

Southwest Corridor Development Assessment

Southwest LRT Community Works Steering Committee
March 15, 2012

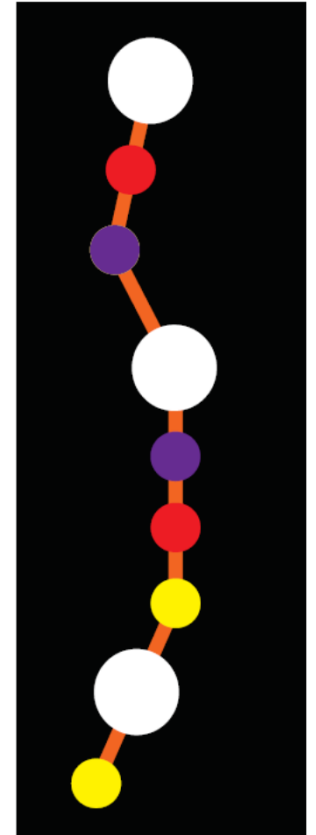
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Outline

- Purpose
- Methodology
- Key Findings
 - Regional and corridor-level demographic, employment, and market conditions
 - Opportunities and challenges for capturing demand

Purpose of the Development Assessment

- Provide a corridor-level perspective on market and development potential, including:
 - Likely timing, scale and location of future development
 - Likely impact of new transit service on the market
- Provide a resource for transitional station area planning efforts
- Offer useful information for conversations about potential corridor-level funding and financing strategies

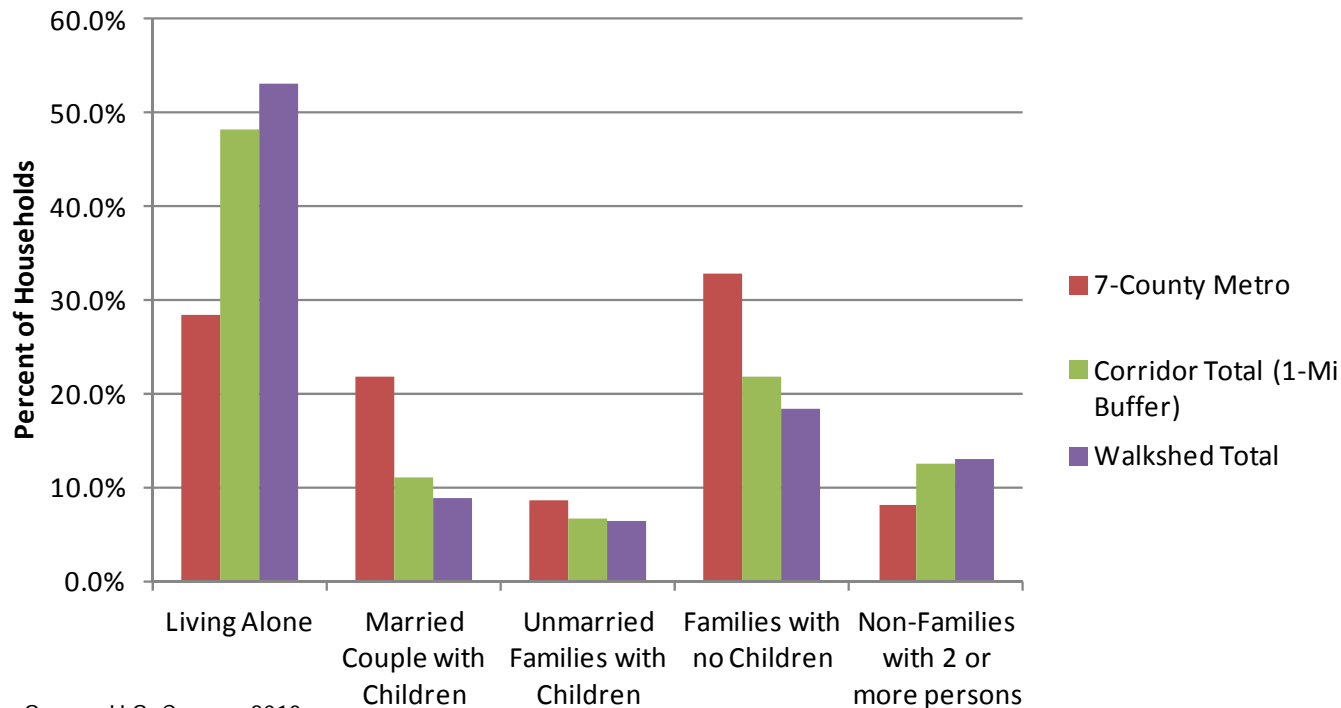


Methodology

- Evaluated regional and corridor-level demographic, employment, and market conditions
- Mapped walksheds, recent development, vacant land, development opportunity sites
- Interviewed local developers
- Forecast TOD housing and employment demand based on corridor trends, regional projections, and national research on transit impacts

Corridor Demographics Support TOD

- High proportion of Echo Boomers/Gen Y, renters, singles and couples without kids
- Potential long-term shift in Baby Boomer housing preferences



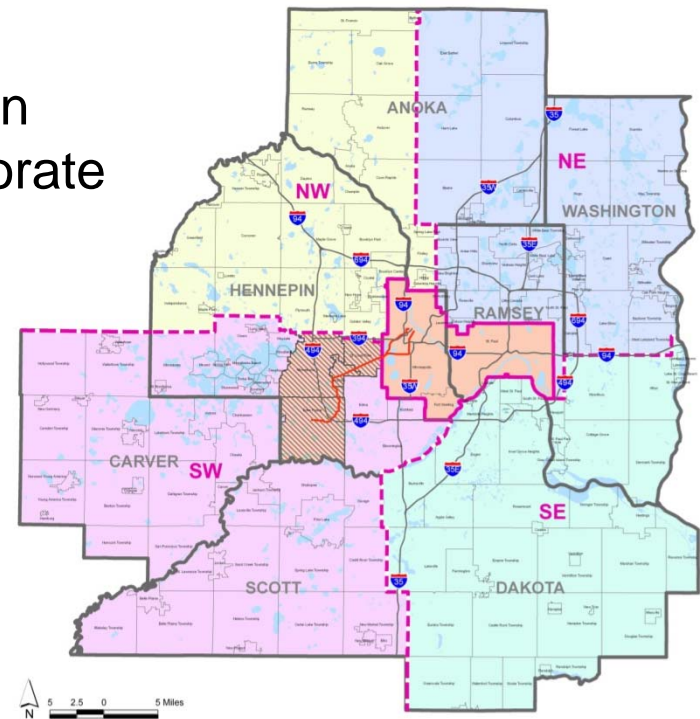
Source: U.S. Census, 2010

Employment Trends Also Supportive

- 7-metro region is expected to grow by about 1% a year through 2030
- Growth will be concentrated in industries that have the strongest preference for locating near transit:
 - Educational and medical services
 - Knowledge-based industries (professional, scientific, and technical services, information, financial services, management)
 - Entertainment

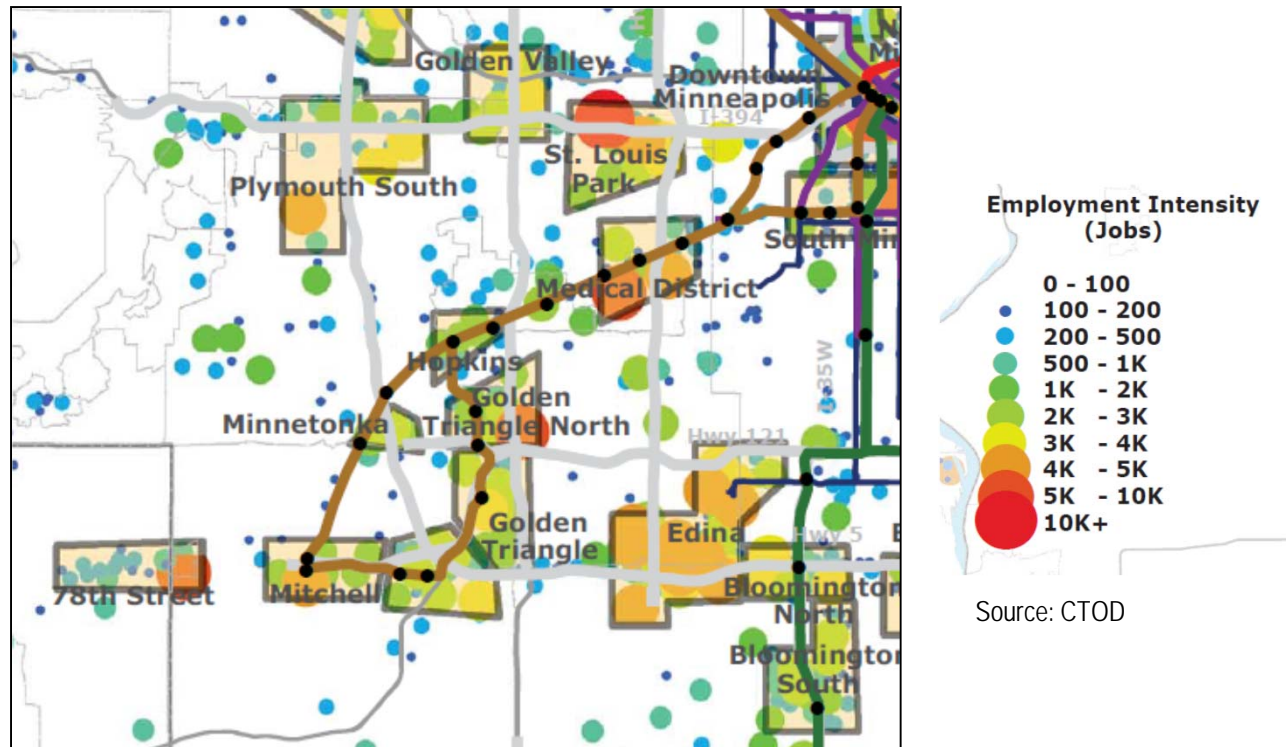
Relatively Strong Real Estate Market Conditions

- SW suburbs are among the region's strongest market areas
- Housing prices have remained relatively strong compared to other parts of the region; apartment market is returning
- Retail and office rents remain higher than average; recent investment in new corporate space and medical office



Potential Impacts of Transit

- Experience shows that new corridors that connect multiple employment centers are more likely to result in strong development impacts



Projected Demand for TOD

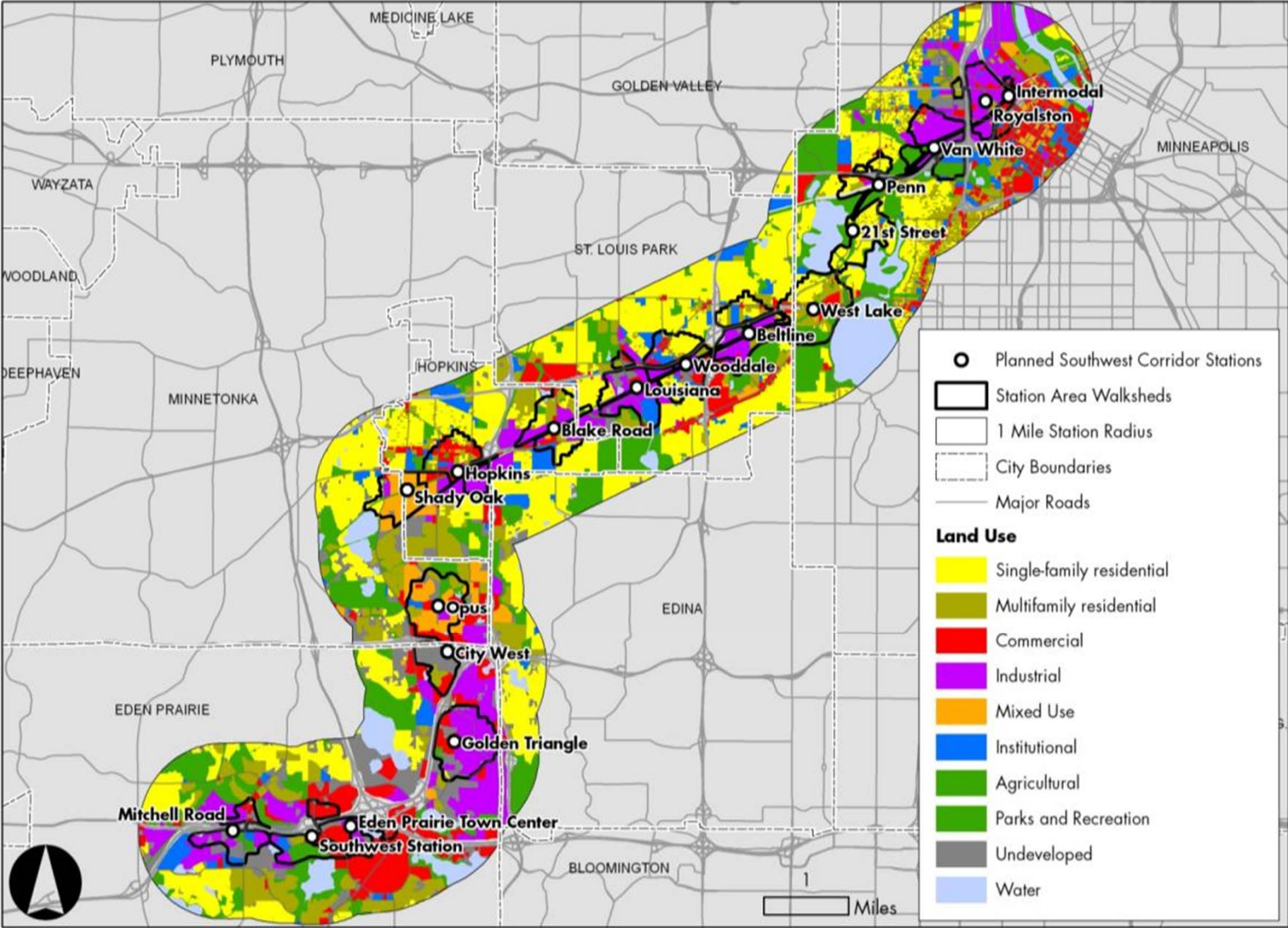
Between 2010 and 2030:

- 3,200 to 3,900 new housing units
 - Average of 150 to 165 households annually
- 19,400 to 22,700 new jobs (not including decline in PDR jobs)
 - Average of 1,150 to 1,300 jobs annually

Key factors influencing ability to achieve projections:

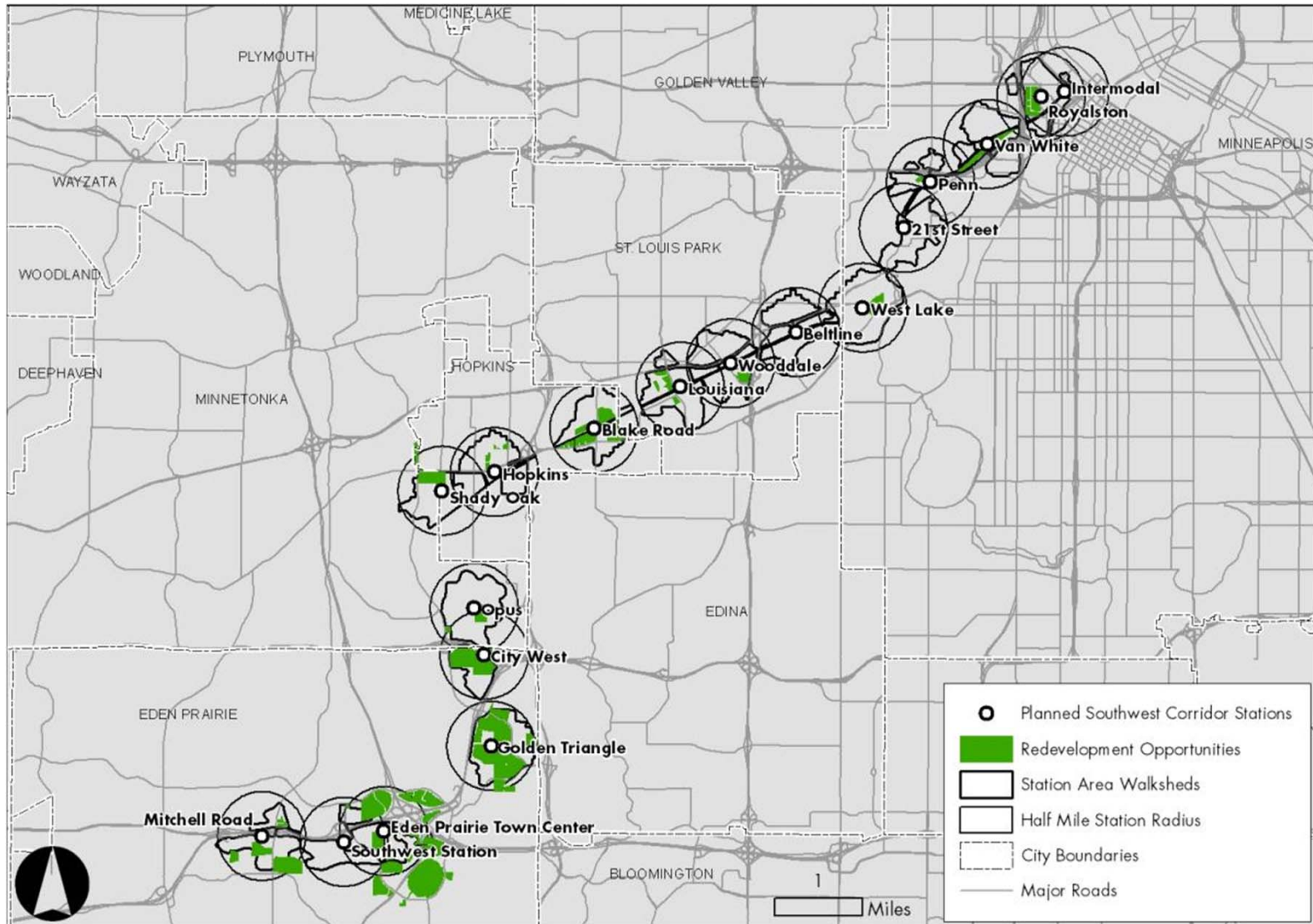
- Station area development opportunities
- Access and urban amenities
- Feasibility of desired building types

Existing Land Uses



Sources: Metropolitan Council, 2005; Bonestroo, 2008; Strategic Economics, 2011.

Opportunity Sites

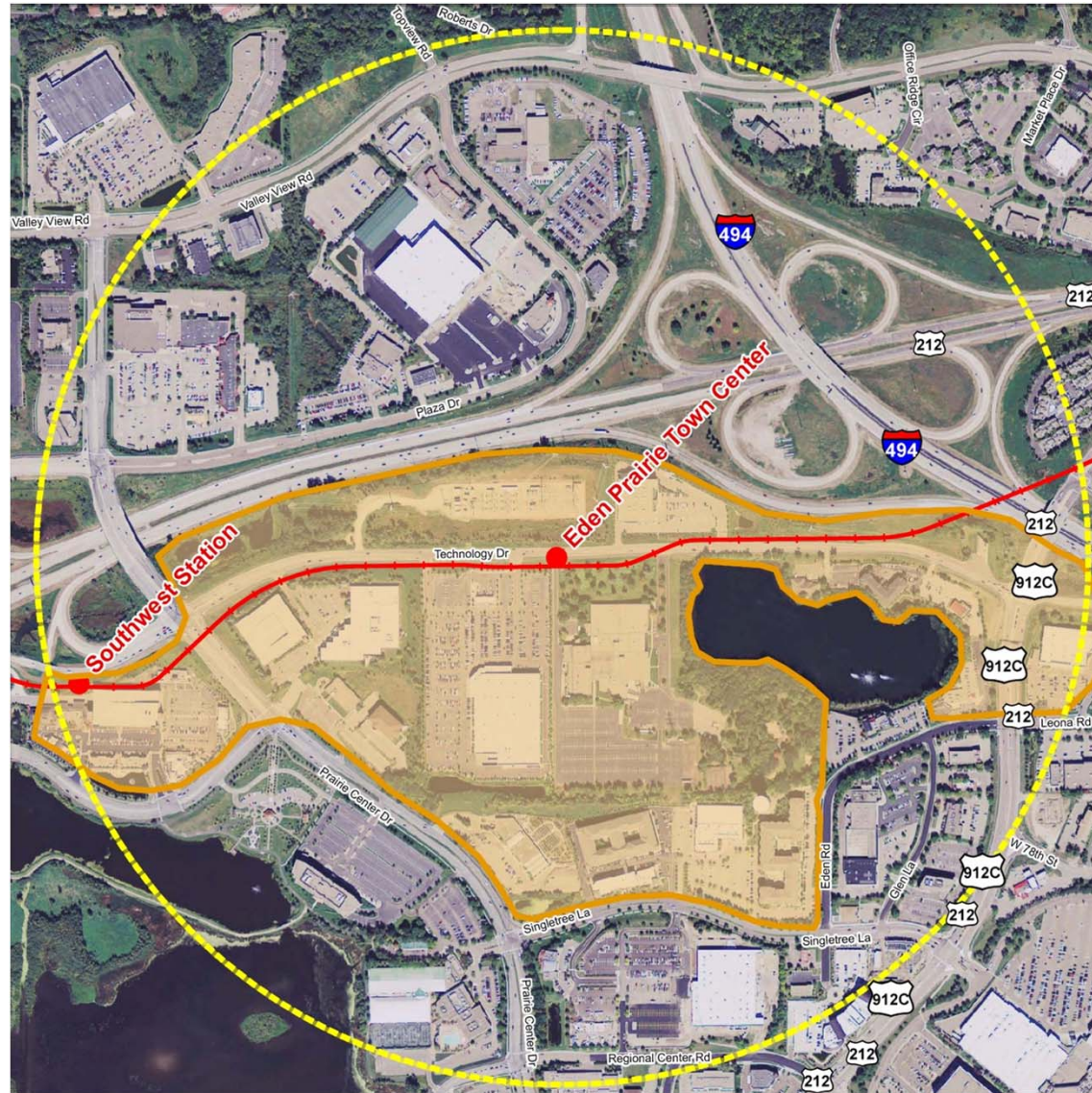


Sources: Metropolitan Council, 2005; Bonestroo, 2011; Strategic Economics, 2011.

Walkshed Analysis



Walkshed Analysis



TOD POTENTIAL:

Minneapolis Segment (i.e., Royaltson to West Lake)

- Proximity to downtown will make any developer take a second look
- Industrial areas are complex with over 100 years of history
- Some stations will need a tremendous amount of new infrastructure to activate them
- West Lake is great area for TOD, but sites are very expensive to acquire for redevelopment

TOD POTENTIAL:

Middle Segment (i.e., Belt Line to Shady Oak)

- Strongest segment of corridor for TOD in the short-term
- Existing urban fabric can support smaller infill development
- Intensification already occurring
- Good supply of underutilized/obsolete properties

TOD POTENTIAL: Southern Segment (i.e., Opus to Mitchell Rd)

- TOD potential is more mid- to long-term
- Auto-oriented development pattern will require significant infrastructure investments to accommodate most types of TOD
- Predominance of newer properties will be more expensive to redevelop
- Rich supply of large lawns and parking lots presents opportunity for infill development