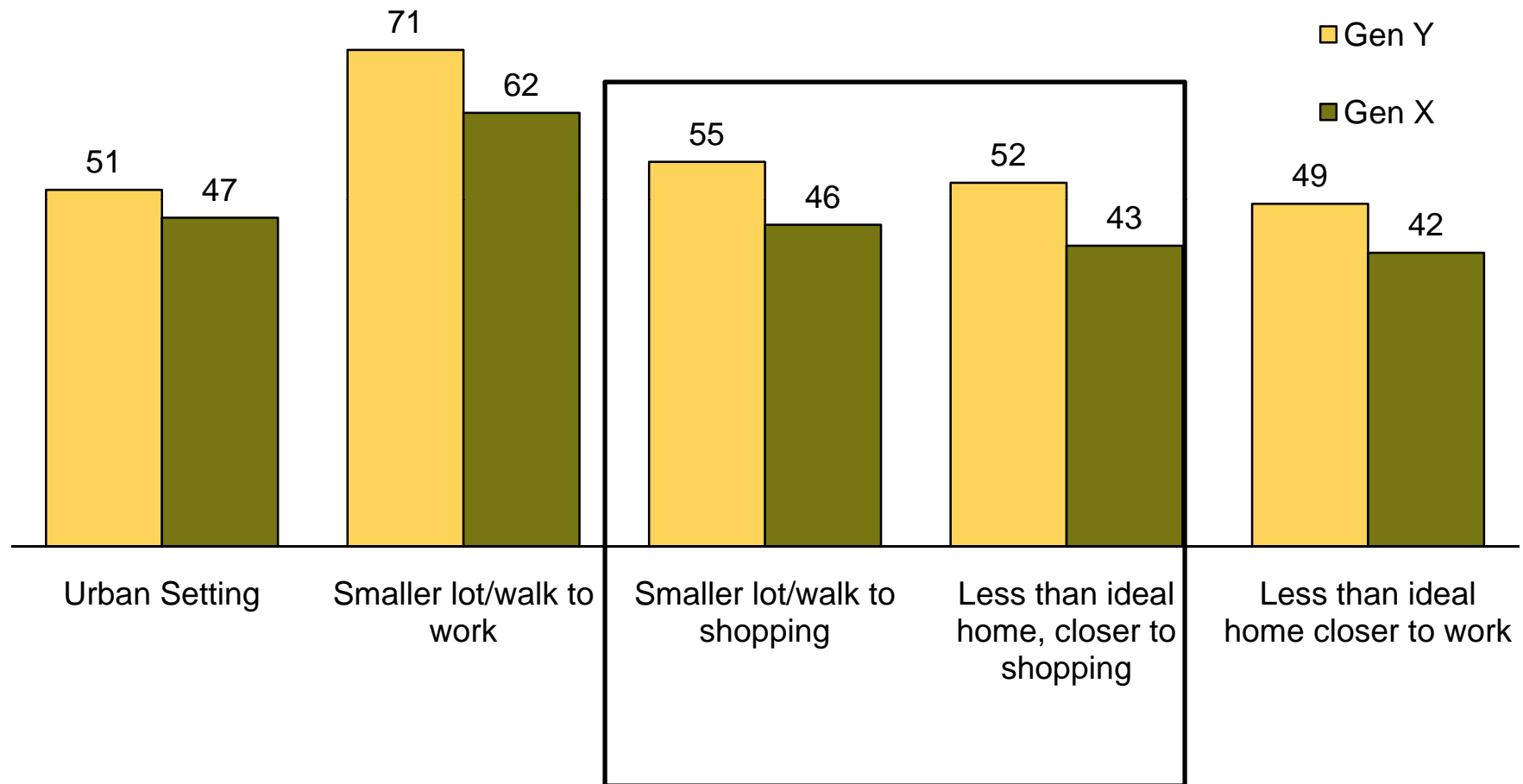
[About transit data](#)

NEW CUSTOMER WILL TRADE LOT SIZE AND HOME FACTORS TO BE NEAR SHOPPING

Key Housing Market Trade-Off Priorities

United States of America

Source: RCLCO Consumer Research 2007



FOR BETTER OR FOR WORSE, WALL STREET STANDS IN THE MIDDLE OF THE TRANSFORMATION



1-3. Commercial sprawl



1-4. Complete community

AND WALL STREET MEASURES “RESIDUAL LAND VALUE”



1-3. Commercial sprawl

Existing Stabilized Asset
has a Discernible Value

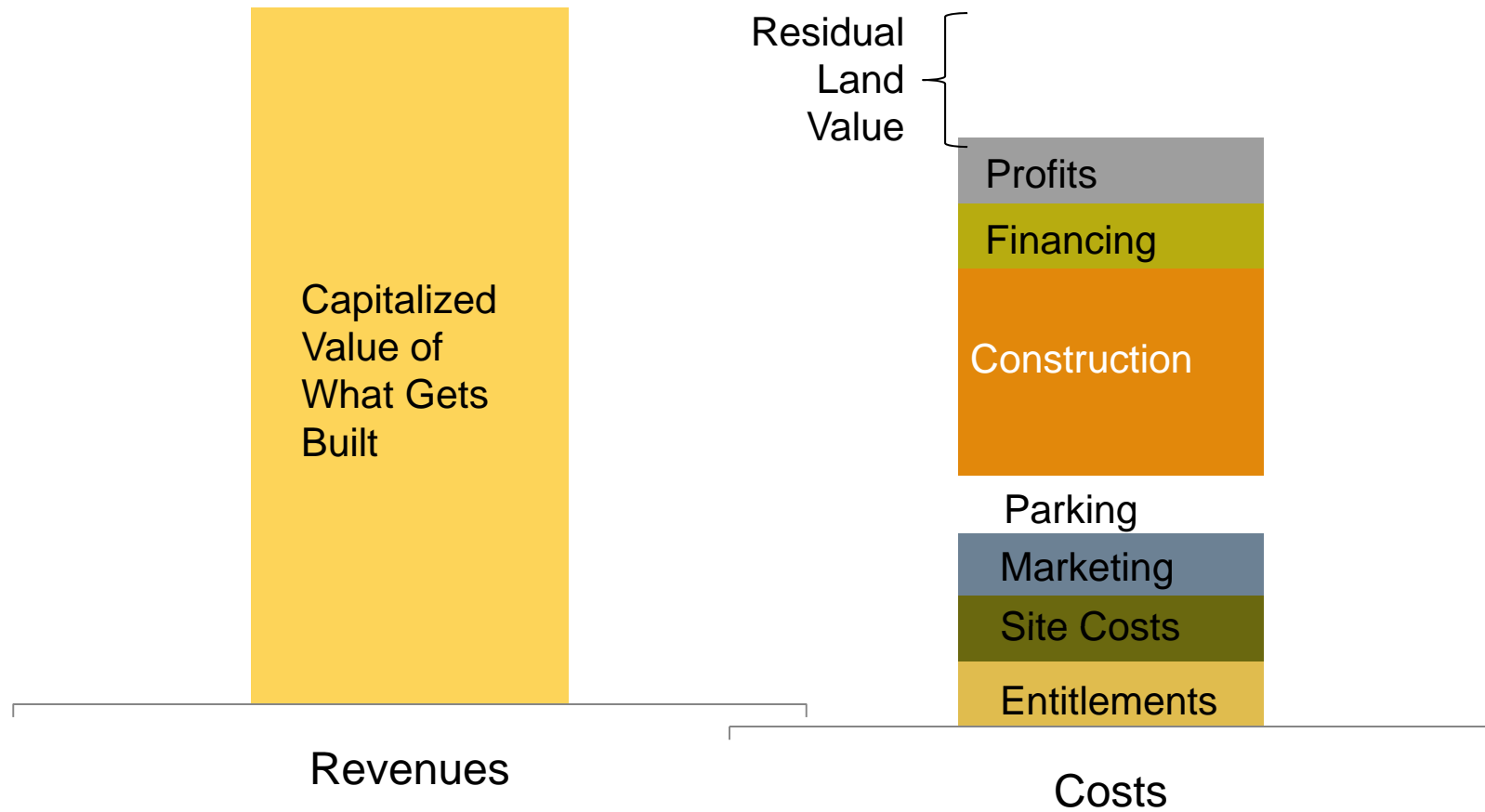
For this example: \$10M



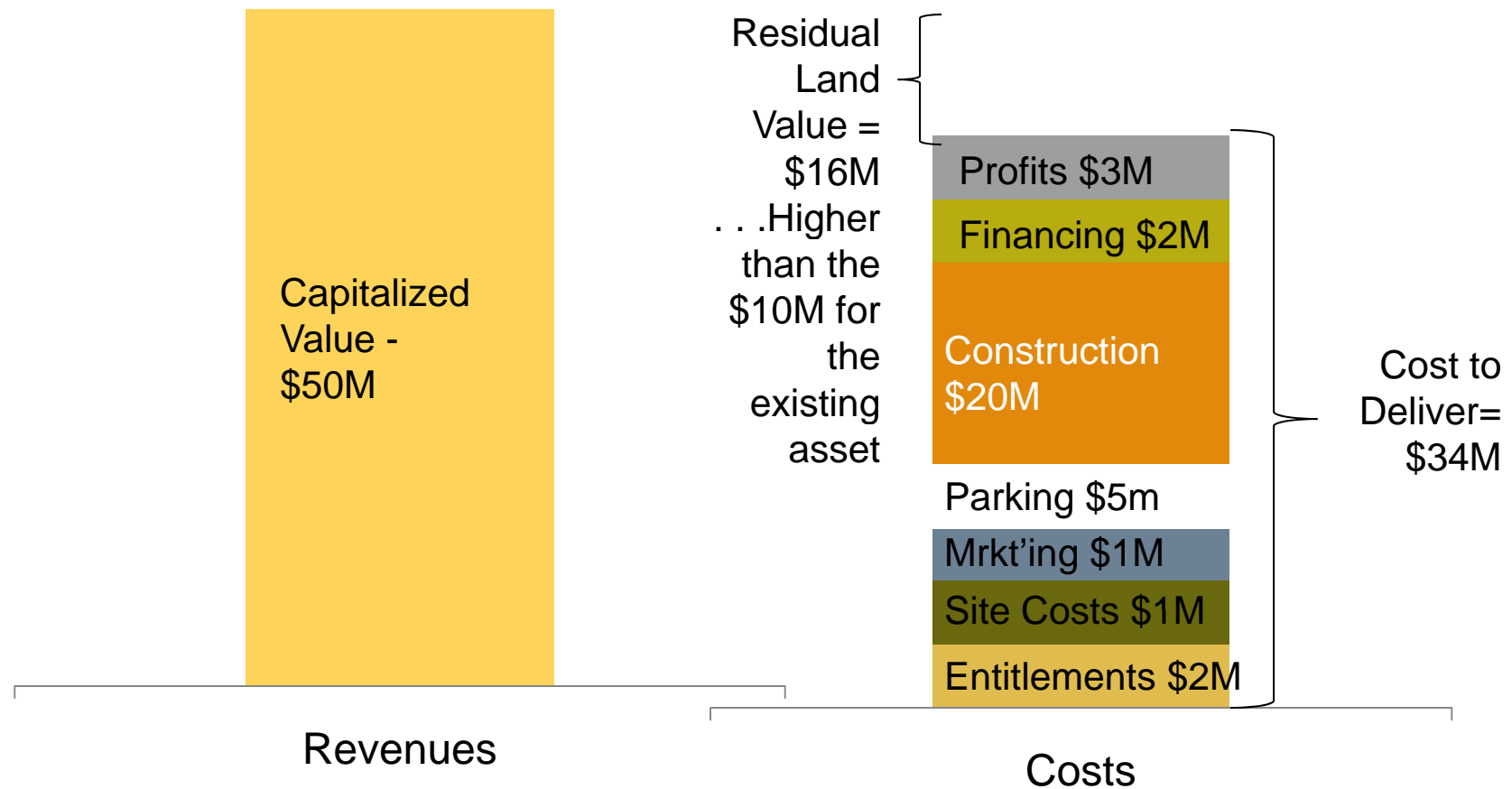
1-4. Complete community

To Use the Bank's Money to
Control and Redevelop the Asset,
the Underlying Land Value has to
Prove to be more than \$10M

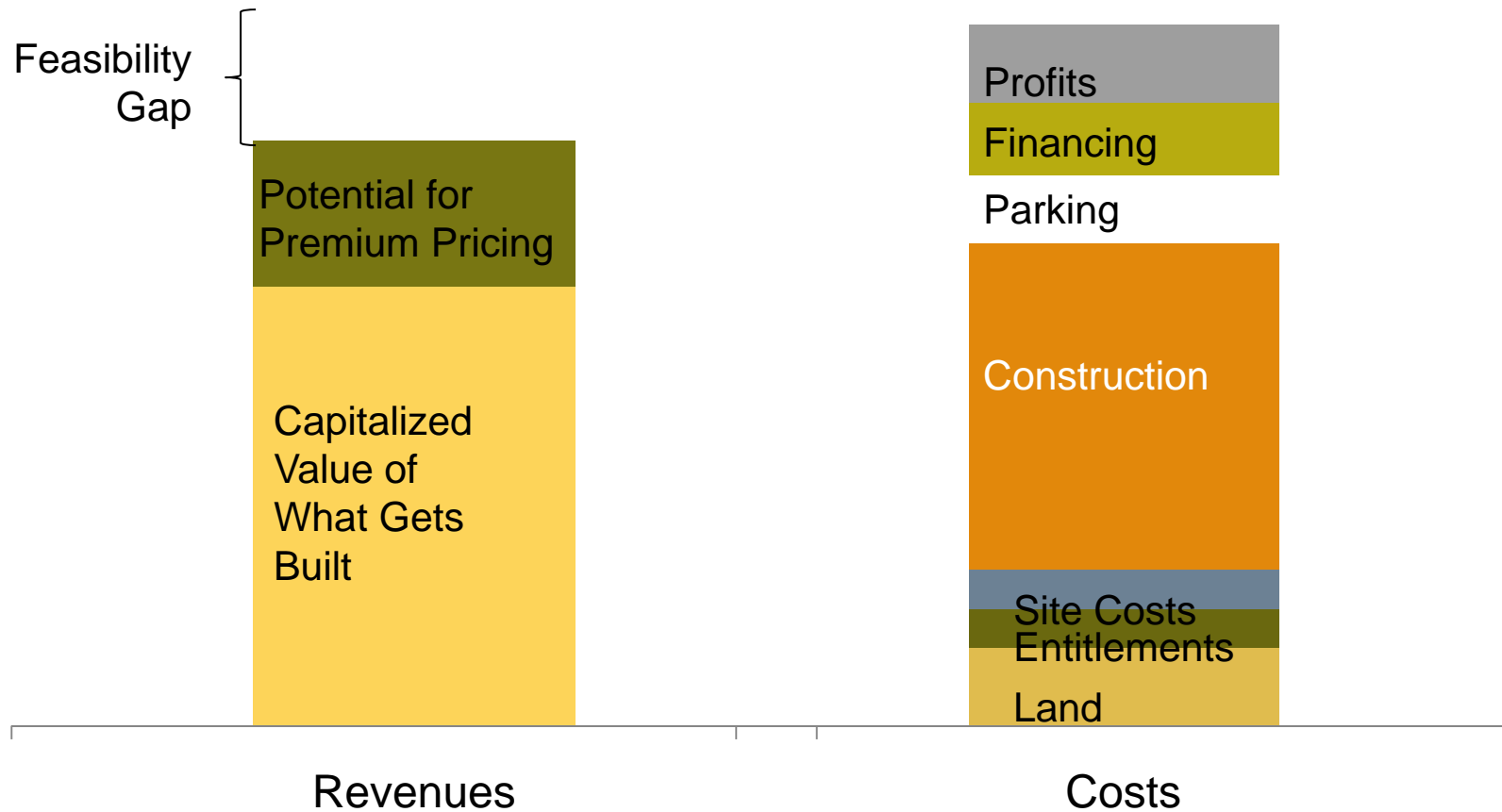
RESIDUAL LAND VALUE - CONCEPTUAL



RESIDUAL LAND VALUE – HYPOTHETICAL (IDEAL)



IN REALITY, PROJECTS OFTEN LOOK LIKE THIS



THERE ARE TWO FACTORS WITHIN OUR CONTROL FOR THIS AUDIENCE TO FOCUSING ON

How real is it?
How can we prove it?
Can Wall St underwrite it?

