



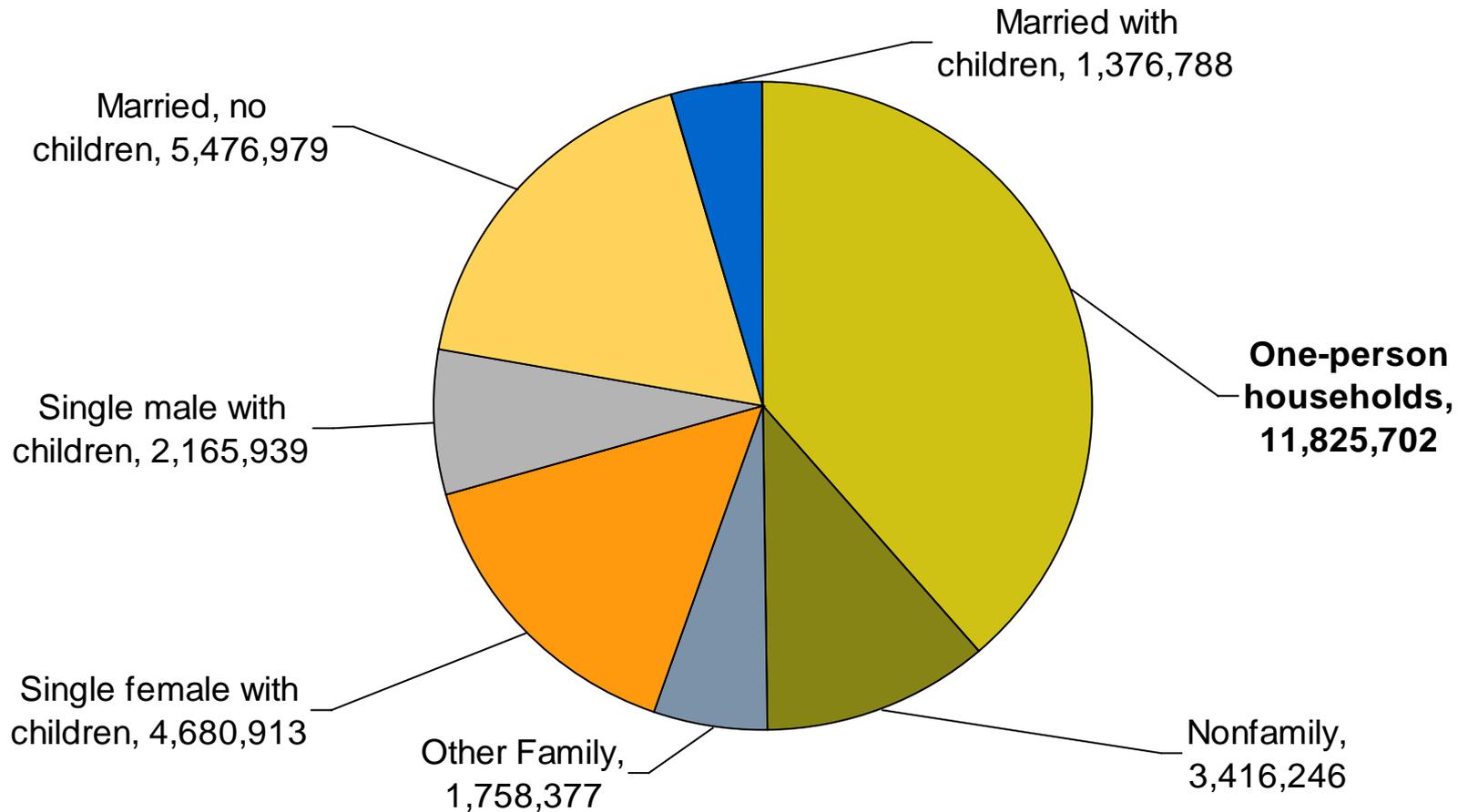
# Market Forces Shaping Reston's Future The Economics of Sustainable Placemaking

Shyam Kannan – [skannan@rclco.com](mailto:skannan@rclco.com) | June 2010

# > 85% GROWTH IN HOUSEHOLDS WITHOUT CHILDREN

## DIFFERENT HOUSEHOLD LANDSCAPE BY 2025

### Absolute Change in Households, United States 1980–2005

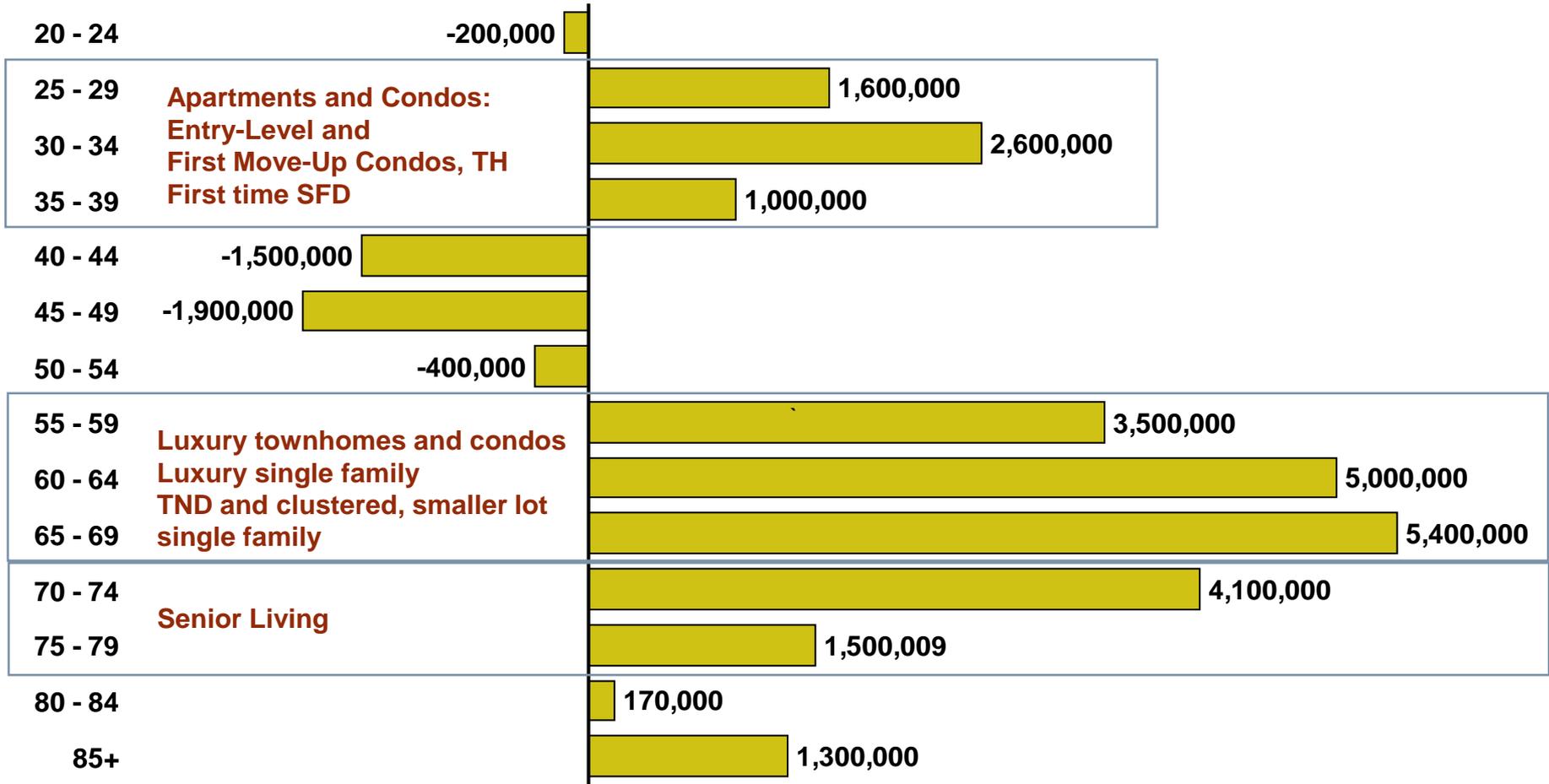


SOURCE: US Census

# DEMOGRAPHIC SHIFTS AND HOUSING DEMAND

## BUILT-IN DEMAND FOR HIGHER-DENSITY LIVING

### Projected Total Population Growth Rate by Age 2010–2020



SOURCE: U.S. Census Bureau

# GEN Y WILL PAY FOR WALKABLE, MIXED-USE CHALLENGE IS PROVIDING PRODUCT THEY CAN AFFORD



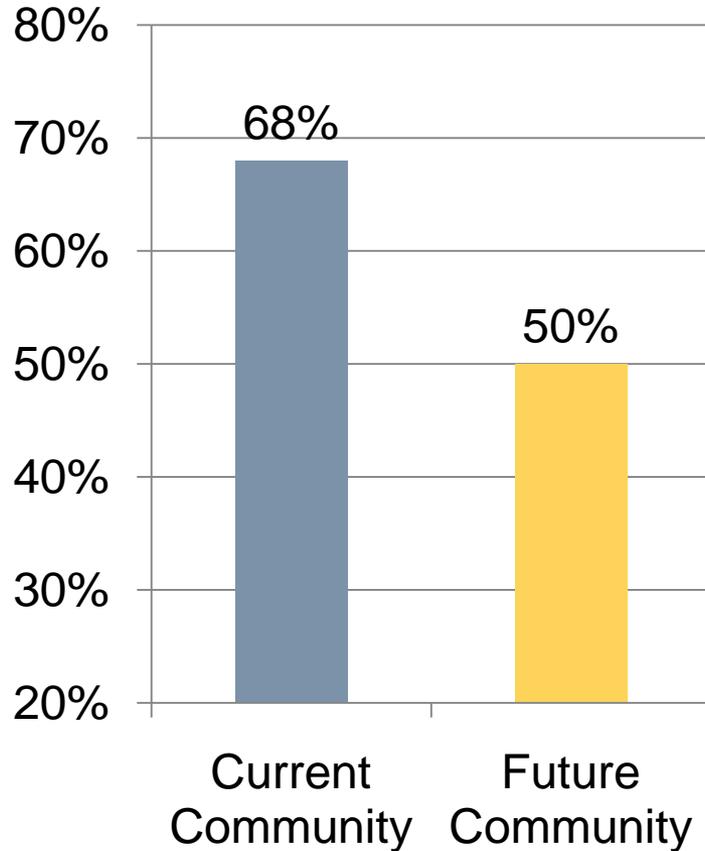
- Driven by convenience, connectivity, and a healthy work-life balance to maintain relationships
- **1/3 will pay more** to walk to shops, work, and entertainment
- 2/3 say that living in a walkable community is important
- More than 1/2 of Gen Y would trade lot size for proximity to shopping or to work
- Even among families with children, one-third or more are willing to trade lot size and “ideal” homes for walkable, diverse communities

SOURCE: RCLCO Consumer Research

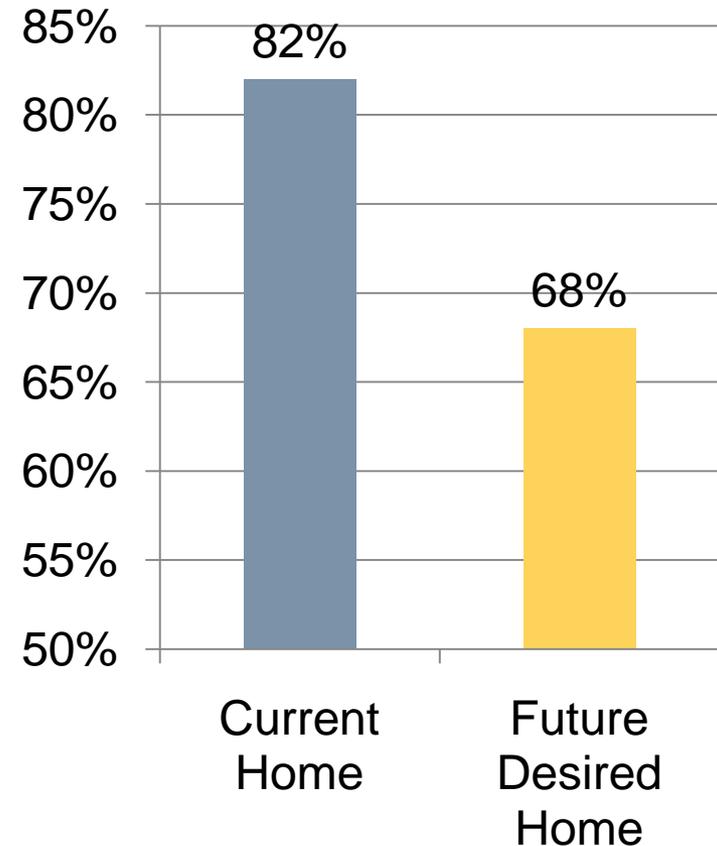
# PARADIGM SHIFT IN CONSUMER PREFERENCES

PENT-UP DEMAND FOR HIGHER-DENSITY, WALKABLE ENVIRONS

### Preference for Traditional Suburban Community

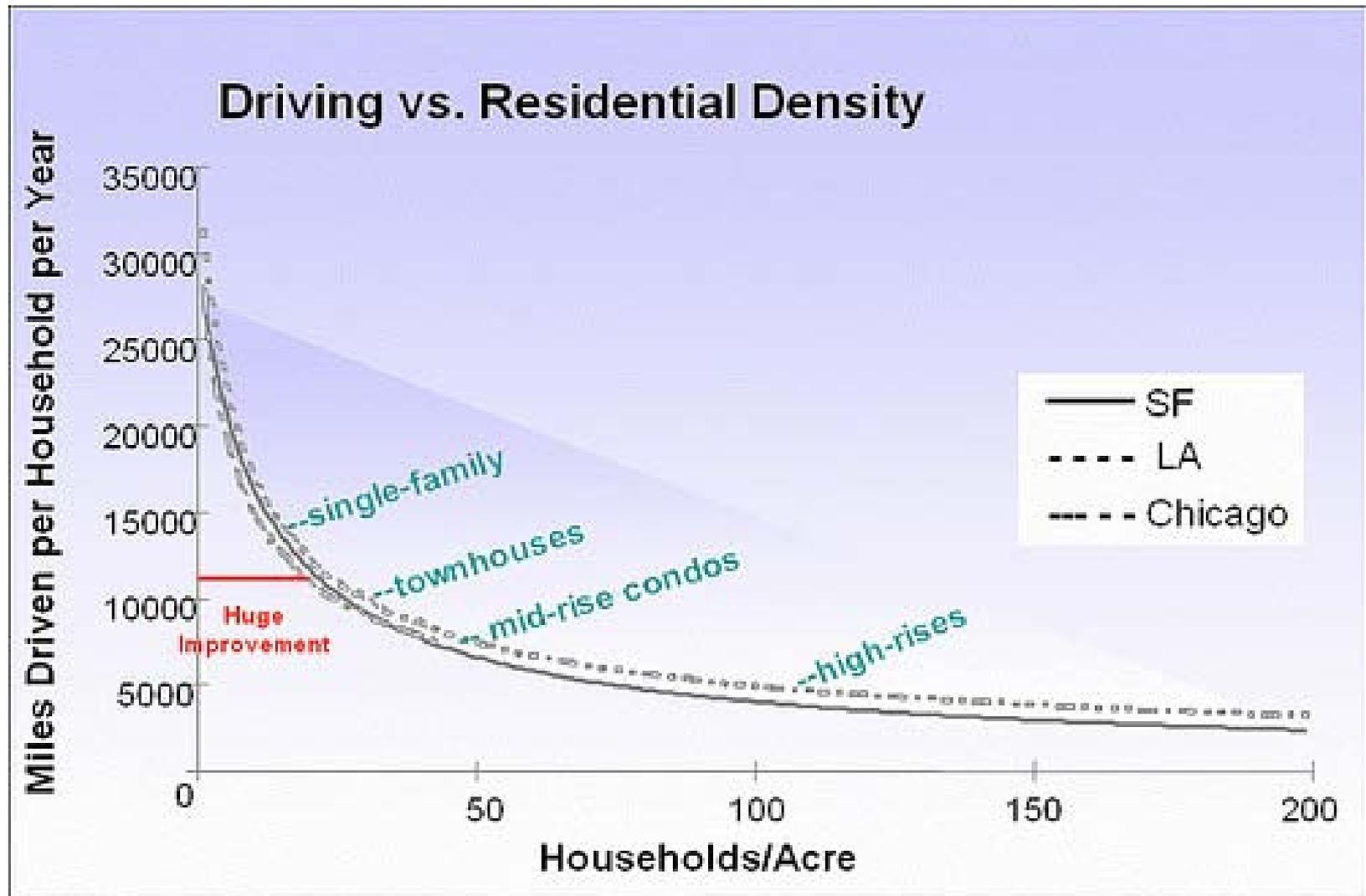


### Preference for Single-Family Detached Home



SOURCE: RCLCO Consumer Research

# HIGH DENSITY HOUSING = LESS DRIVING PORTENDS DIFFERENT RETAIL, OFFICE CONFIGURATIONS



# TRANSIT ACCELERATES VALUE CREATION

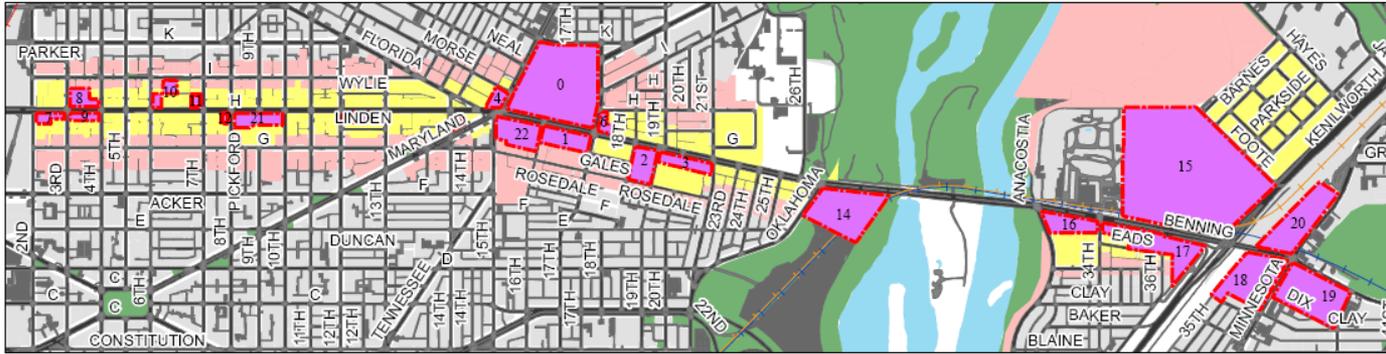
## WIDE RANGE OF PREMIUMS – BUT ALL POSITIVE

<u>Land Use</u>	<u>Range of Property Value Premium</u>	
Single Family Residential	+2% w/in 200 ft of station (San Diego Trolley, 1992)	to +32% w/in 100 ft of station (St. Louis MetroLink Light Rail, 2004)
Condominium	+2% to 18% w/in 2,640 ft of station (San Diego Trolley, 2001)	
Apartment	+0% to 4% w/in 2,640 ft of station (San Diego Trolley, 2001)	to +45% w/in 1,320 ft of station (VTA Light Rail, 2004)
Office	+9% w/in 300 ft of station (Washington Metrorail, 1981)	to +120% w/in 1,320 ft of station (VTA Light Rail, 2004)
Retail	+1% w/in 500 ft of station (BART, 1978)	to +167% w/in 200 ft of station (San Diego Trolley, 2004)

SOURCE: Reconnecting America

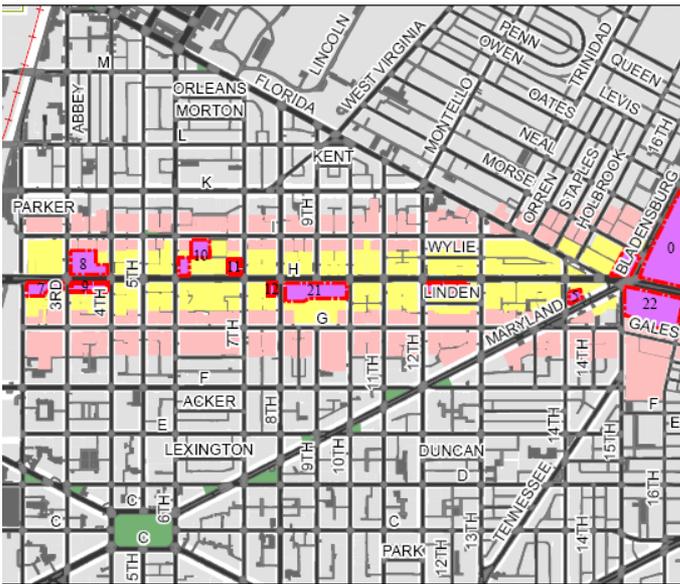
# PAYING IT FORWARD

## CREATING VALUE THAT PAYS FOR TRANSIT



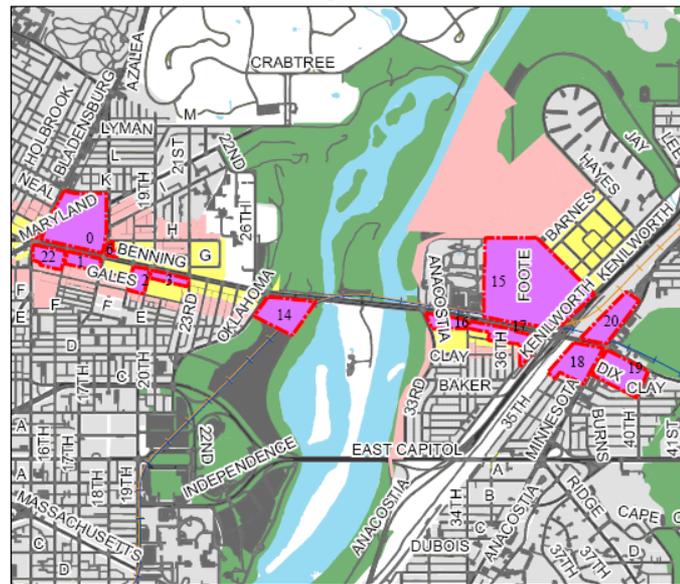
0 1,250 2,500 5,000 Feet

H Street



0 1,250 2,500 5,000 Feet

Benning Road

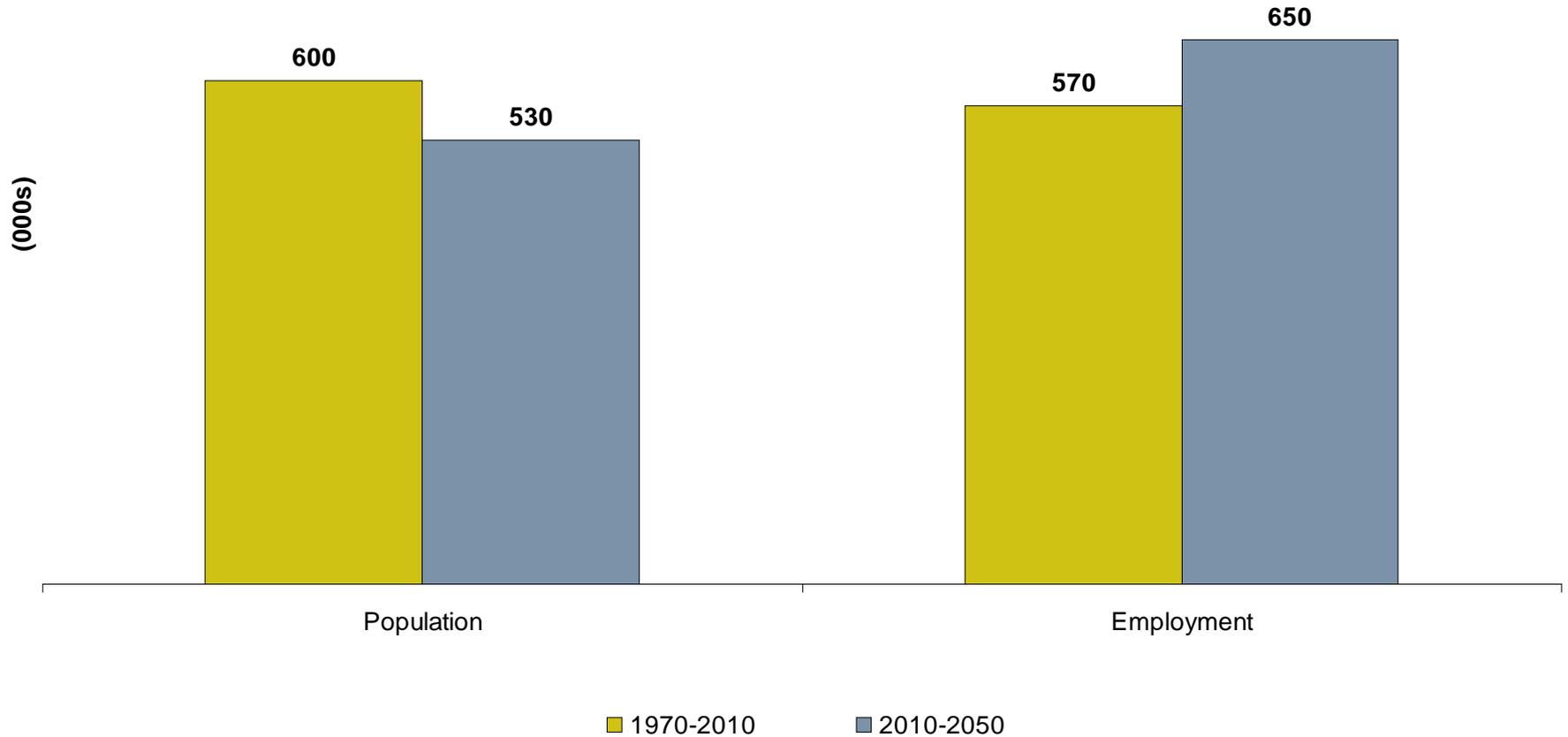


0 2,050 4,100 8,200 Feet

- ▶ \$128 M in fiscal benefit
- ▶ Engaging property owners in value capture opportunities
- ▶ Priming the pump for 2.4 M SF of catalytic development at top of market rates
- ▶ **Using real estate development was a vehicle to fund transit infrastructure**

# ROLE REVERSAL – EMPLOYMENT GROWTH TO OUTPACE POPULATION GROWTH THROUGH 2050

Fairfax County Growth

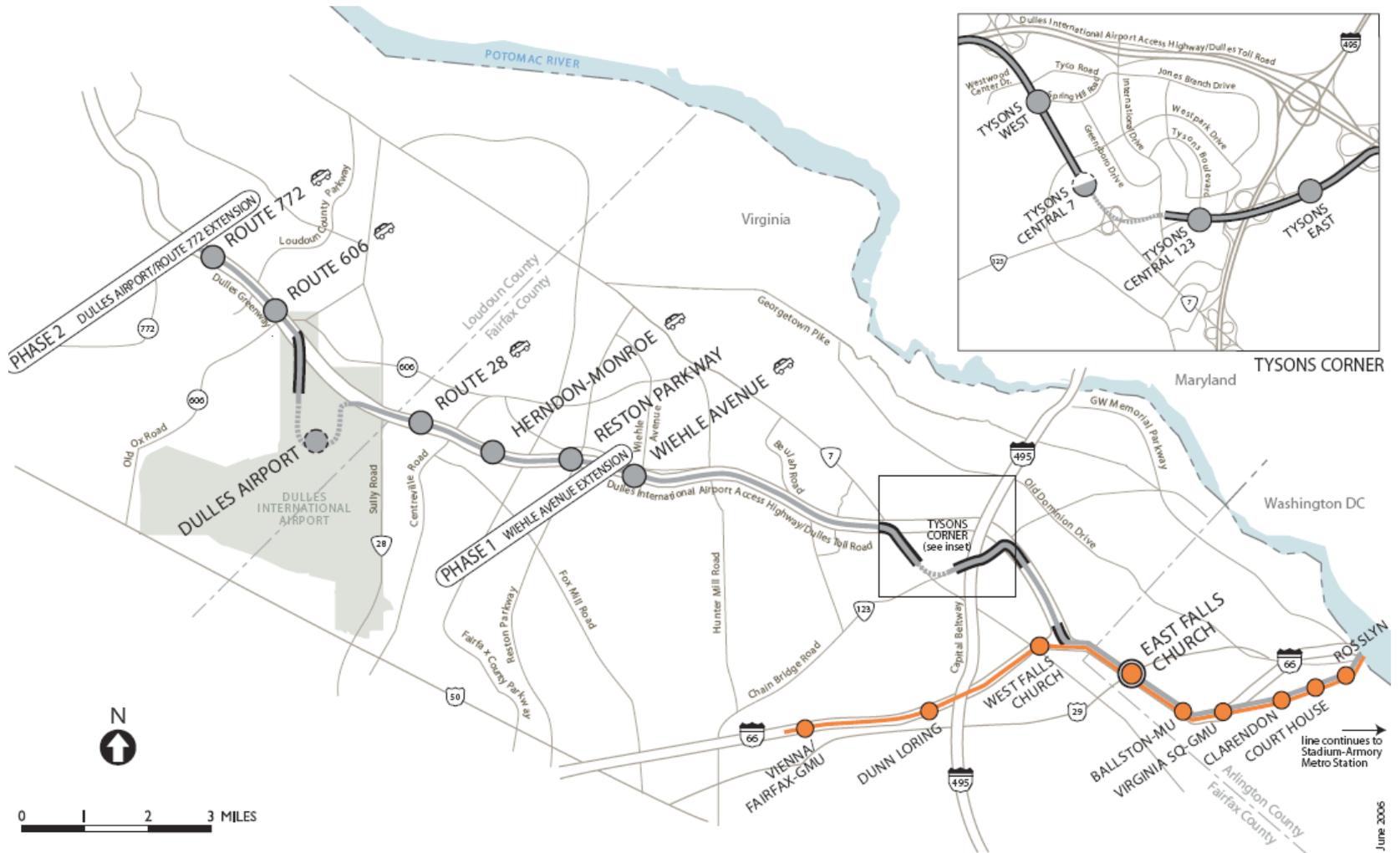


SOURCE: George Mason University Center for Regional Analysis



# CONNECTIVITY WILL INFLUENCE DEMAND

## LEGACY OF R-B CORRIDOR, GEN Y, CRITICAL



June 2006

SOURCE: WMATA, RCLCO

# Market Forces Shaping Fairfax's Development Future

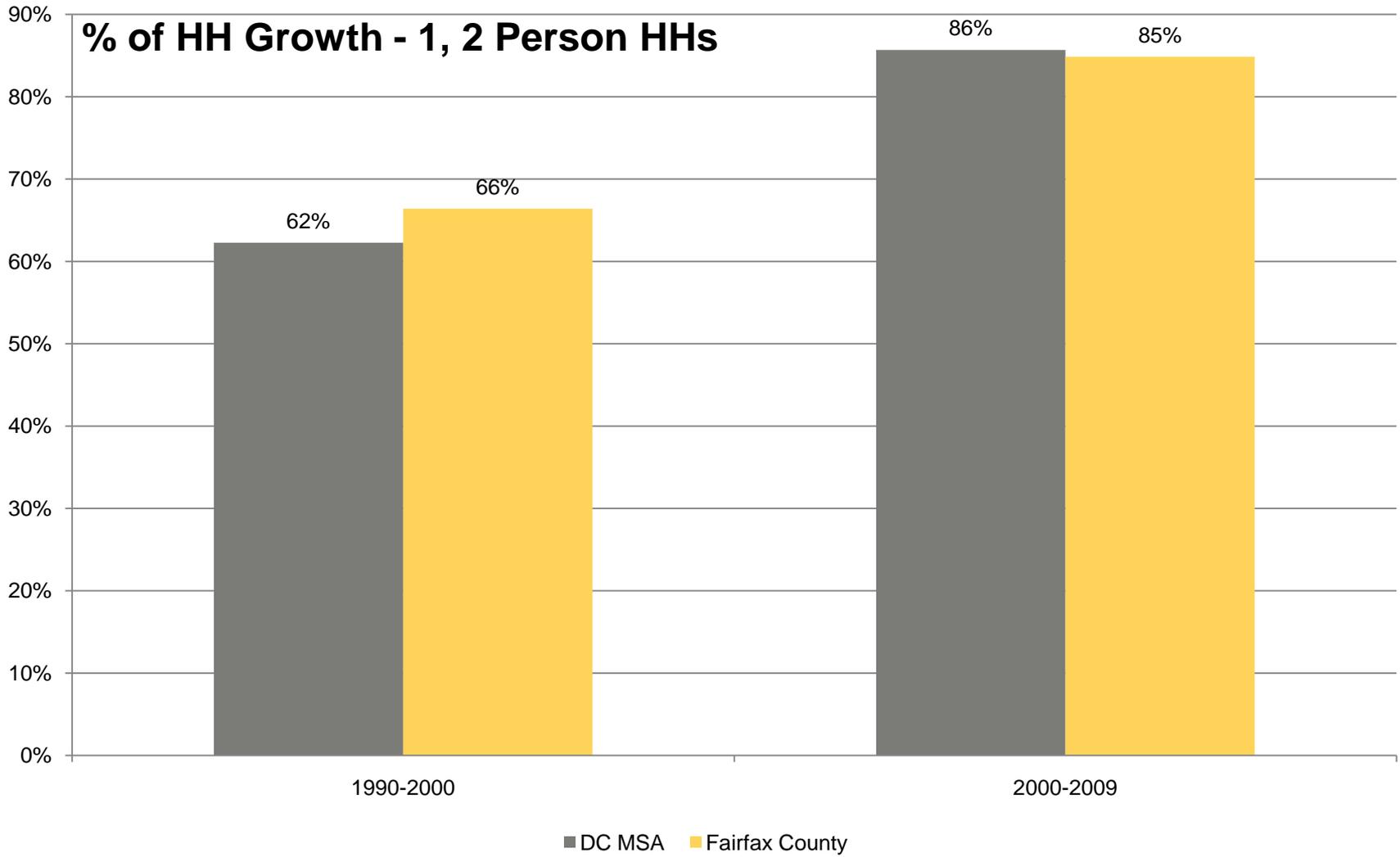
Shyam Kannan – LEED® AP, Vice President, RCLCO

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Future of Fairfax Forum and Fundraiser | November 17, 2010

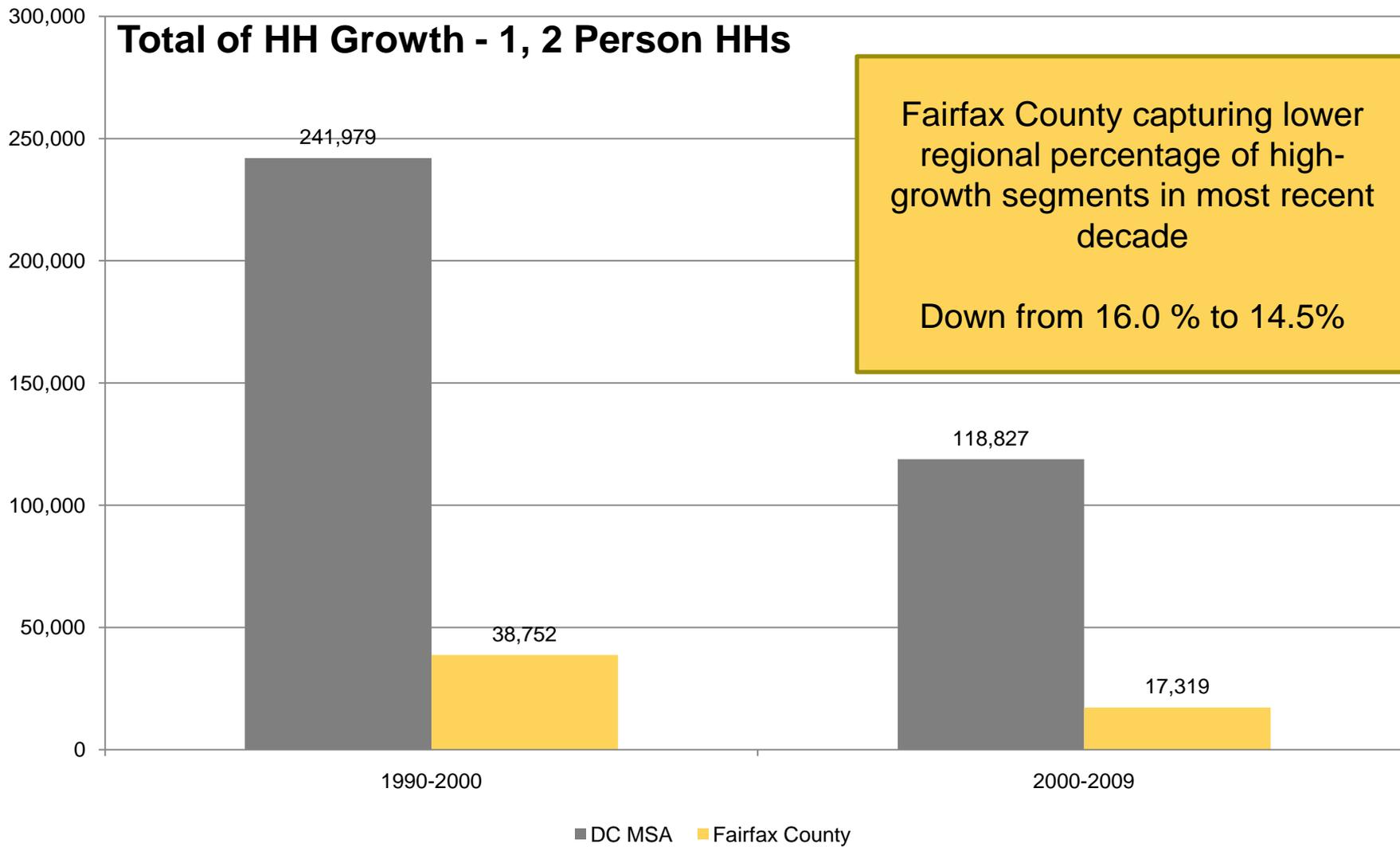


# MAINTAINING A COMPETITIVE EDGE? FAIRFAX COUNTY GROWTH MIRRORS REGION ... BUT



# WILL THE ADVANTAGE PERSIST?

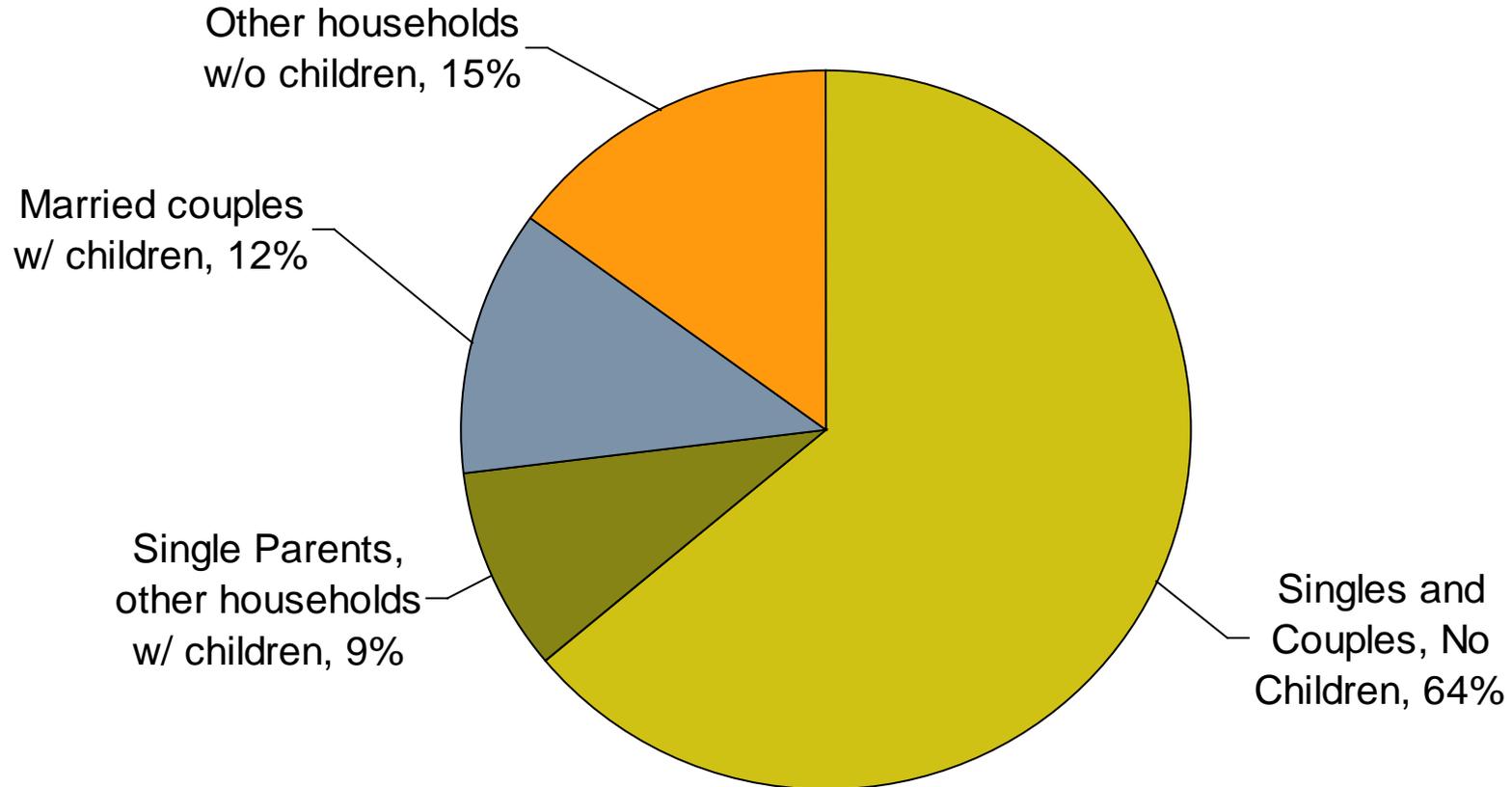
## GROWTH SEGMENTS CHOOSING OTHER JURISDICTIONS



# EVEN MORE TRANSIT-ORIENTED DEVELOPMENT

## BULK OF DEMAND FROM SMALLER HOUSEHOLDS

### Estimated Future Demand for Transit-Oriented Development



SOURCE: Center for Transit-Oriented Development, 2006

# TREMENDOUS GROWTH IN REGION

## INTENSE COMPETITION FOR JOBS, HOUSEHOLDS

Over the next 25 years, the DC region will add 1.25 million new jobs and 1.5 million new residents

- *Jurisdictions that provide urban, transit-oriented places will capture these jobs and households first*
- *Households are moving with their feet – to places across the USA – that provide these types of environments*