Smart Growth: A growing real estate niche

Findings from the forthcoming Smart Growth Capital Report (US EPA)

5th Fifth Annual New Partners for Smart Growth Conference

January 27, 2006 Denver, Colorado

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What is the size of the Smart Growth market?

ooo Testing and measuring

- o Trips, VMT
- o Density & affordable housing
- Water quality & runoff
- o Street width
- o Public health
- o BF remediation
- o Energy efficiency
- o Costs of infrastructure & services
- o Development
 - Capital investment
 - Construction



Haile Village Center, Gainesville, FL

Why measure capital investment and construction?

- o Smart Growth *is* real estate investment and development
- Compiling and tracking information on debt, equity, square footage, and geographic location
- equity, square rotately, and geographic location are common and customary practices
 Real estate and finance industries thrive on market data, development trends, active players, and growing markets in order to find new opportunities
- Industry professionals may have read case studies or toured projects but may not be aware of the breadth of projects in the market
- Sales figures, rental rates and yields are difficult to collect
- New information & analysis creates growth opportunities and competition when it is available ULI's Reality Check, Washington, DC to everyone
- These additional tools are available and helpful



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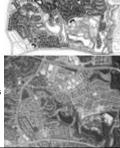
From experiment to development

- 1983 1st demonstration project begins: Seaside, FL
- 1998 "...visit a neighboring state."
- 2004 648 projects codes and comprehensive plans in 42 states & DC (also Canada (13), Europe (25), the Àmericas (3)).

Source: New Urban News, 2005

2005 - 339 projects complete or under construction

Source: The Town Paper: TND Neighborhoods, October, 2005



Kentlands, Gaithersburg, MD

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Early assessments measuring capital investment

o Research conducted by the TND Fund in 1999, estimates \$1.2 billion invested cumulatively in traditional neighborhood developments (TNDs) by the end of 1997 and \$2.1 billion by the end of 1998.

Source: "New urbanist projects attract investment", New Urban News, Jan-Feb 1999.



OOO Construction data prior to 2000

o Completed projects: o Acres:

6,845

o Housing (by units):

For-sale & Rental

18,314

o Office, industrial & retail:

6,353,802 sq ft







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Defining the market: Projects considered

- o Smart Growth Principles
- o Projects under significant construction or expansion
 - Between 2000 2004
- o Greenfield and infill sites
- o Over fifteen acres in size



Hercules Waterfront District, Hercules, CA

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Defining the market: Projects not considered

- o Smart Growth Principles but...
 - Completed projects
 - · Resort or second home
 - Remote market
 - Site under fifteen acres
 - Single-building urban projects
 - Projects outside report window

ooo Construction activity identified

Qualified projects:Construction activity:

o Acres:

73 2000 to 2004 30,784



Summerset at Frick Park, Pittsburg, PA

ooo Construction activity identified

30,784

Qualified projects:

Construction activity:

o Acres:

o Housing (by units):

22,624 • For-sale 11,335

Rental



New Longview, Lee's Summit, MO

ooo Construction activity identified

Qualified projects:

Construction activity:

o Acres:

Housing (by units):

 For-sale Rental

o Retail:

2000 to 2004

30,784

22,624 11,335 6,395,153sf



King Farm, Rockville, MD

Construction activity identified

Qualified projects:

 Construction activity: 2000 to 2004

30,784 o Acres:

Housing (by units):

22,624 For-sale Rental 11,335 o Retail: 6,395,153sf Office & industrial: 17,205,280sf



Carlyle, Alexandria, VA

ooo Construction activity identified

Qualified projects:

2000 to 2004 Construction activity:

30,784 o Acres:

Housing (by units):

 For-sale 22,624 Rental 11,335 o Retail: 6,395,153sf 17,205,280sf Office & industrial:

Total Est. Investment: \$9,113,131,862

ooo Upon projected buildout

Qualified projects:

 Construction activity: 2000 to 2004

Acres:

30,784

Housing (by units):

95,701

• For-sale Rental

22,624

11,335 6,395,153sf

o Retail: Office & industrial: 23,046,592sf 48,853,453sf

17,205,280sf o Total Est. Investment: \$9,113,131,862

Geographic breakdown of projects

 South Southwest: 15 Midwest: 12 8 • Northeast: 5 • Northwest: 73 Total:

Coverage: 24 States

• Most Active: Florida (9), California (9), Ohio (5),

Texas (5), Colorado (4), Maryland (4)

ooo Capital Investment

- o Total estimated capital investment exceeds \$9.1B
- o Median land cost was 13% (excluding site work)
- o Equity financing accounted for an average of 39% of total development costs. Debt financing accounted for an average of 61% of the total development costs
- o Sources of debt: local, regional & national banks, institutions, and government loan programs
- o Who are the leading institutions for placing capital on active smart growth projects? Wachovia Bank (3), Wells Fargo (2), Bank of America, CalPERS, 23 other banks identified.

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Projects by product category

Large Land/Greenfield Projects

Acreage Range:

For Sale Housing Range:

Single family units: Average price:

Rental units:

Retail/Commercial (sf):

· 2 Bdrm Average:



Celebration, FL Developer: Walt Disney Land Co

200 to 8,000 100 to 1,000 units From \$80,000 to \$1 million \$350,000

0 to 300 (average range) \$800 - \$2,000/mo 20,000 - 1,000,000



Projects by product category

 $0 \ to \ 850$

\$300,000

0 to 4,000 \$2,500/mo

From \$200,000 to \$900,000

Infill Development Project
• Acreage Range:

For Sale Housing Range:

Single Family Units:

Average Price:

Rental Units: 2 Bdrm Average: Retail/Commercial:

Iaile Village, FL Lender: Sun Trust Bank

2,000 to 1,000,000





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Projects by product category

Redevelopment/Re-Use Projects

Acreage Range: For Sale Housing Range:

Single family units:

· Average price:

Rental units: • 2 Bdrm Average:

15 to 1,500 23 to 2,000 units From \$200,000 to \$700,000 \$600,000

0 to 1,600 (average range)

\$1,500/mo

300,000 - 700,000



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Smart Growth is a growing real estate niche

o New projects: 125

Planning completed, approved or under construction after 2004

o Acres:

34,447 Housing (by units)

• For-sale & rental: 78,892 44,581,000sf Commercial space:



Upper Rock, Rockville, MD

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 King Farm, Rockville, MD
 Carlyle, Alexandria, VA
 Stapleton, Denver, CO
 CityPlace, West Plam Beach, FL
 Duany, Platter-Zyberk
 Master plan, Upper Rock, Rockville, MD
 New Urban News, Issue Jan-Feb 1999
 Urban Design Associates, Celebration, Kissimmee, FL
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