Suburbia, Soccer Moms, SUVs and Smart Growth

RCLCO – Public Strategies Group
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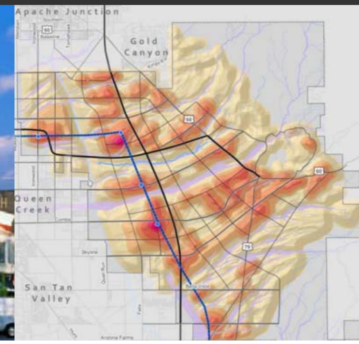
New Partners for Smart Growth | February 2, 2012



Practice Areas

- Urban Development
- Community Development
- Economic Development
- Management Consulting

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- Austin
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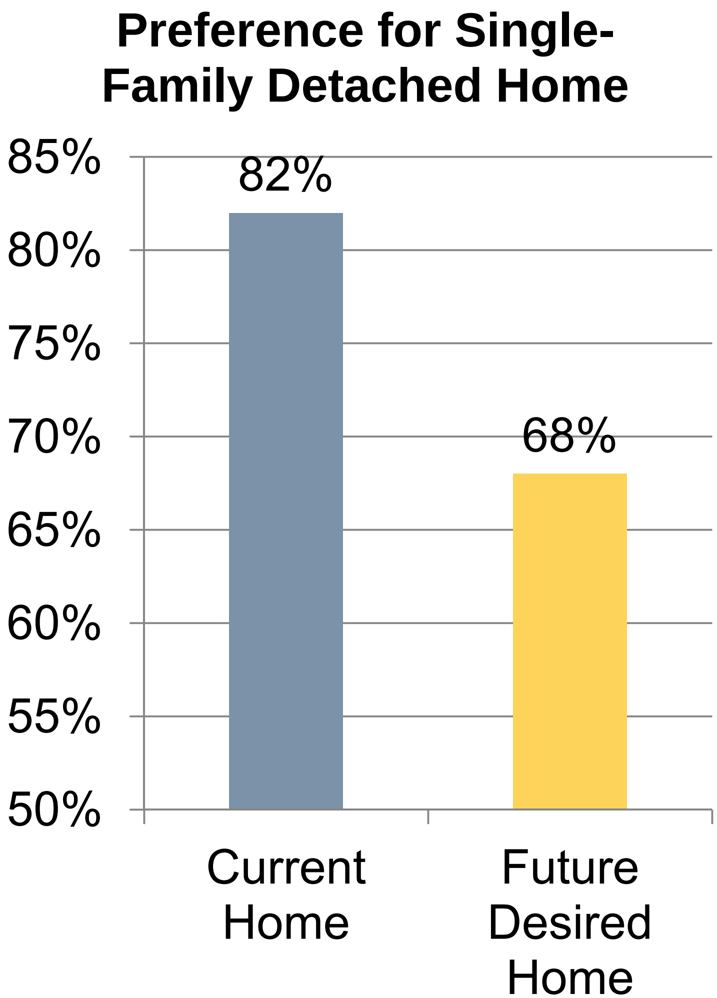
RCLCO is a land use economics firm delivering **real estate strategies**, **market intelligence**, and **implementation assistance**

THE STORY REMAINS THE SAME
PRE-RECESSION ~~ POST-RECESSION



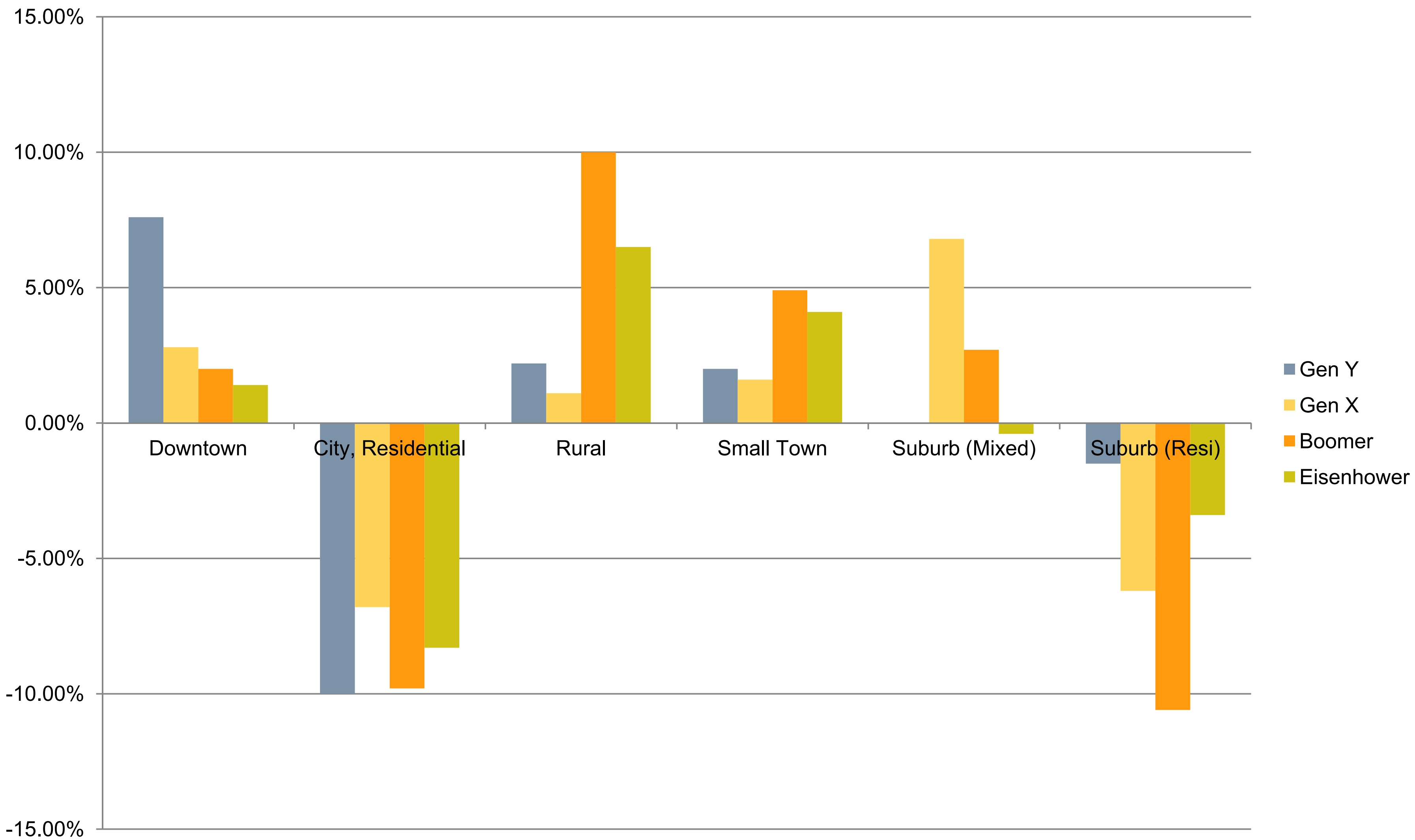
- 23% of respondents 55-59 years of age most likely to purchase small-lot single family detached (14% of those 60+ and 13% of those 50-54 do, as well)
- Family and pre-family buyers distributed between increased preference for townhome or condo products and custom homes

Source: RCLCO 2007

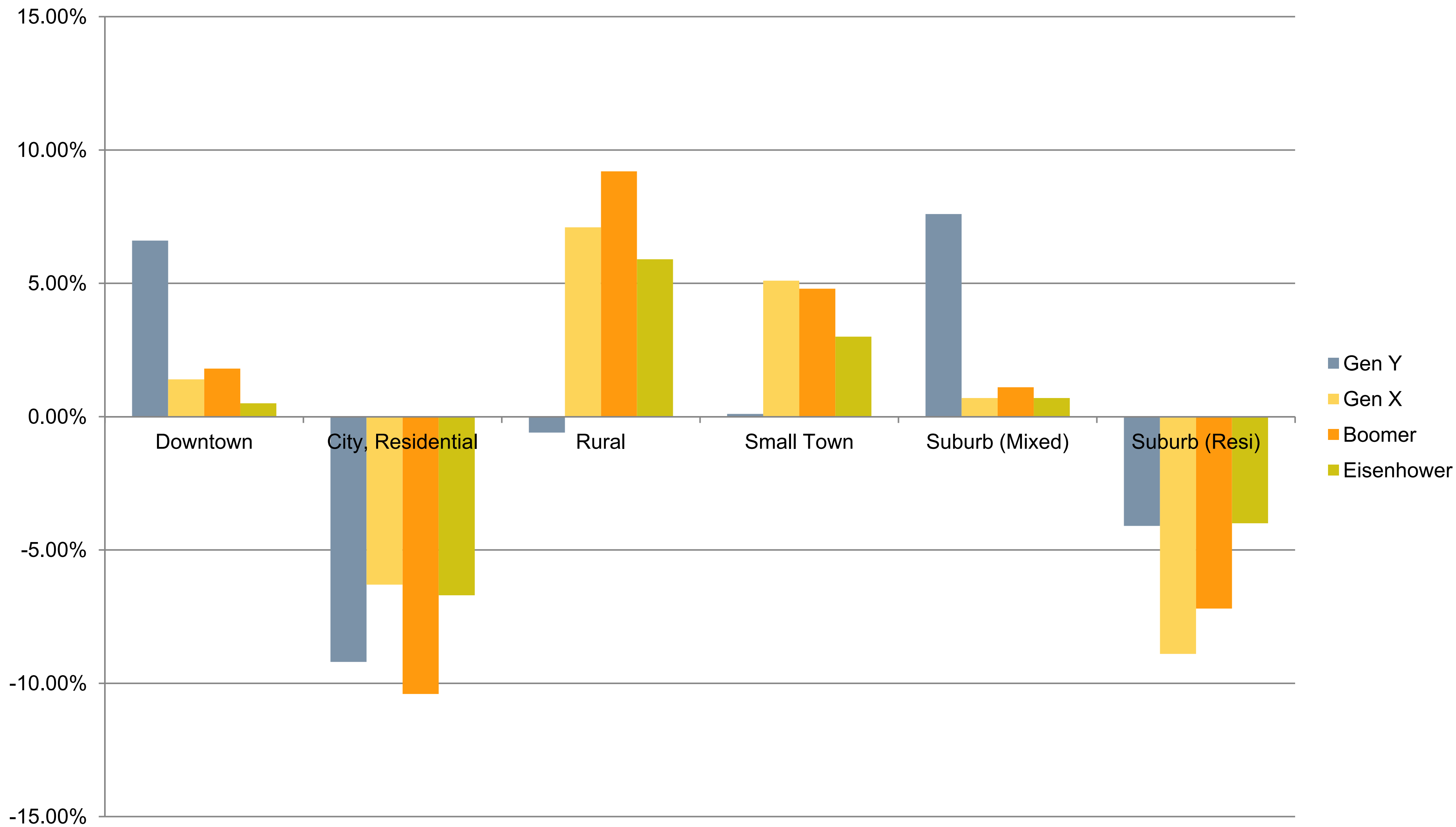
Americans and Smart Growth

MOVING TO MIXED USE

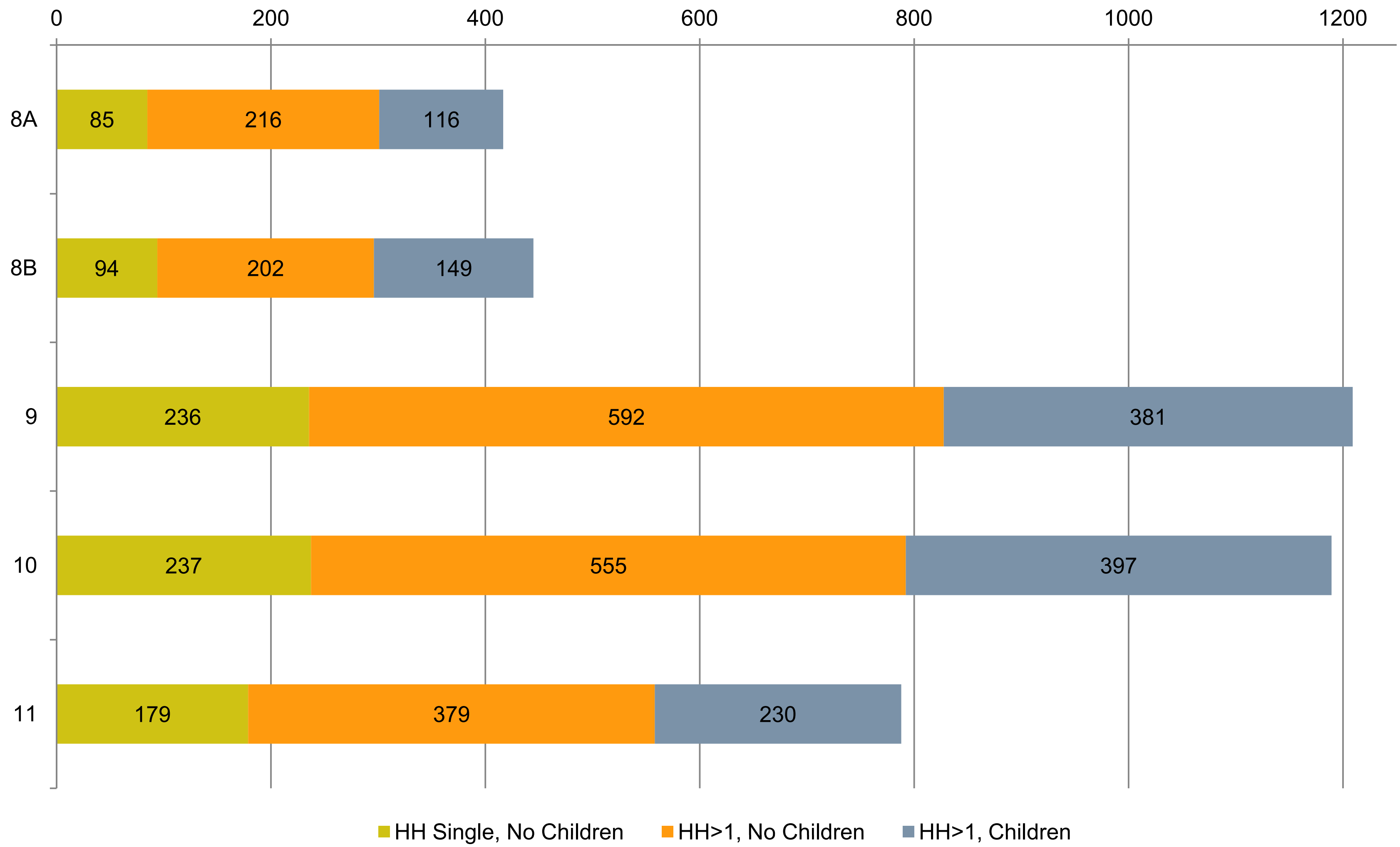
2004 NAR SURVEY – EXISTING VS PREFERRED LOCATIONS



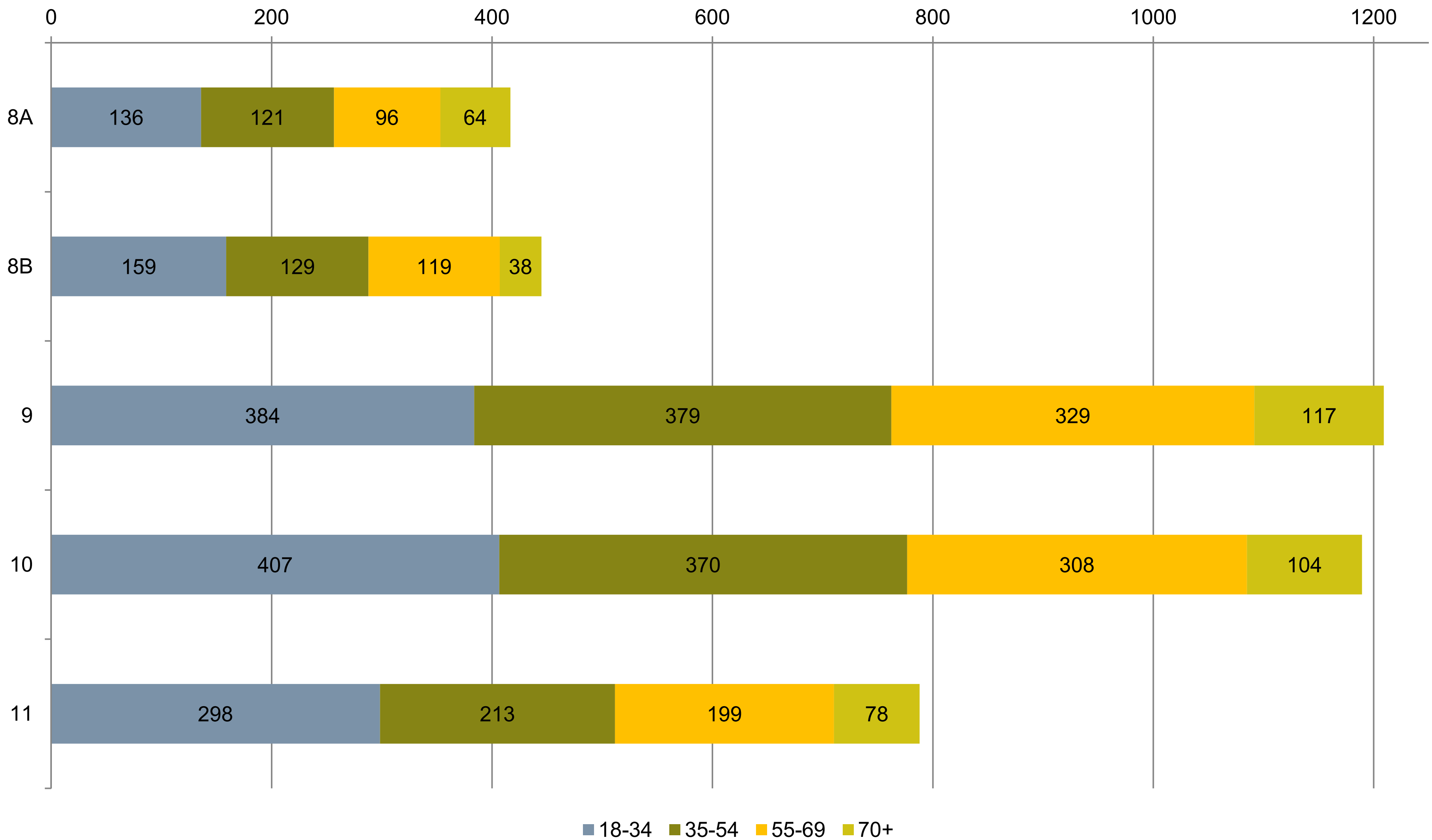
MOVING TO MIXED USE
2010 NAR SURVEY – EXISTING VS PREFERRED LOCATIONS



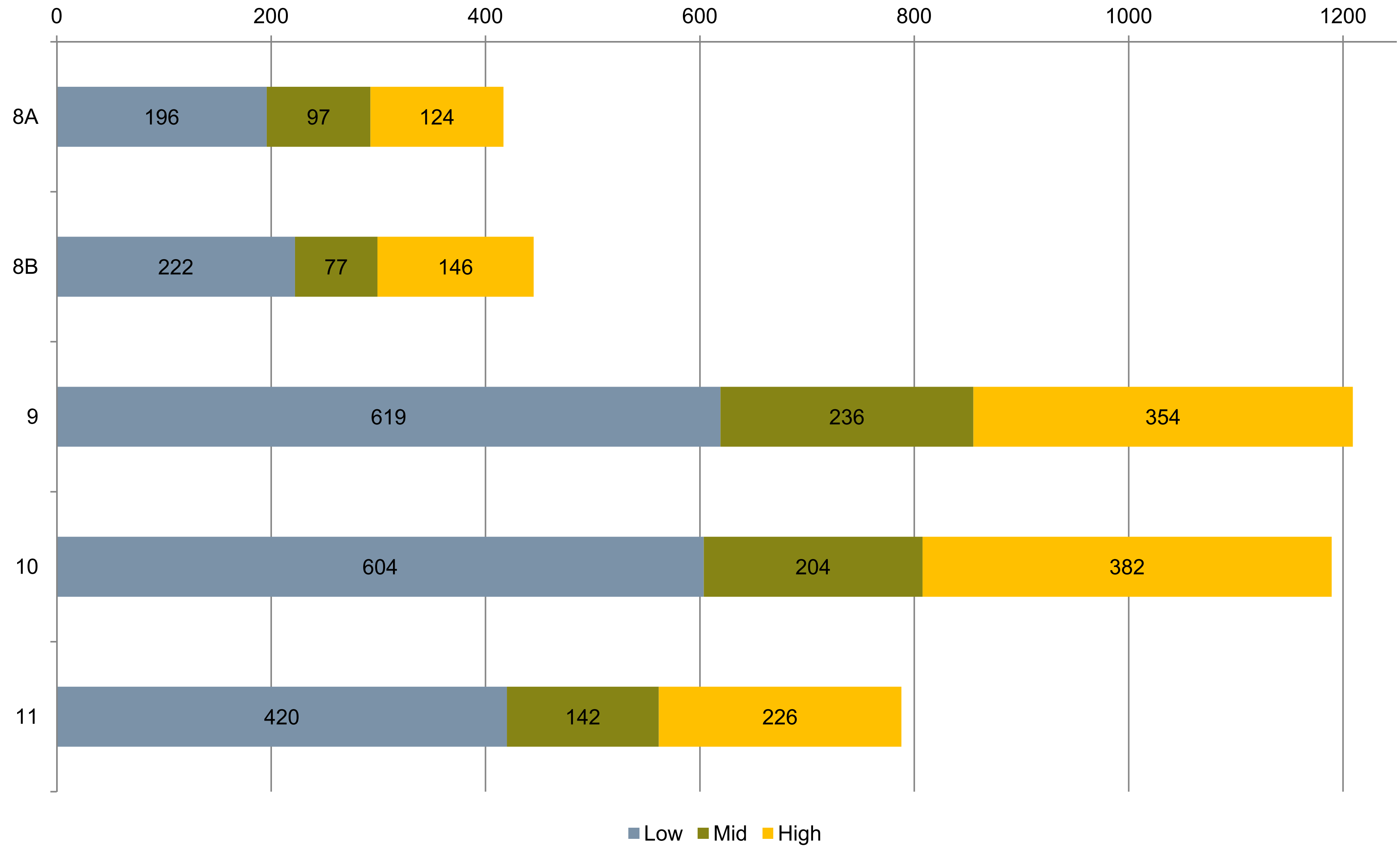
SMART GROWTH PREFERENCE
BY HOUSEHOLD TYPE



SMART GROWTH PREFERENCE
BY HOUSEHOLD AGE



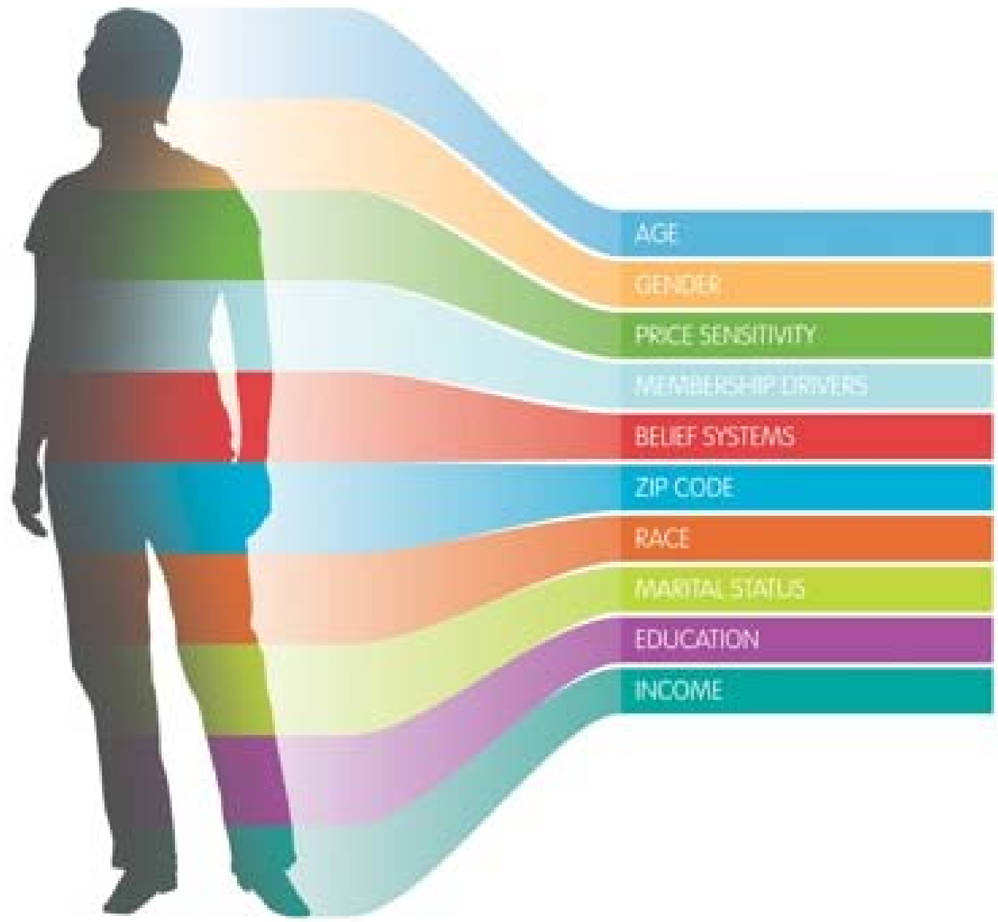
SMART GROWTH PREFERENCE
BY HOUSEHOLD INCOME



PSYCHOGRAPHICS 101
UNDERSTANDING THE PEOPLE BEHIND THE NUMBERS

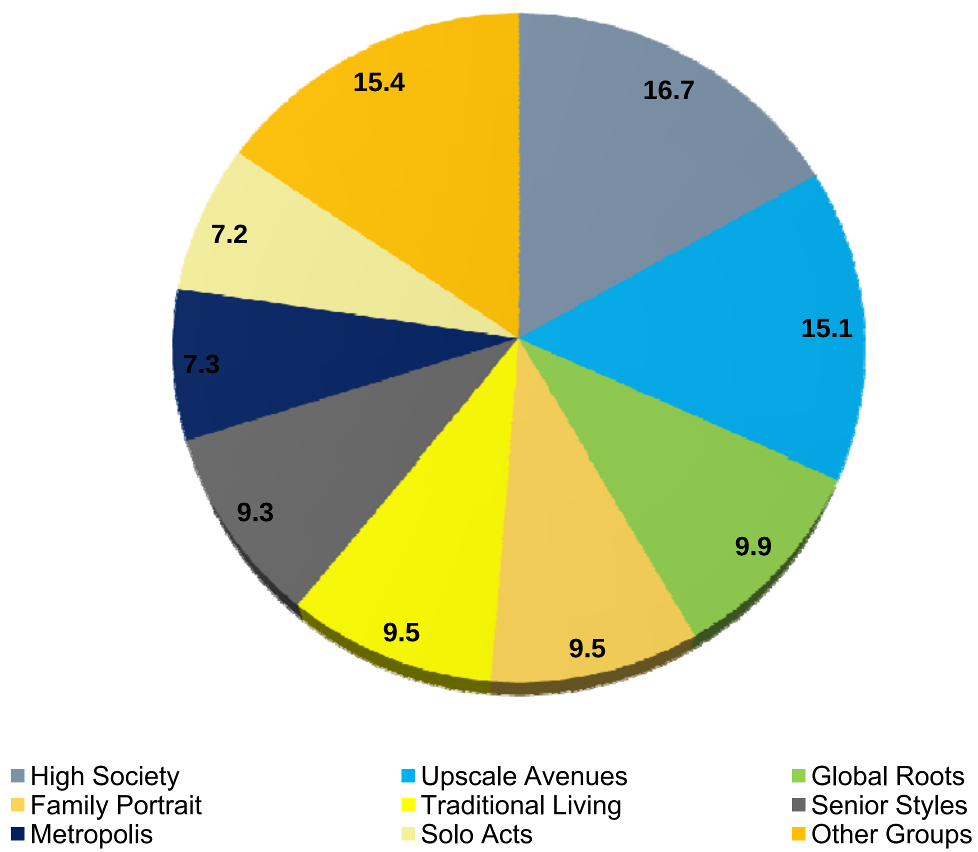
Psychographic analysis describes categorization driven by personality, values, attitudes, interests, or lifestyles.

It can be contrasted with demographic variables (such as age and gender), behavioral variables (such as usage rate or loyalty), and firmographic variables (such as industry, seniority and functional area).



PSYCHOGRAPHICS OF SMART GROWTH
NOT WHAT WE EXPECTED TO FIND!

Smart Growth-Favorable LifeMode Groups

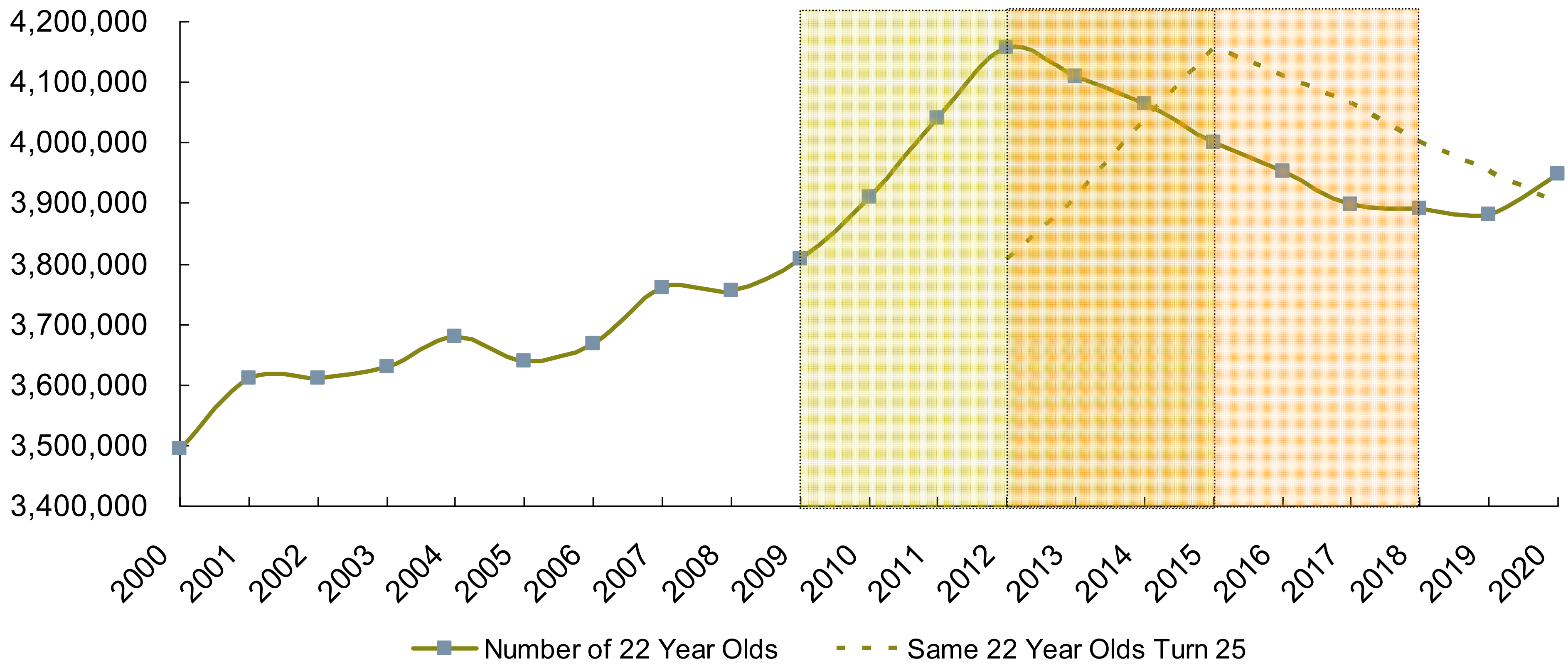


GEN Y DRIVING THE FUTURE OF REAL ESTATE
RE-URBANIZING AMERICA THROUGH RECOVERY

RCLCO Consumer Research shows:

77% of Generation Y plan to live in an Urban Core, and is re-urbanizing America year over year

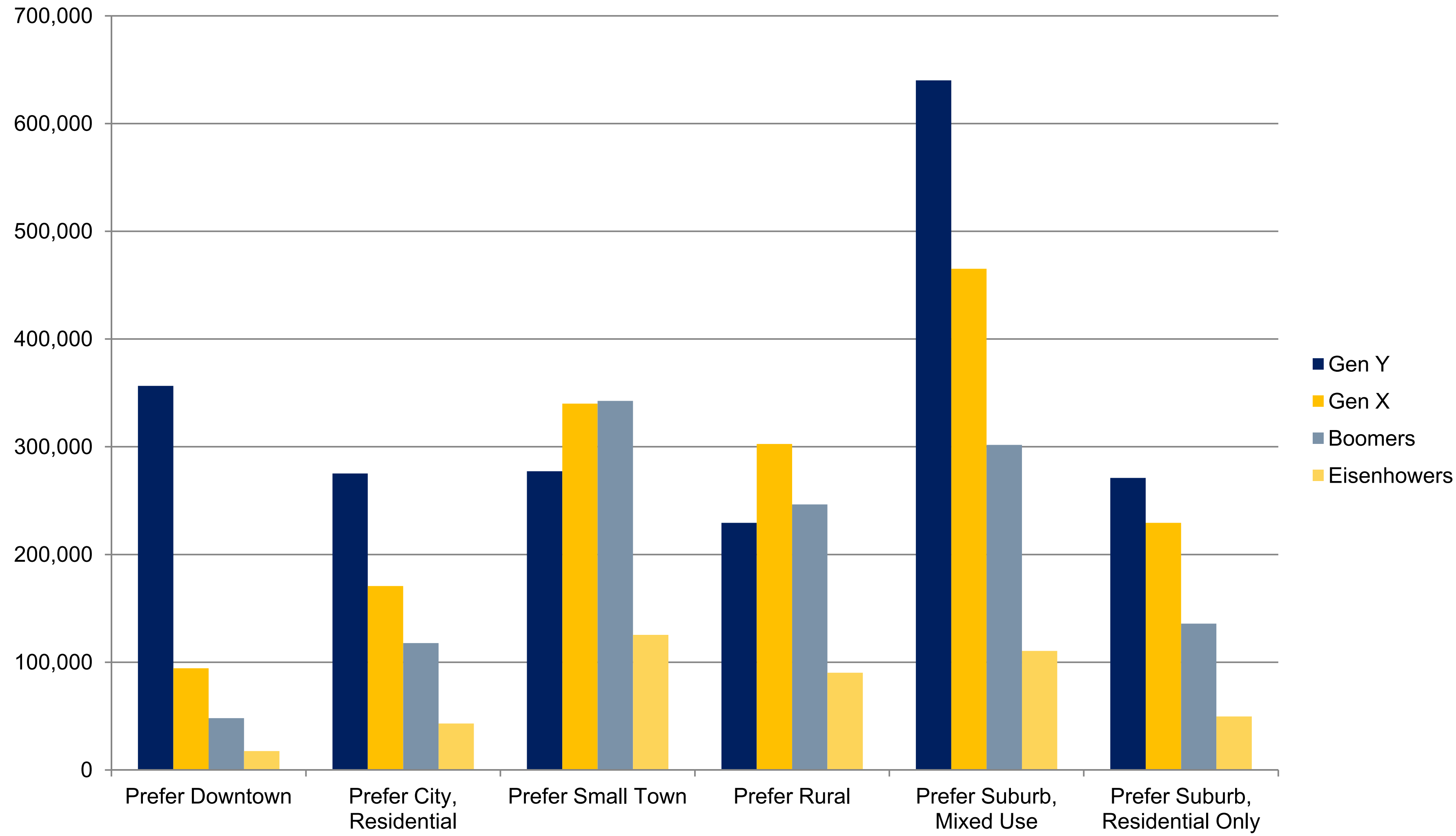
This is where the future of growth is – capturing Gen Y will be critical to economic vitality through 2050



NOTE: Number of 22-year olds is based upon birth rate and does not factor in death rates and migration.
SOURCE: U.S. Centers for Disease Control and Prevention

HOW BIG IS THE MARKET FOR SMART GROWTH?

ALMOST HALF OF THE ANNUAL MARKET *WANTS TO WALK*



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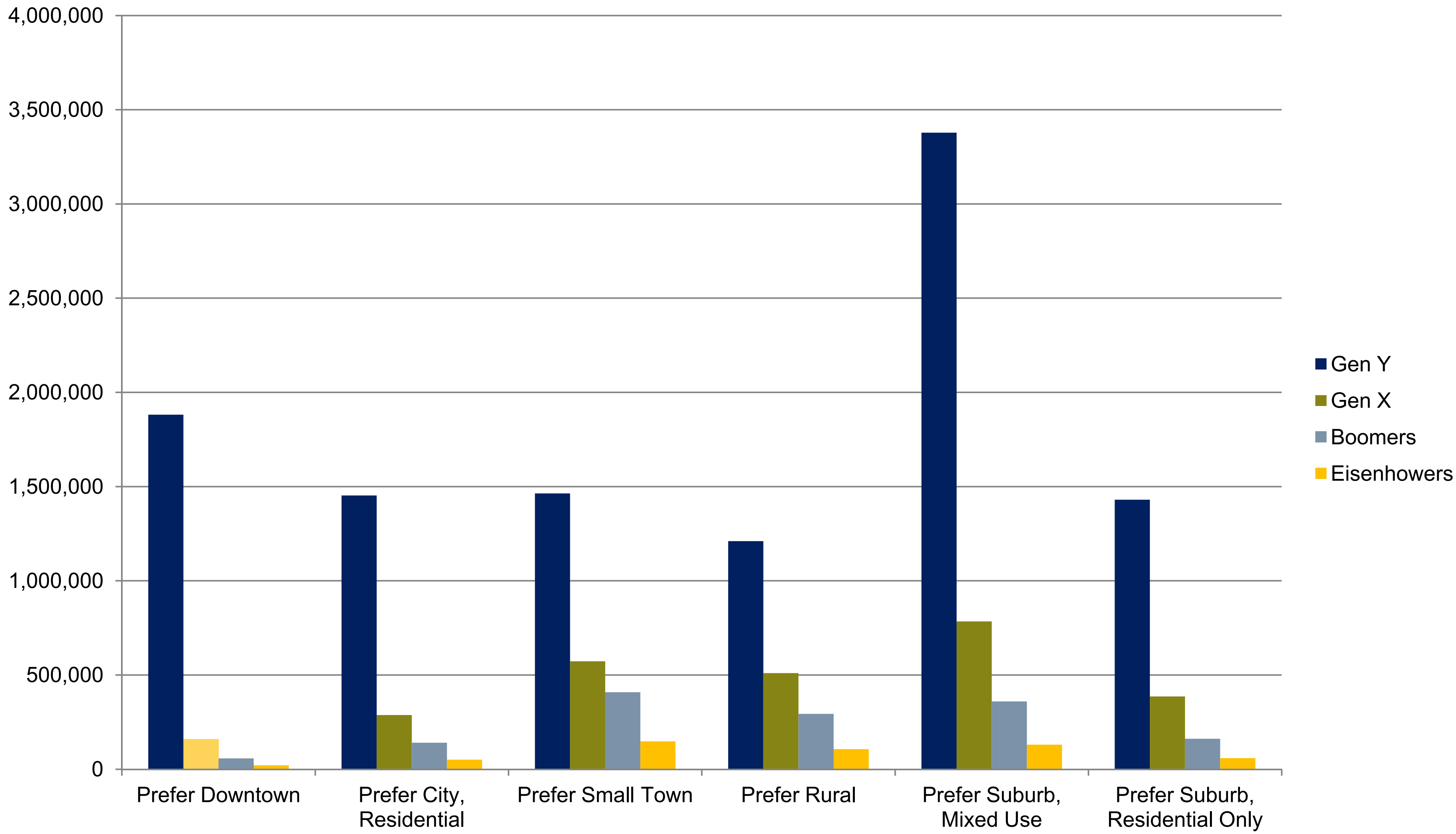

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Americans and Transit Oriented Development

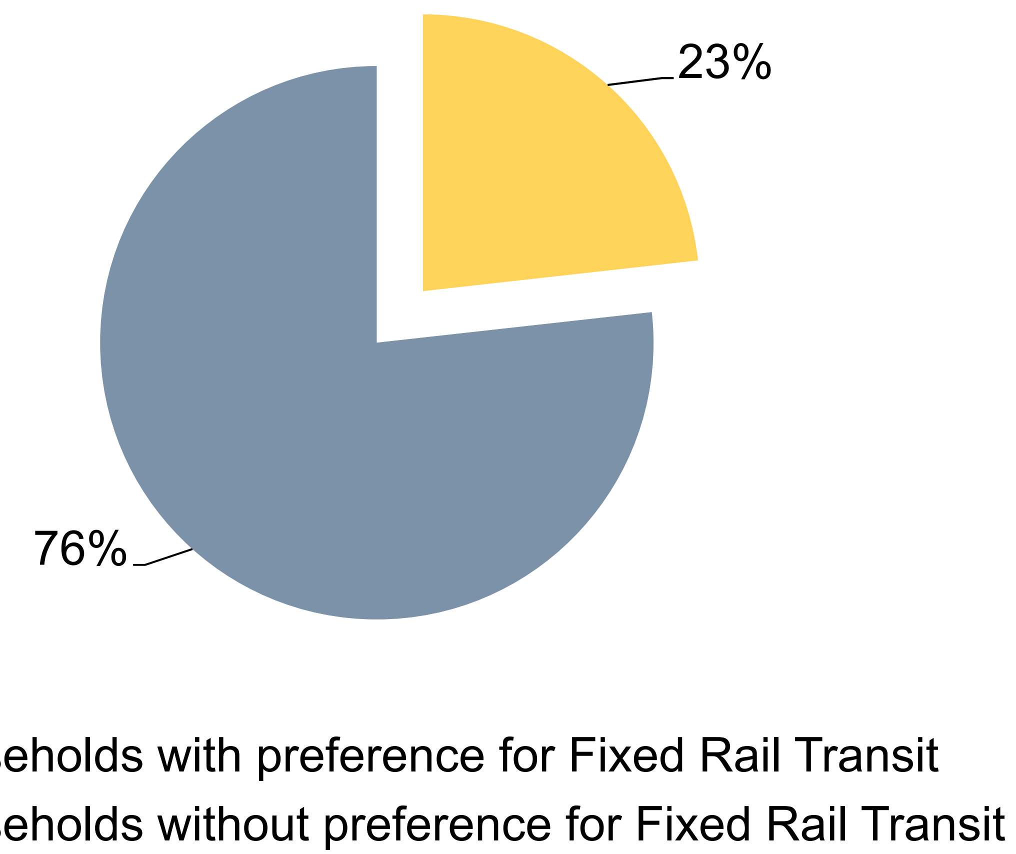
WHAT DOES THE REALTORS SURVEY SAY?
EXPLORING PREFERENCES FOR TRANSIT

18. In deciding where to live, indicate how important it would be to you to have each of the following within an easy walk: very important, somewhat important, not very important, or not at all important RANDOMIZE a-j AND PUT CODES ACROSS THE TOP

(Q18a) a. Schools
(Q18b) b. Grocery store
(Q18c) c. Pharmacy or drug store
(Q18d) d. Doctors' offices
(Q18e) e. Cultural resources like libraries or theaters
(Q18f) f. Recreational facilities like swimming, golf, or tennis
(Q18g) g. A hospital
(Q18h) h. (SPLIT SAMPLE COMBINED) Public transportation by (bus/rail)
(Q18h_a) h. (SPLIT SAMPLE A) Public transportation by bus
(Q18h_b) h. (SPLIT SAMPLE B) Public transportation by rail
(Q18i) i. Restaurants
(Q18j) j. Church, synagogue, or other place of worship

Source: National Association of REALTORS, 2011, RCLCO

WHAT DOES THE SURVEY SAY?
ONE QUARTER OF THE MARKET WANTS FIXED RAIL TRANSIT



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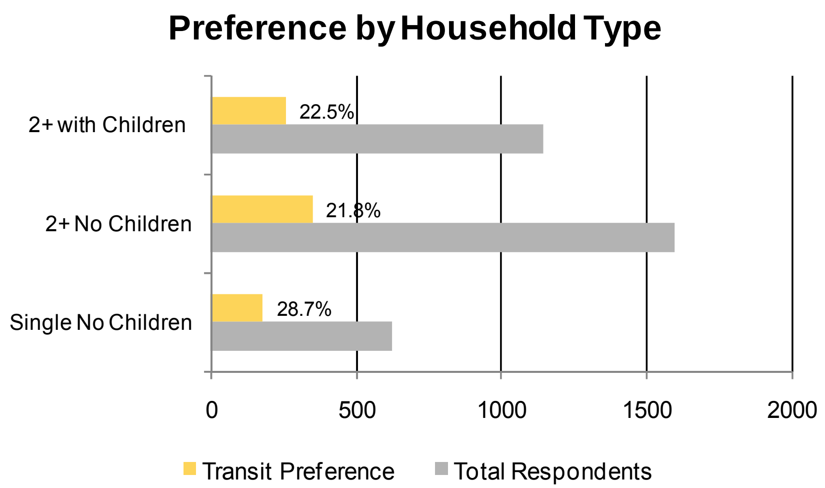
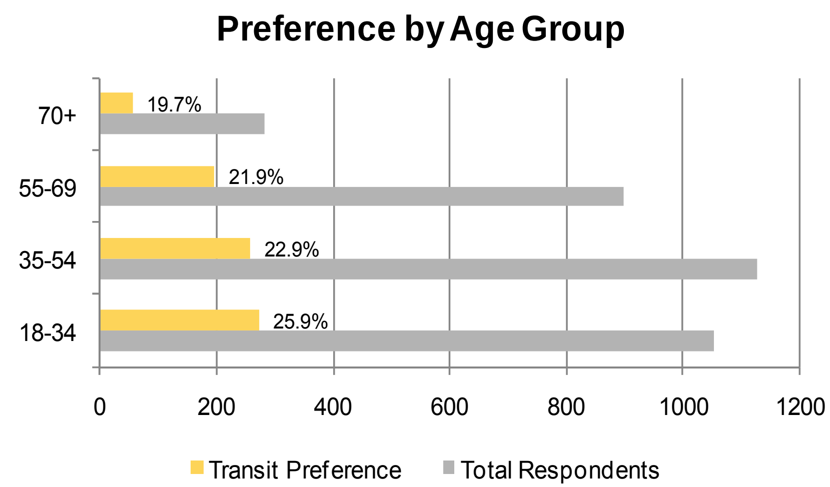
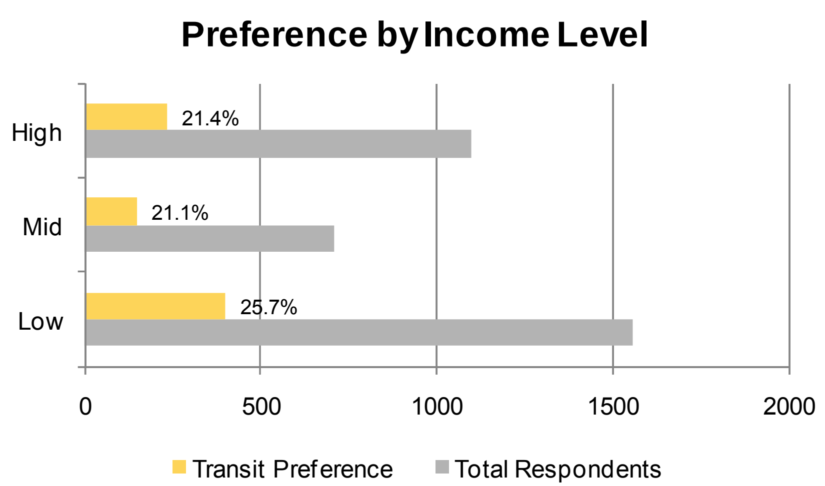
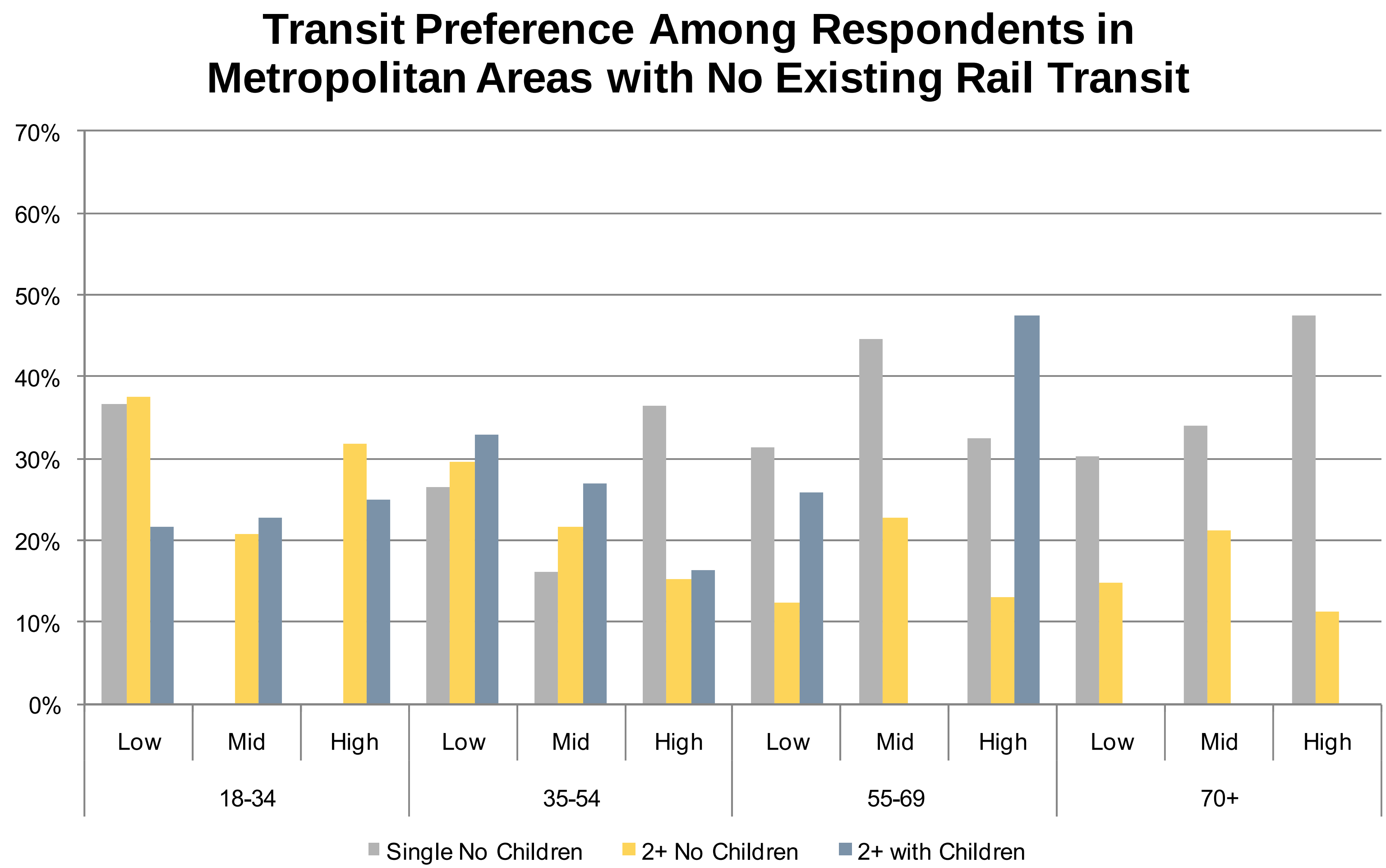






Source: National Association of REALTORS, 2011, RCLCO

WHAT DOES THE SURVEY SAY?
PREFERENCES IN METRO AREAS WITHOUT RAIL TRANSIT



Source: National Association of REALTORS, 2011, RCLCO

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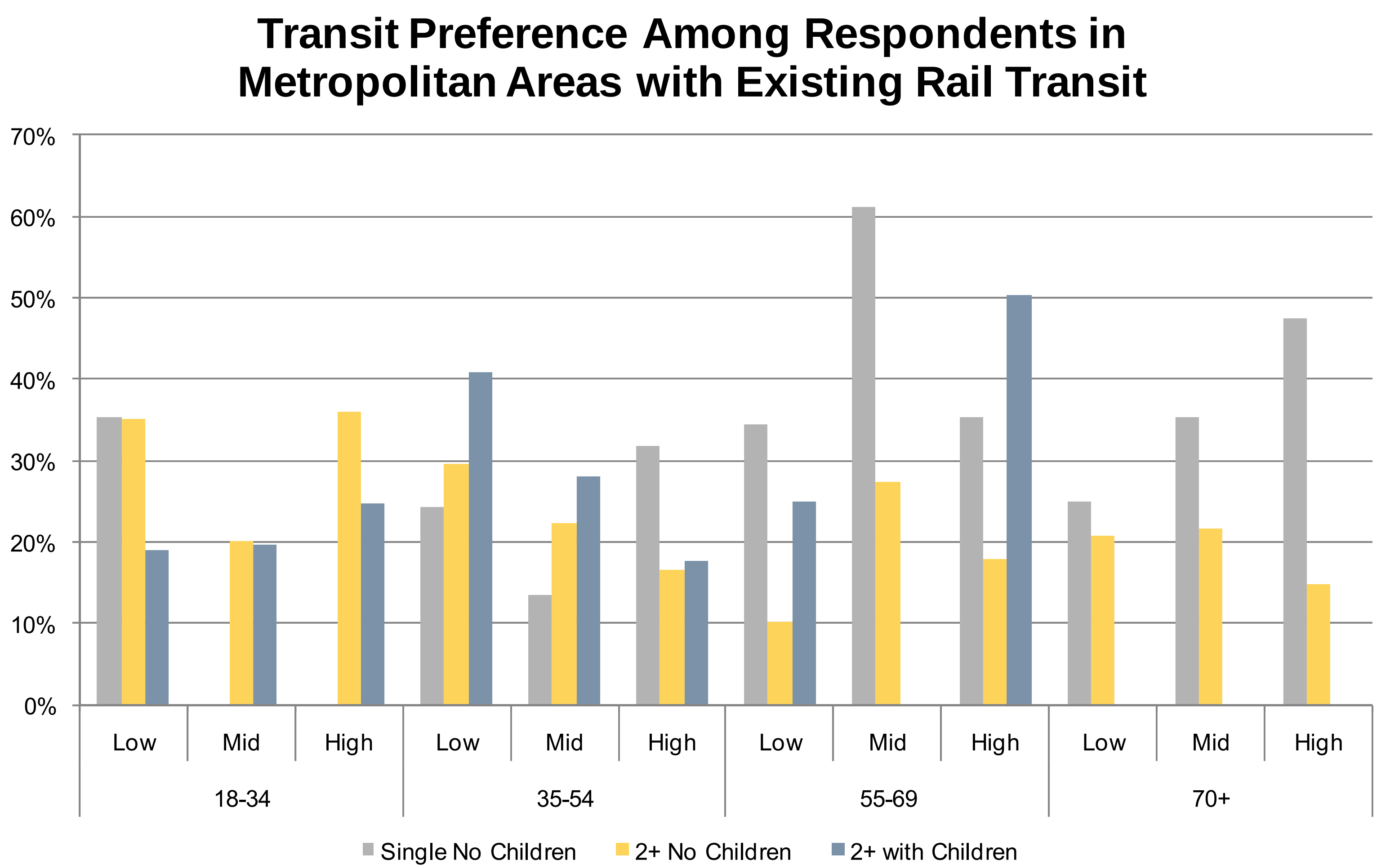
PREFERENCES IN METRO AREAS WITH RAIL TRANSIT



Source: National Association of REALTORS, 2011, RCLCO

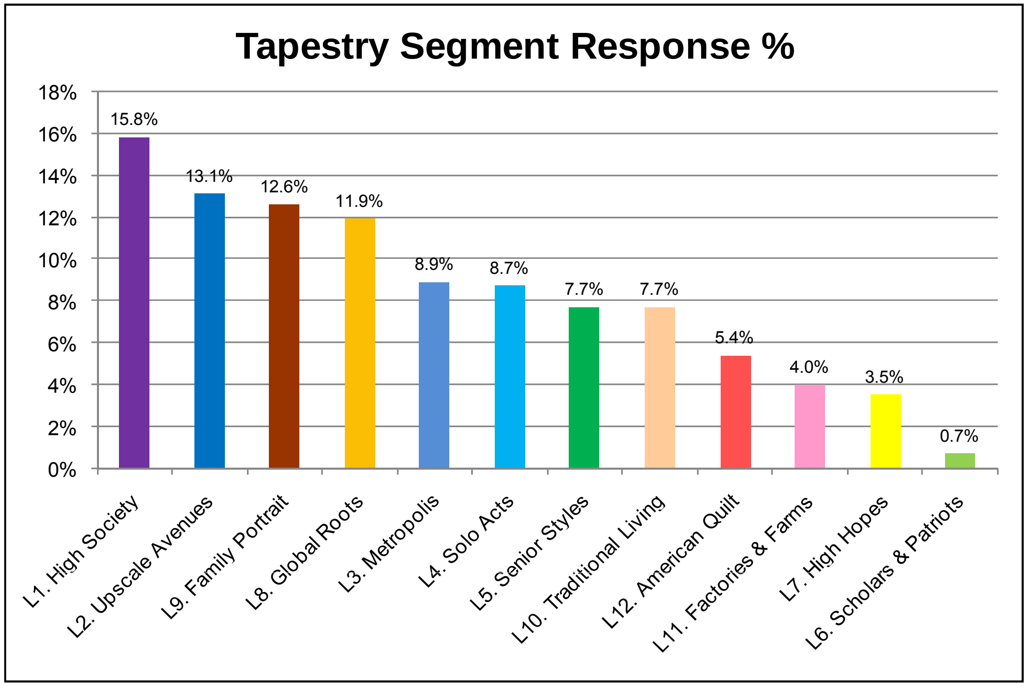
So, Who Are These Transit People, Anyway?

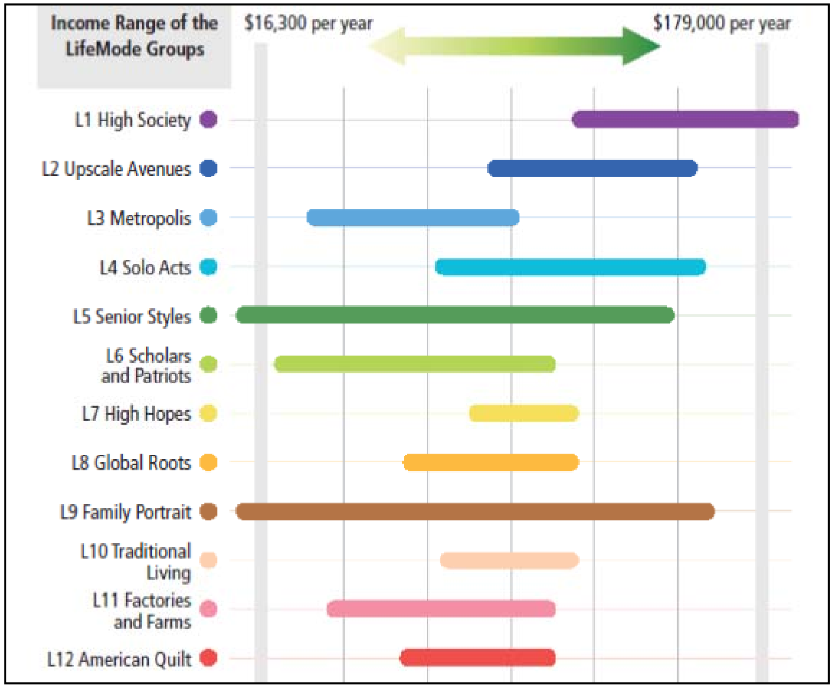
TRANSIT-ORIENTED CONSUMER SEGMENTS
LIKELY SUSPECTS ARE YOUNG, SINGLE, MOBILE

08 Laptops and Lattes	22 Metropolitans	27 Metro Renters	16 Enterprising Professionals	23 Trendsetters
				
L4 Solo Acts	L3 Metropolis	L4 Solo Acts	L2 Upscale Avenues	L4 Solo Acts
U1 Principal Urban Centers I	U3 Metro Cities I	U1 Principal Urban Centers I	U3 Metro Cities I	U1 Principal Urban Centers I
Singles; Shared	Singles; Shared	Singles; Shared	Mixed	Singles; Shared
38.1	37.1	33.6	32.4	35.0
Upper Middle	Middle	Middle	Upper Middle	Middle
Prof/Mgmt	Prof/Mgmt	Prof/Mgmt	Prof/Mgmt	Prof/Mgmt
Bach/Grad Degree	Some College; Bach/Grad	Bach/Grad Degree	Some College; Bach/Grad	Some College; Bach/Grad
Multiunit Rentals	Single Family; Multiunits	Multiunit Rentals	Multiunits; Townhome	Multiunit Rentals
White	White	White; Asian	White; Asian	White; Asian; Hispanic
Foreign travel Trade stocks/bonds/funds online Shop at Banana Republic Watch Independent Film Channel Leased last vehicle	Visit zoo; museum Have personal line of credit Go roller-blading Listen to classical, news/talk radio Own/Lease station wagon	Travel by plane frequently Track investments online Surf Internet/Shop online Watch *Style*; read fashion magazines Rent car from Avis	Practice yoga Trade stocks/bonds/funds online Shop online Read computer magazines Own/Lease Honda	Practice snorkeling, yoga Use Fidelity brokerage firm Own latest electronics—MP3s, plasma TVs Watch *Access Hollywood* on TV Own/Lease Toyota

Source: ESRI

TRANSIT-ORIENTED CONSUMER SEGMENTS
BUT ACTUAL SEGMENTS ARE QUITE DIFFERENT



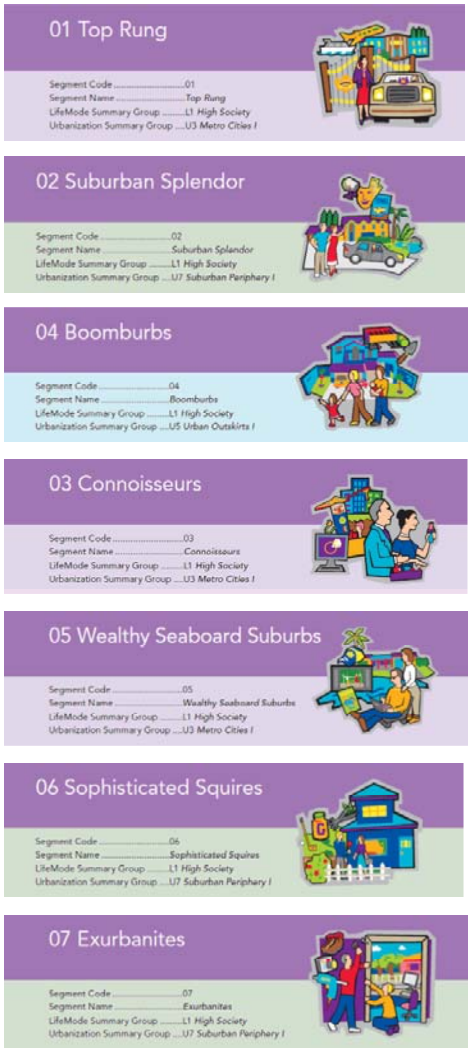


One quarter of the total TOD demand comes from non-traditional sources - *SUV drivers who live beyond the traditional "urban" areas who have bought into a transportation trap.*

How likely will we be in luring back into higher-density environs that transportation modeling suggests is transit-supportive?

TAPESTRY SEGMENTATION BY LIFEMODE

“HIGH SOCIETY”: TOP SURVEY RESPONDENT CATEGORIES



LIFEMODE SEGMENT L1: HIGH SOCIETY

Affluent and well-educated

Represent approximately 12% of US households

Generate nearly 25% of total US income

Professional/management positions

Most households are married couple families living in affluent neighborhoods, with a median home value of $320,000

One of least ethnically diverse groups, but one of the fastest growing

Travel extensively

Source: ESRI

TAPESTRY SEGMENTATION BY LIFEMODE
“UPSCALE AVENUES”: TOP SURVEY RESPONDENT CATEGORY

**LIFEMODE SEGMENT L2:
UPSCALE AVENUES**

Above-average earnings and well-educated; “years of hard work”

Prefer several distinct types of housing, and includes a mix of renters and some homeowners

Characterized by prosperous domesticity

Median net worth of $182,330

Buy new cars

Take domestic vacations and save and invest earnings

Source: ESRI

Implications

IMPLICATIONS AND QUESTIONS

1. Are we undercounting the overall demand for smart growth and transit-oriented environs?

2. What are our regional transportation network expansion plans? Walkable grids? Are they sufficient?

3. What are the neighborhoods, areas, and regions that make the most sense for additional smart growth planning, including transit?

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