The Brookings Institution
Metropolitan Policy Program

The *Structural* Shift in Building The Built Environment

The Next American Dream for the 21st Century Economy
Washington Metro as the Model For U.S. Development

Expanding How & Where Metro DC Grows for Social Equity, Sustainability & Fiscal Health
Size of Built Environment Vs US Assets

35% of US Assets in Built Environment*

3rd Fastest Growing Country in Absolute Population Increase
Will add next 100 million by 2040s

*Source: Roulac Global Places, LLC
Transportation Drives Development:
We first build our transportation system and then it molds our metro regions
Modification of Winston Churchill quote
How it Laid Out on the Ground: 1960-present
Just as we in real estate got really good at building drivable sub-urban development...the market changes on us

Pendulum Swings in How America Invests

The Beginning of Another Structural Shift
Reasons for Market Demand for Walkable Urban Places

• Driven by Millennials
• Baby Boomers have become empty nesters and soon retirees, starting in 2012 in big numbers
• 50% of Households in 1950s w/children/50% w/no children; 33% w/children today/67% without; ONLY 14% of new households over next 20 years will have children/ 86% without ➔ target WU market
• Boredom with drivable sub-urbanism; “More is Less”
• Expense of maintaining the household fleet of cars
Get rid of one car from the household fleet: huge increase in Mortgage carrying capacity
# Demand Preference

**Source:** Dr. Jonathan Levine, University of Michigan

<table>
<thead>
<tr>
<th>Category</th>
<th>Atlanta Demand Preference</th>
<th>Boston Demand Preference</th>
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</thead>
<tbody>
<tr>
<td>Walkable Urbanism</td>
<td>29.4%</td>
<td>40%</td>
</tr>
<tr>
<td>Drivable Sub-urbanism</td>
<td>41%</td>
<td>41%</td>
</tr>
<tr>
<td>Agnostic</td>
<td>29.6%</td>
<td>30%</td>
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</tbody>
</table>

*Yet SUPPLY is far less = Pent-Up Demand*
Drivable Sub-urban VS Walkable Urban Homes

Both upper-middle neighborhoods

- Schools: Among best in nation
- Zillow Value: $1,194,000
- Sq Ft: 4254
- Lot: 43,560
- Walk Score: 18 of 100
- $/sq foot: $281

- Schools: Among worst in nation
- Zillow Value: $1,950,000
- Sq Ft: 3400
- Lot: 1597
- Walk Score: 89 of 100
- $/sq foot: $574

$/Ft Value Comparison: 2:1
How Walkability Raises Home Values in US Cities (CEOs for Cities, August, 2009)

- 95,000 sales in 2008 and early 2009 in 15 metros
- Controlled for size, socio-economics, type of home (only school quality not known: favors D-SU housing in this analysis, like example)
- 1 WS point=$700 to $3000 in value (higher in DC metro: $17,500 in example)
- “Walkability is strongly associated with higher housing values in nearly all (US) metropolitan areas”
- What was this relationship 20-30 years ago? Opposite
Footloose & Fancy Free
Brookings Field Survey, December, 2007

- Washington has highest per capita number (20 VS 2 & 10 more emerging), followed by Boston, San Francisco, Denver & Portland
- 4-6 walkable urban places/million population
- 65% of WU places have rail transit...DC 90% do
- 50/50 split between center city and suburban locations; 70% in DC
- 100’s more walkable urban places probable...where will they be in each metropolitan area?
### Regional-serving Walkable Urban Places:

#### 5 Types (examples developed since 1990)

- **Traditional Downtowns** (San Diego, Denver, Downtown NYC, Seattle, Chattanooga, DC, etc.)
- **Downtown Adjacent** (Dupont Circle, West End (DC), Atlantic Station, Midtown Atlanta, etc.)
- **Suburban Town Center** (Pasadena, Santa Monica, Beverly Hills, Palo Alto, Mountain View, Redmond, White Plains, Stamford, etc.)
- **Suburban Redevelopment** (Ballston, Friendship Heights, Belmar, Santana Row, etc.)
- **Suburban Green Field** (Valencia Town Center, Reston Town Center, new generation of lifestyle centers, etc.)
Washington as the Model
For the Early 21st Century
20 in 2008 vs. 2 in 1988
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10 More on the Way

4 to 6 per million
As potential?
How Many in Your Metro?
Traditional Downtown: Washington D.C.-1997

Pre-Business Improvement District
The Loop, Chicago, Illinois
Center City Philadelphia
Downtown Adjacent: West End of DC
Suburban Town Center: Bethesda, MD
Suburban Redevelopment: Ballston – Arlington, VA
The Expansion of The Favored Quarter: Rare in the U.S.
Capitol Riverfront’s Future

• 1st real estate depression; the Front had to be hit hardest since you are the newest and not yet at critical mass
• Basic strategy is fundamentally right (office/mixed-income residential/urban entertainment/local-serving retail with strong management)
• Downtown, Dupont & West End are approaching build-out next cycle
• The Front should market with other emerging Green Line places (SW Waterfront, Anacostia, U Street/Howard, Columbia Heights, W. Hyattsville, College Park) that the “Green Line is the New Red Line”
• Includes:
  – survey research of employees of major upcoming moves,
  – demonstrate the excess capacity of the Green Line,
  – the fiscal impact for DC and Prince George’s County of Green Line growth
• Management services offered to other Green Line places
• Make the argument that Green Line growth is essential to bridge the “region divided”
Key National Issues

• Climate Change/Energy Bill
  – Supply side focused
  – Need for demand mitigation measures
  – The Karate Kid--“Best defense: No Be There”

• Transportation Bill
  – Fix it first
  – Build 2nd Half of Transportation System
  – Regional Blueprint Based

• Transportation for America Coalition
The Green Line is the New Red Line

TAKE IT AND RUN