



***Preparing for the
Next Building Boom***

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America Grows

200 million in 1968

300 million in 2006

400 million in 2037

500 million in 2068

600 million in 2099

**America adds 100 million people faster
than any other nation except India**

Big Numbers: 2005-2030

<u>Growth</u>	<u>Figure</u>
Population	70 million
Households	32 million
Employment	40 million

Note: Household growth related to declining household size.

Traditional Households on the Wane

Household	1960	2000	2030
With Children	48%	33%	27%
Without Children	52%	67%	73%
<i>Single</i>	13%	26%	29%

Source: Census for 1960 and 2000, 2025 adapted from Martha Farnsworth Riche, How Changes in the Nation's Age and Household Structure Will Reshape Housing Demand in the 21st Century, HUD (2003).

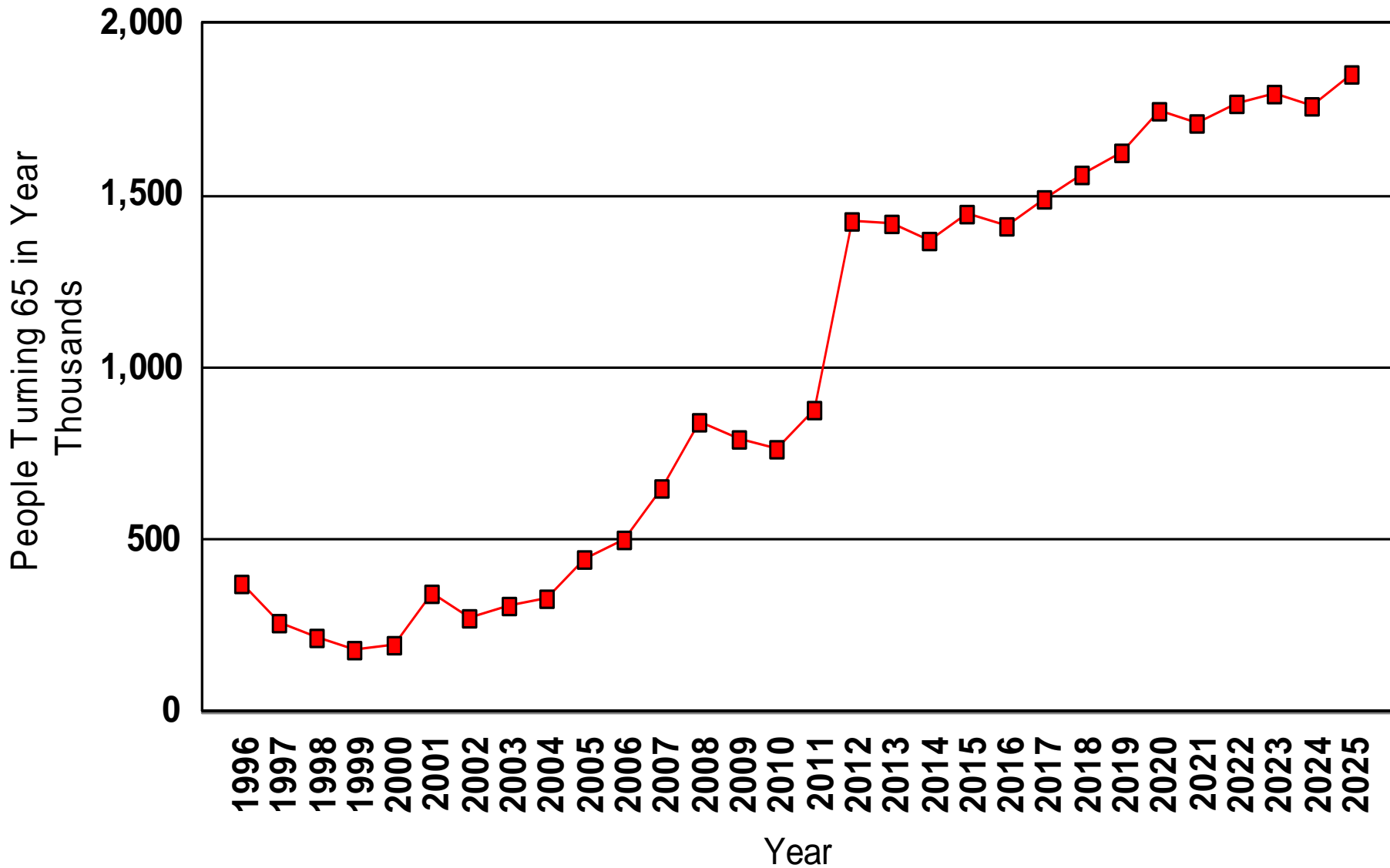
[Share of Growth, 2005-2030]

<u>HH Type</u>	<u>Share</u>
With children	12%
Without children	88%
<i>Single-person</i>	34%

Figures in millions of households.

Source: Adapted and extrapolated from Martha Farnsworth Riche, *How Changes in the Nation's Age and Household Structure Will Reshape Housing Demand in the 21st Century*, HUD (2003).

People Turning 65 Annually 1995-2025



Emerging Price Evidence

Change in Resale Prices 11/05-11/06

<u>Region</u>	<u>SF/TH</u>	<u>Condo/Coop</u>
US	-3.6%	0.0%
NE	-4.5%	+2.3%
MW	-4.6%	+6.0%
S	-2.9%	- 5.1%
W	-0.8%	- 7.9%

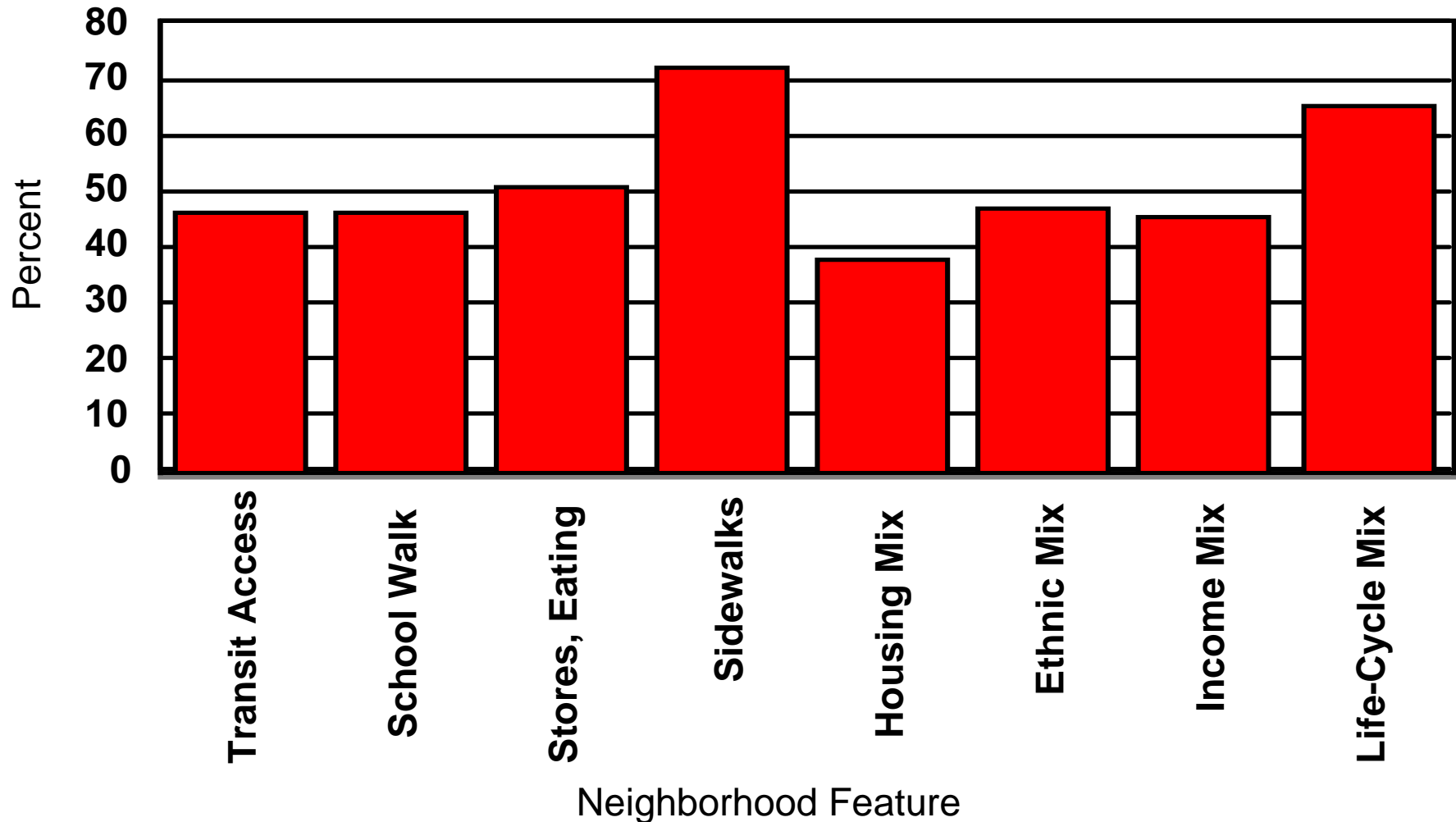
Source: National Association of Realtors, January 2007. **Single-family and townhouse data combined in NAR database.**

Occupied Housing Units by Type 2005

<u>Unit Type</u>	<u>Share</u>
Apts, Condos, Coops, Townhouses	36%
Small Lot (<7,000 sf)	11%
Large Lot (>7,000 sf)	53%

Source: American Housing Survey for the United States 2005. Small lot calculated as occupied 1-unit structures on lots under 1/8 acre less townhouses plus half of 1-unit structures on lots between 1/8 and 1/4 acre.

Smart-Growth Neighborhood Feature Preferences



Source: National Association of Realtors & Smart Growth America, 2004.

[Unmet *Walkable* Demand]

<u>Residential Form</u>	<u>Boston</u>	<u>Atlanta</u>
% want drivable suburbs	30%	41%
% <i>of those who have</i>	85%	95%
% want walkable suburbs	40%	29%
% <i>of those who have</i>	70%	35%

Source: Jonathan Levine, *Zoned Out*, Resources for the Future, 2006.

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Source: National Association of Realtors, January 2007.

Housing Unit Preference by Type, Surveys

<u>Unit Type</u>	<u>Share</u>
Attached	38%
<i>Apartments</i>	14%
<i>Condos, Coops</i>	9%*
<i>Townhouses</i>	15%
Detached	62%
<i>Small Lot (<7,000 sf)</i>	37%
<i>Large Lot (>7,000 sf)</i>	25%

Source: **Low range** of surveys reviewed by Arthur C. Nelson, "Planning for a New Era," *Journal of the American Planning Association*, Fall 2006.

*Toll Brothers shifting product mix to 15% condominium; *WSJ* 12/06.

Growth-Related & Replaced Units, 2000-2025

<u>Purpose</u>	<u>Number</u>
Growth-Related	35M
Replaced/Rebuilt	17M
<i>Converted</i>	<i>6M</i>
Total Unit Built	52M
<i>Growth + Converted</i>	<i>41M</i>
<i>% 2000 Occ Units</i>	<i>40%</i>

Figures in millions of units of occupied units.

Source: Arthur C. Nelson, "Planning for a New Era," *Journal of the American Planning Association*, Fall 2006.

Looming Large-Lot Oversupply, 2005-2030

<u>Unit Type</u>	<u>Supply 2005</u>	<u>Preference Change</u>	<u>Mid-Point Change</u>
Attached	39M	15M	13M
Small Lot	12M	40M	22M
Large Lot	58M	- 23M	- 3M

Figures in millions of units.

Preference change based on low-range of preference survey averages.

Mid-point is mid-percentage distribution between 2005 and low-range estimate of preference surveys and supply of occupied units in 2005.

Another Look at Demand

Robert Charles Lesser Co. studies find one-third of current buyers want smart growth / new urbanism features.^a

Households relocate on average about once every 8 years.

By 2030 about 40-50+ million households will want smart growth / new urbanism features.

Future demand more than all new growth-related housing units constructed or converted.

^aGregg Logan, EPA Large-Production Builders Conference, January 31, 2007.

Life-Span of Building Space



Nonresidential Development, 2005-2030

<u>Category</u>	<u>Constructed</u>
Growth-Related	15B
Replaced/Rebuilt	63B
Total Space	78B
<i>% of 2005 space</i>	90%

Figures in billions of square feet.

Analysis based on *Commercial Buildings Energy Consumption Survey 2003*, US DoE, Energy Information Administration.

Development Cost 2005-2030

\$30 Trillion

Give or take a trillion

Source: Arthur C. Nelson, "Planning for a New Era," *Journal of the American Planning Association*, Fall 2006.



The Promise Land

Tear Up a Parking Lot *Rebuild Paradise*

Large, flat and well drained.

Major infrastructure in place; upgraded infrastructure to support redevelopment would be needed eventually anyway.

4+ lane access, 1+ sides, wide rights-of-way, often capacity for dedicated transit lanes.

Single ownership – *Kelo* problems reduced.

Already planned/zoned for non low-density subdivision use.

May more easily make NIMBYs into YIMBYs.

Slide title phrase adapted from Joni Mitchell, *Big Yellow Taxi*, refrain: “Pave over paradise, put up a parking lot.”

[The Parking Lot Beckons]

<u>Calculation</u>	<u>Structures</u>	<u>Space</u>
Food, Retail, Office, Service, Warehouse	3.4M	43.0B
1- & 2-Floors	3.1M	38.0B
50+ Years Old in 2025	2.0M	24.3B
Assumed Average FAR		0.2
“Ripe” Acres		2.8M

Source: Building, space data, *Commercial Buildings Energy Consumption Survey 2003*

ReBuilding Capacity

<u>Calculation</u>	<u>Result</u>
Ripe Acres	2.8M
Percent Assumed Redeveloped	25%
Redeveloped Acres	0.7M
30 dwellings @ 1,500sq.ft.	
30 jobs @ 500sq.ft.	1.4FAR
Percent Residential Demand	50% ^{+/-}
Percent Employment Demand	50% ^{+/-}

NEW MAIN STREET: *Creating a new community crossroads*



- *Serve both the traditional neighborhood and the university communities.*
- *Create a vibrant mixed-use street.*
- *Build a neighborhood and a pedestrian-friendly Main Street.*
- *Introduce seamless connections from the residential neighborhood to the Charles River and Herter Park.*
- *Develop a significant new cultural facility at the crossroads as a neighborhood and regional attraction.*
- *Create 400,000-600,000 sf of mixed-use development, with heights of 35'-55' and first-floor retail.*
- *Create public gathering place for events, with linkages to community parks.*



Western Avenue at North Harvard Street: from auto-dominated strip retail to pedestrian-friendly Main Street.



The Opportunity

Actions Needed

- Systematically evaluate existing low-intensity commercial areas for their conversion ripeness time-frame.
- Assess redevelopment parameters, needs.
- Evaluate feasibility of creating transit corridors out of existing commercial highways.
- Engage stakeholders now; create “sector” and “form-based code” plans.
- Explore win-win financial tools to bridge rate-of-return gap.

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Thank you