

Foot Traffic Ahead

Ranking Walkable Urbanism in America's Largest Metros

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Center for Real Estate
and Urban Analysis

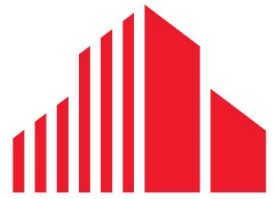
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Smart Growth America
Improving lives by improving communities





**CUSHMAN &
WAKEFIELD**



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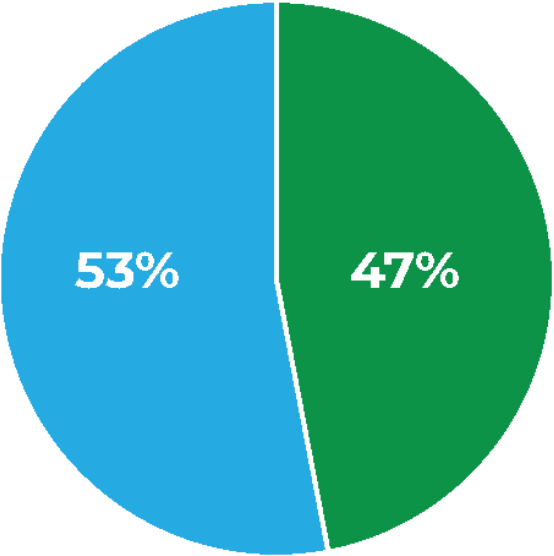


Smart Growth America

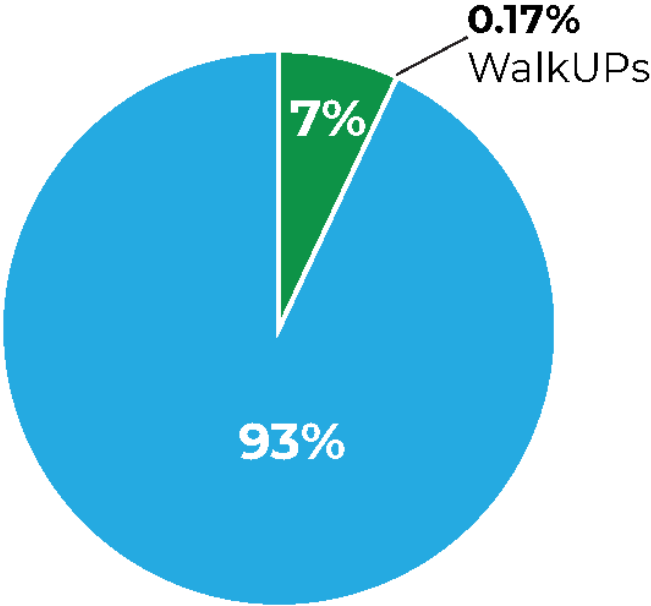
Improving lives by improving communities

The 30 Largest Metros in the United States

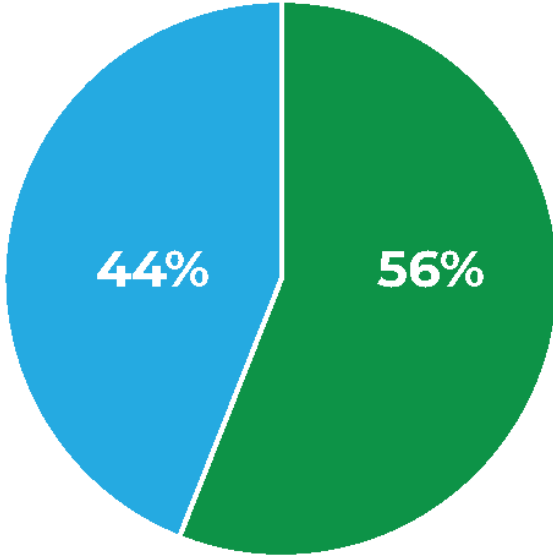
U.S. Population



U.S. Continental Land Area



U.S. Gross Domestic Product

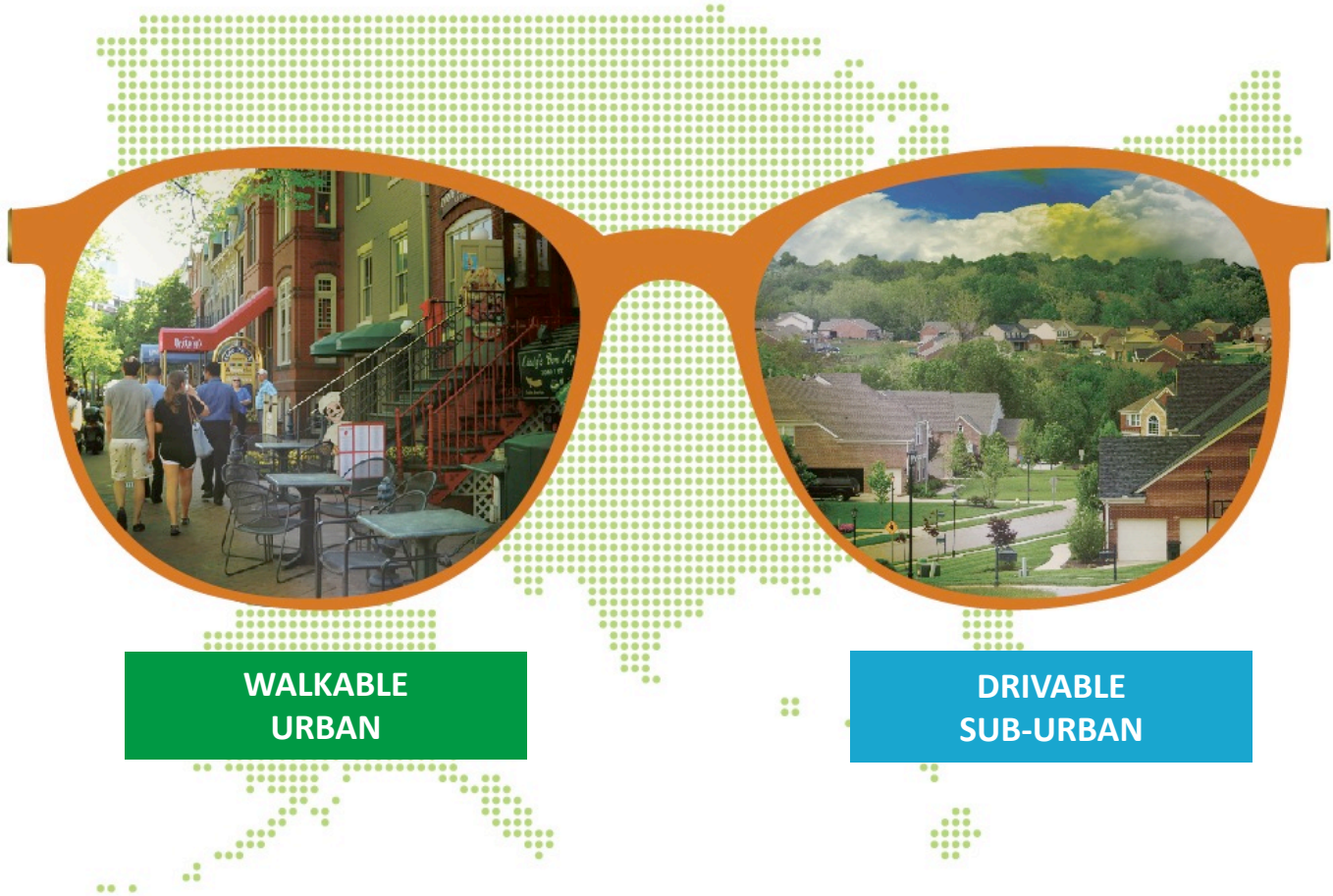


■ Top 30 U.S. Metro Areas ■ Rest of U.S.

The Old Dichotomy



Time for New Lenses



**WALKABLE
URBAN**

**DRIVABLE
SUB-URBAN**

Form & Function of Metropolitan America

METROPOLITAN LAND USE OPTIONS:



**WALKABLE
URBAN**

REGIONALLY SIGNIFICANT



WALKUP:
Metro Area: 0.04 – 1.2%

LOCAL SERVING



NEIGHBORHOOD
Metro Area Acreage: 1-4%



**DRIVABLE
SUB-URBAN**



EDGE CITY
Metro Area Acreage: 2-4%



BEDROOM COMMUNITY
Metro Area Acreage: 92-95%



What is a WalkUP?

WALK SCORE:

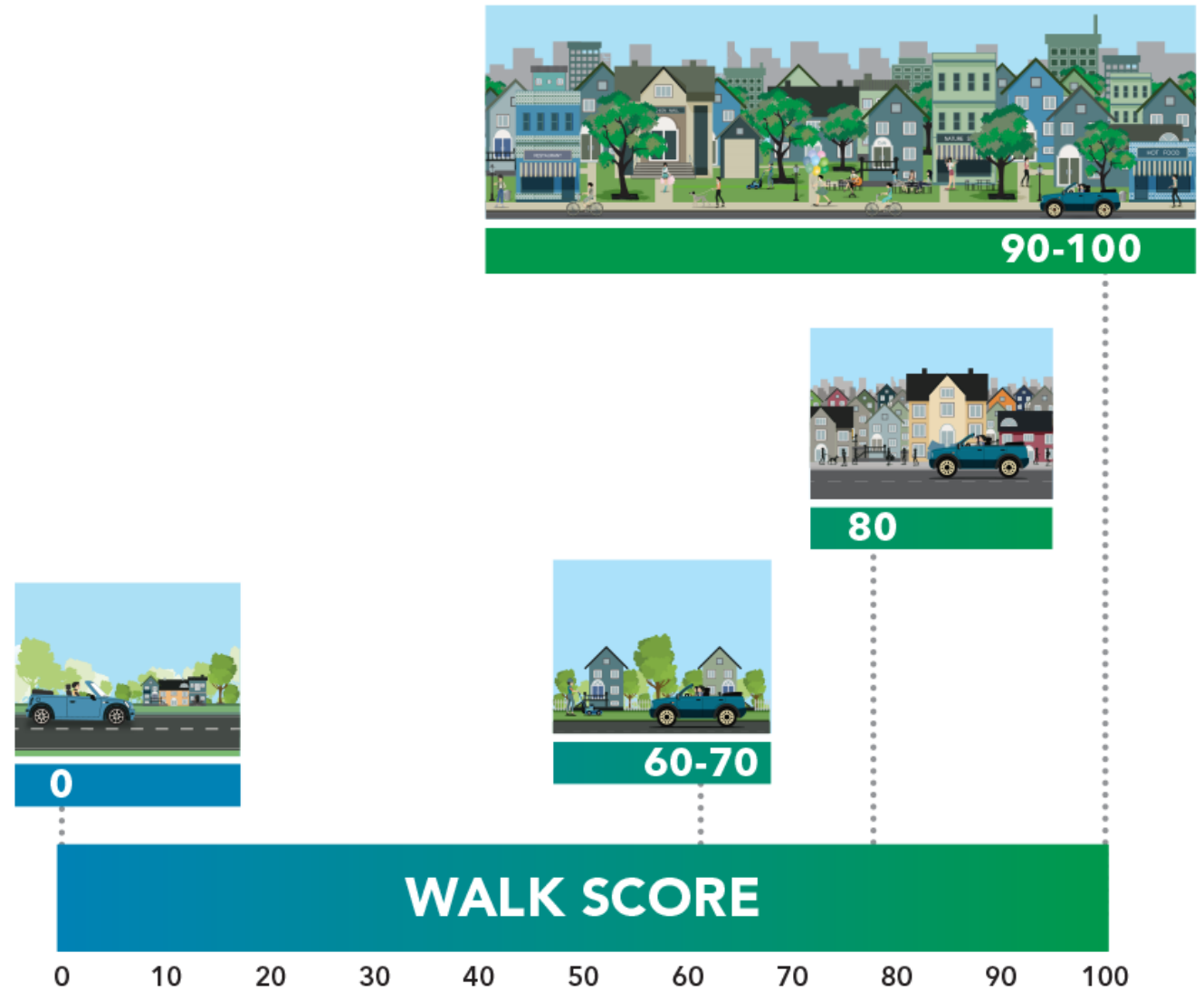
- **Walk Score** ≥ 70

OFFICE & RETAIL SPACE:

- **Office** ≥ 1.4 million sq. ft.

and/or

- **Retail** $\geq 340,000$ sq. ft.



Key Findings

Current Walkable Urbanism

- There are **761 WalkUPs**, or regionally significant walkable urban places in the 30 largest U.S. metro areas.
- Analysis ranks **current level of walkable urbanism** in these, based on the share of **office, retail, and rental multi-family** occupied square footage in WalkUPs.
- Total share of occupied square footage in WalkUPs ranges from **3% to 37%**

Highest-Ranked Metros for Current Walkable Urbanism

- 1. New York City**
- 2. Denver**
- 3. Boston**
- 4. Washington, DC**
- 5. San Francisco Bay Area**
- 6. Chicago**

Key Findings

- The **rent per square foot premium** for walkable urban real estate in the 30 largest metros is **75 percent** over drivable suburban areas.
 - **Office Space:** 105%
 - **Retail Space:** 121%
 - **Rental Multi-Family:** 61%
- All 30 metros have a **walkable urban rent premium**, ranging from **198% to 11%**.
- Between 2010-2018, this **rent premium increased** by an average of **+19%**



Key Findings

- WalkUPs in the top 30 metros **absorbed** an average of **51%** of the total metro absorption of office & rental multi-family products.
- WalkUP office & rental multi-family product types in the top 30 metros have had **market share gains of 130%** relative to 2010 base. **This means that drivable sub-urban real estate products are losing market share to walkable urban real estate products during this economic cycle.**
- **Last time we saw this was in 1980s: going the opposite direction.**



Key Findings

- Walkable urban places are not exclusively located in the central cities of metro areas.
- The percentage of total WalkUP space in suburbs varies from 0% to 44%, with an average of 17%.
- Miami, Washington, DC, and Boston all have over 40% of their WalkUP space in suburbs.
- Much of the future walkable urban growth will be in urbanizing suburbs.



Key Findings

Future Growth Momentum

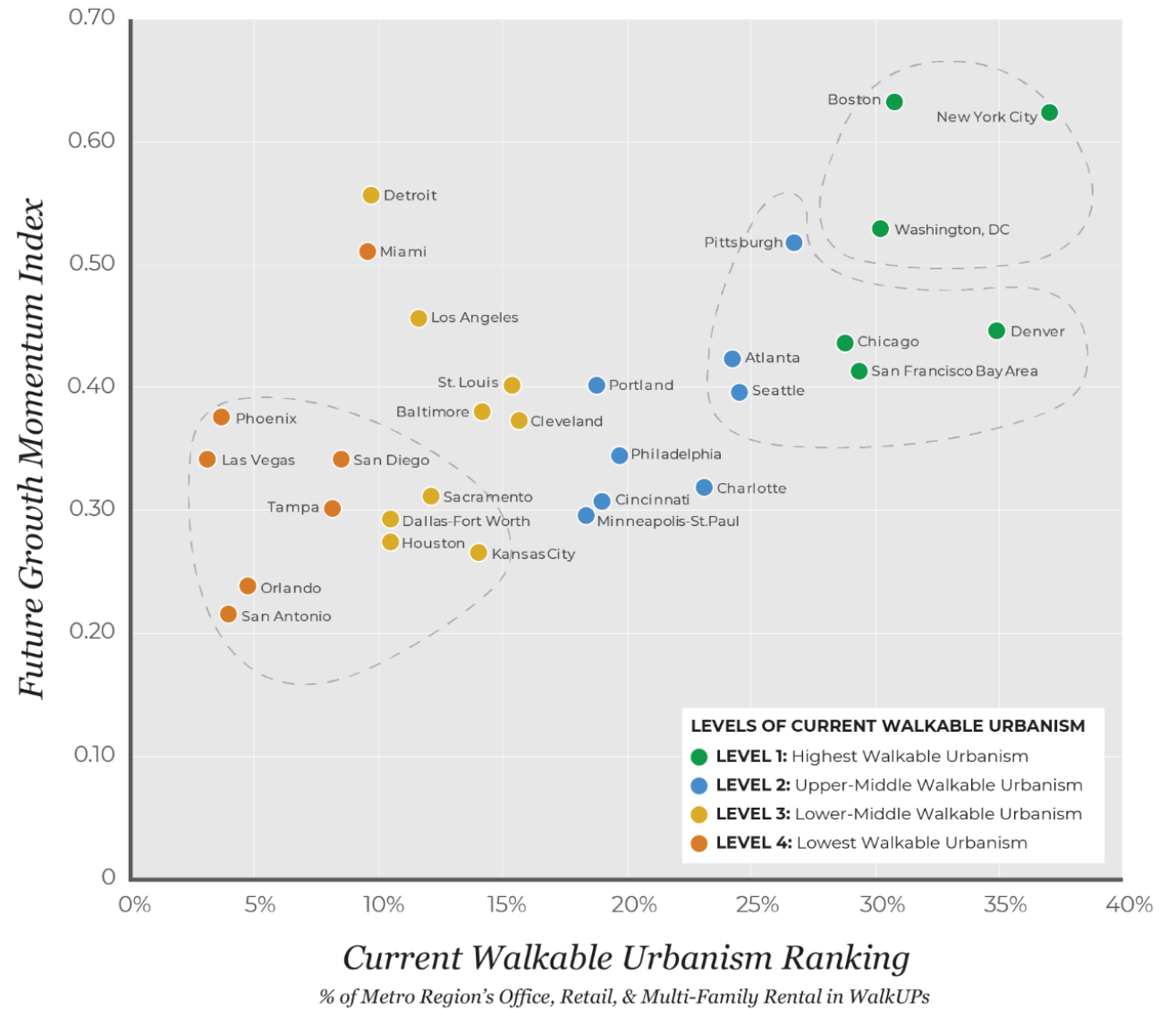
- We also created an index to rank probable **future metropolitan WalkUP performance**.
- Incorporates the **market share shift** in WalkUPs, the **rent premium** for space in WalkUPs, and the percentage of **walkable urban space in suburbs**.

Highest-Ranked Metros for Future Growth Momentum

1. **Boston**
2. **New York City**
3. **Detroit**
4. **Washington, DC**
5. **Pittsburgh**
6. **Miami**

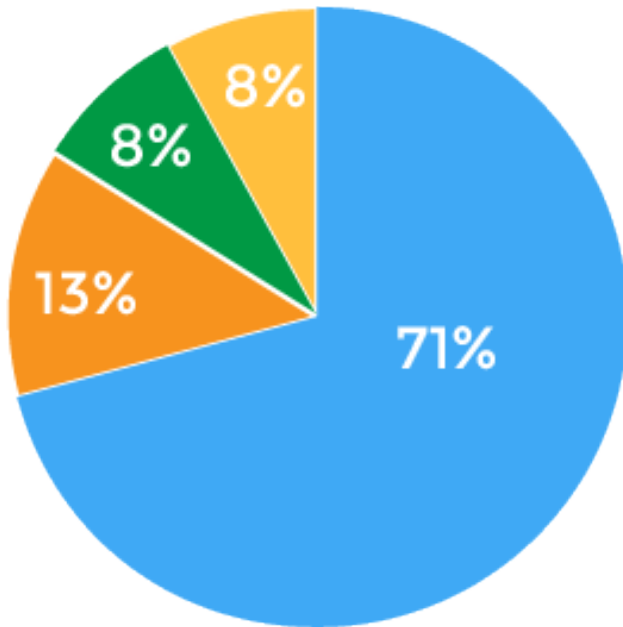
Current & Future Walkable Urbanism

- **New York City, Boston, & Washington, DC** consistently score at the top of both rankings
- **San Antonio, Orlando, Tampa, Dallas Fort-Worth, Houston, Las Vegas, Phoenix, San Diego, & Sacramento** consistently score at the bottom of both rankings

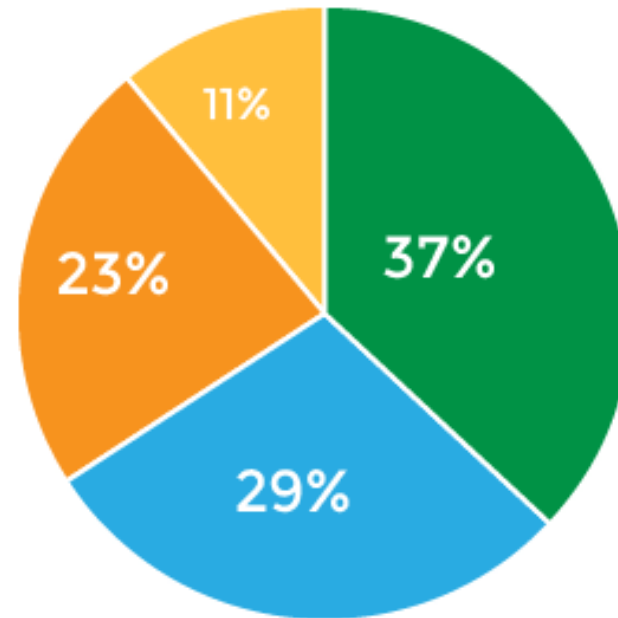


Housing

US Metropolitan Built Environment



WalkUPs



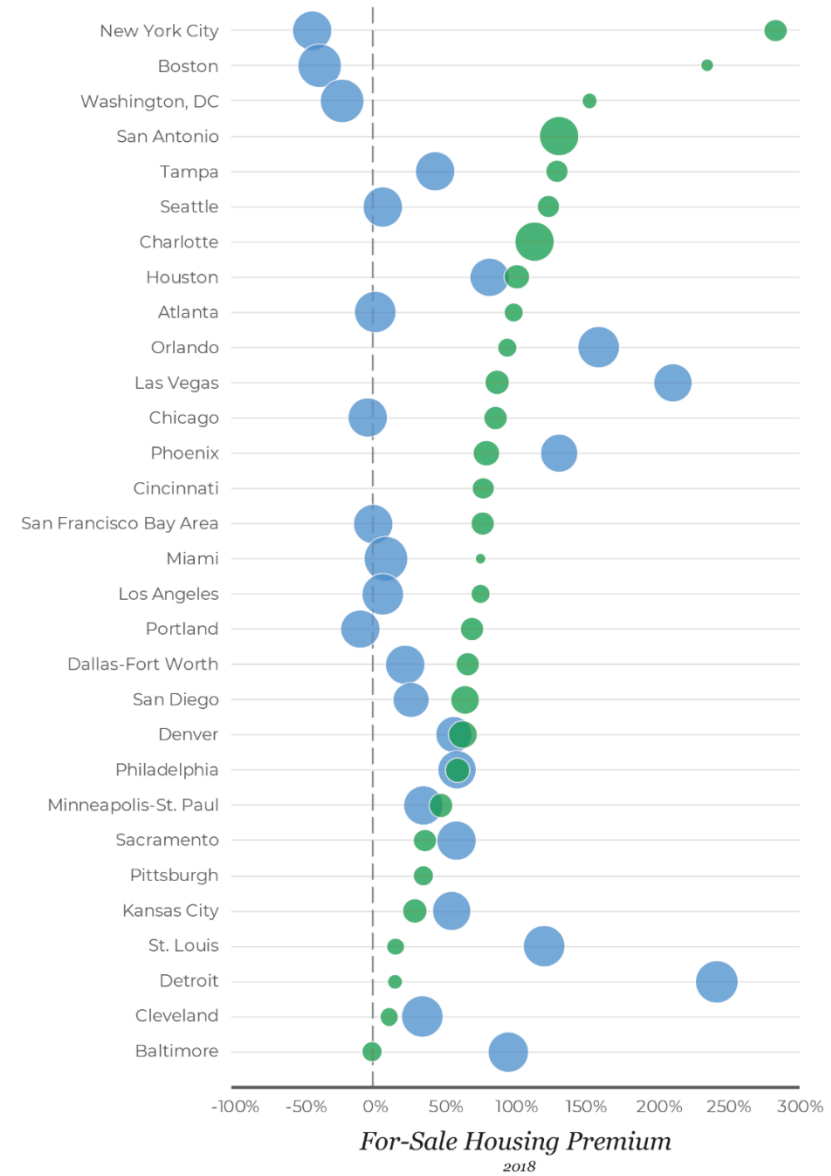
Housing is **84%** of real estate square footage in the top 30 U.S. metro areas, but it is only **52%** of real estate square footage in WalkUPs...**major opportunity in the future is walkable urban housing, particularly for-sale.**



Key Findings

For-Sale Housing

- For-sale housing in the 30 largest metro WalkUPs achieves a **90% valuation per square foot premium**, nearly double, over the median for-sale housing prices of the largest 30 metros.
- Range from **17% in Baltimore** to **223% in Boston**.



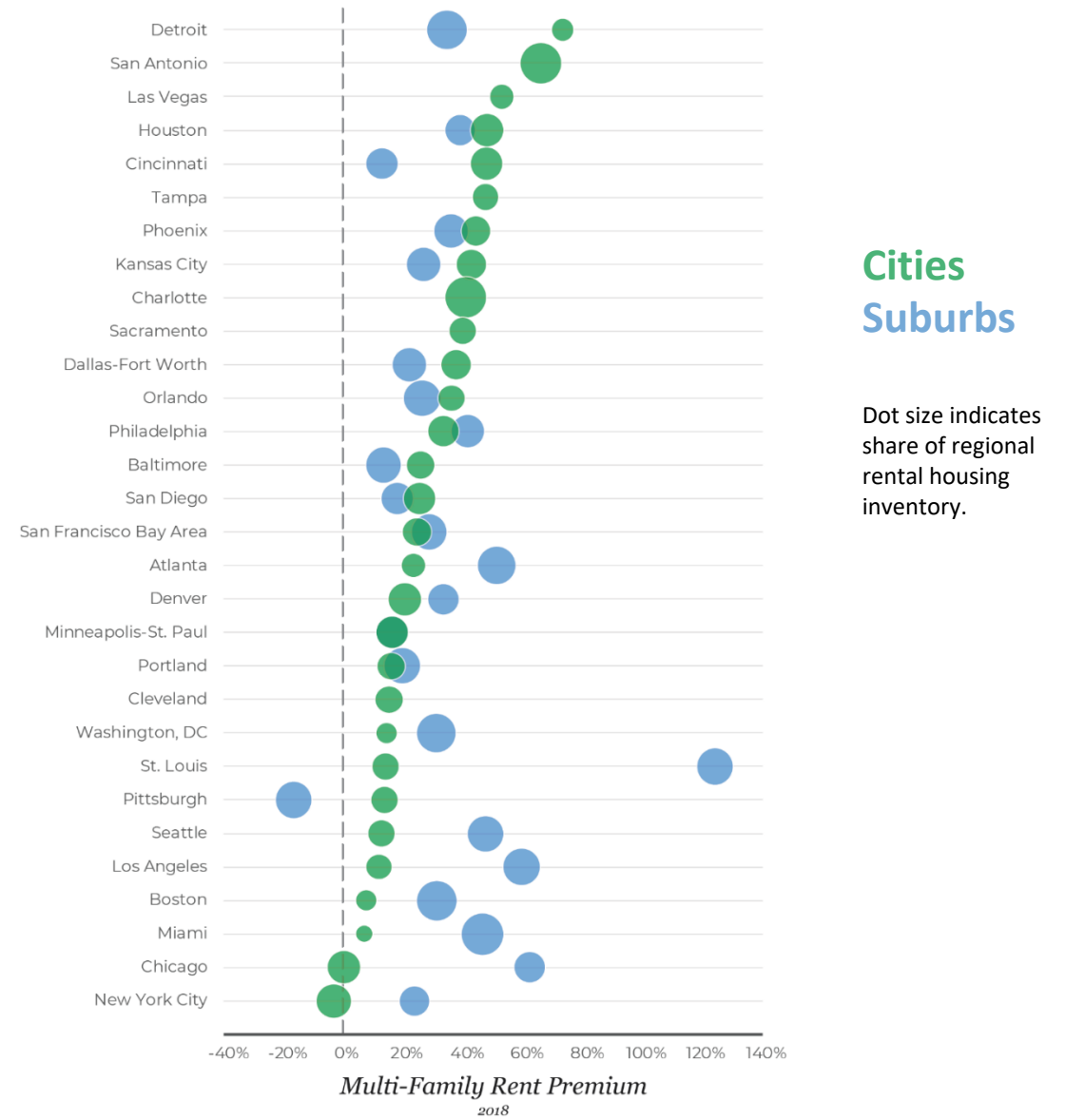
Cities
Suburbs

Dot size indicates share of regional for-sale housing inventory.

Key Findings

Rental Multi-Family Housing

- Rental multi-family housing in the 30 largest metro WalkUPs achieves a **46% rent per square foot premium**, over the rest multi-family housing in the largest 30 metros.
- Range from **27% in Denver** to **88% in Detroit**.



Social Equity

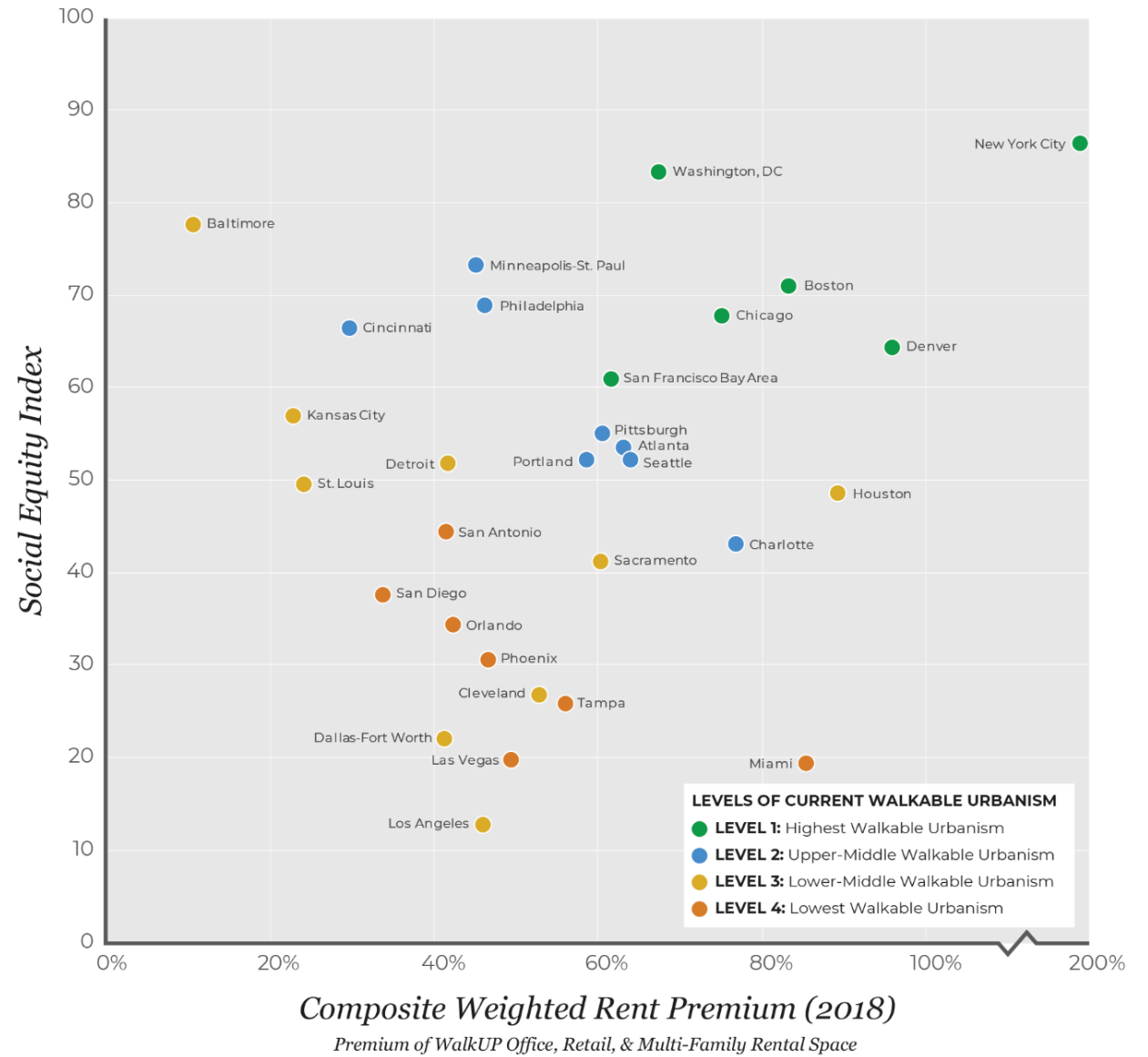
- Our **Social Equity Index** examines **housing costs, transportation costs, and owner/renter housing mix** in WalkUPs in the top 30 metro areas.
- Perhaps counterintuitively, **many of the metros that score well for economic performance also score well on the Social Equity Index.**

Highest-Ranked Metros for Social Equity in WalkUPs

1. **New York City**
2. **Washington, DC**
3. **Baltimore**
4. **Minneapolis-St. Paul**
5. **Boston**
6. **Philadelphia**
7. **Chicago**
8. **Cincinnati**
9. **Denver**
10. **San Francisco Bay Area**

Social Equity

- While in the most walkable urban metros the **“rent is too damn high,”** **transportation costs are dramatically lower.**
- Long-term, **more walkable urban land must be added** to reduce artificially inflated land prices.
- There is still a need in ALL metros for an aggressive affordable housing program in the short-term to allow lower income households to live in a WalkUP, if they so choose.
- **Many metro areas and their WalkUPs are “do well while doing good”;** combining high economic and social equity performance.



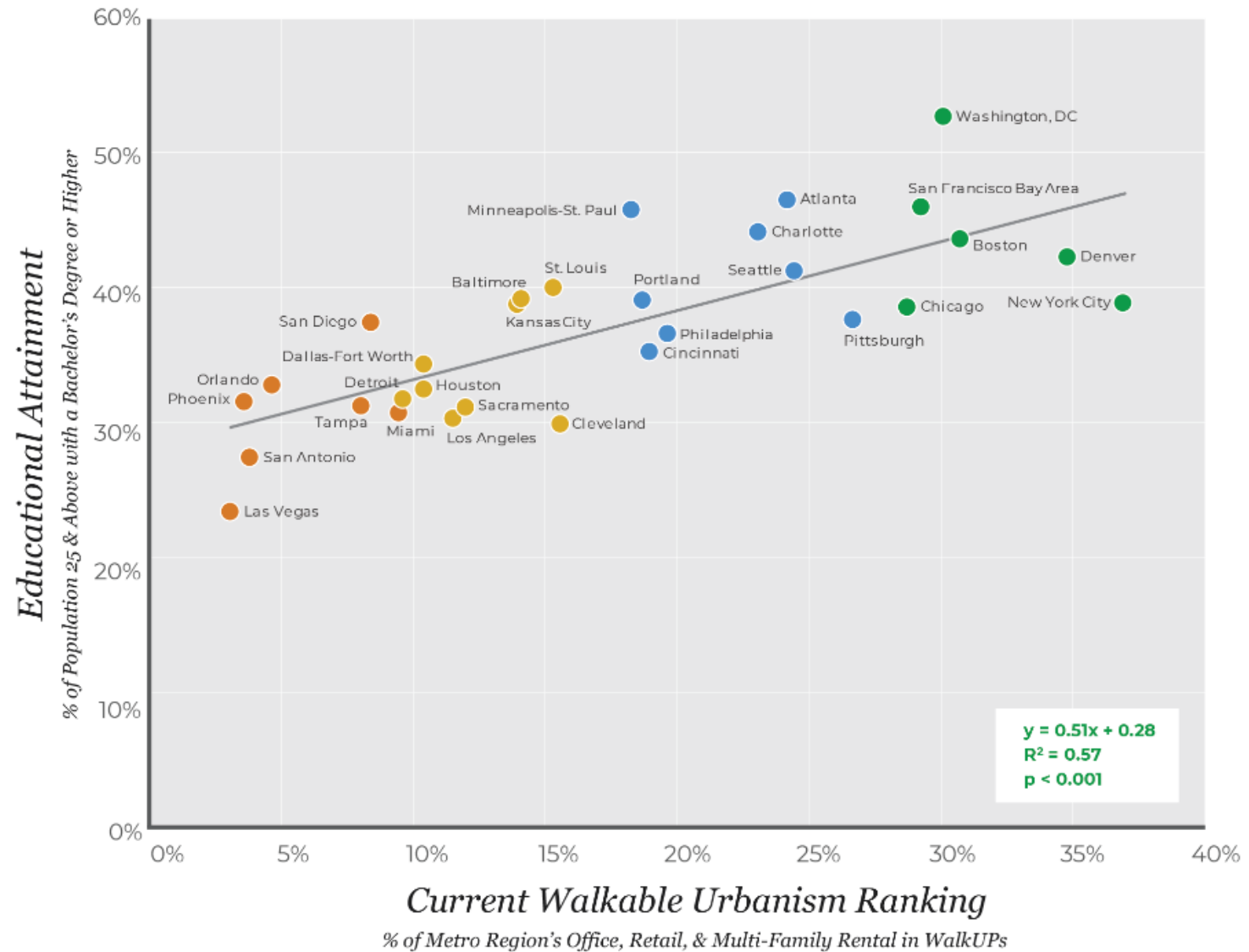
Key Headline:

The most walkable urban metro areas have a substantially higher level of **educational attainment** in their workforce and a substantially higher **GDP per capita**.

These are *correlations*; causal relationship cannot be proven without further study.

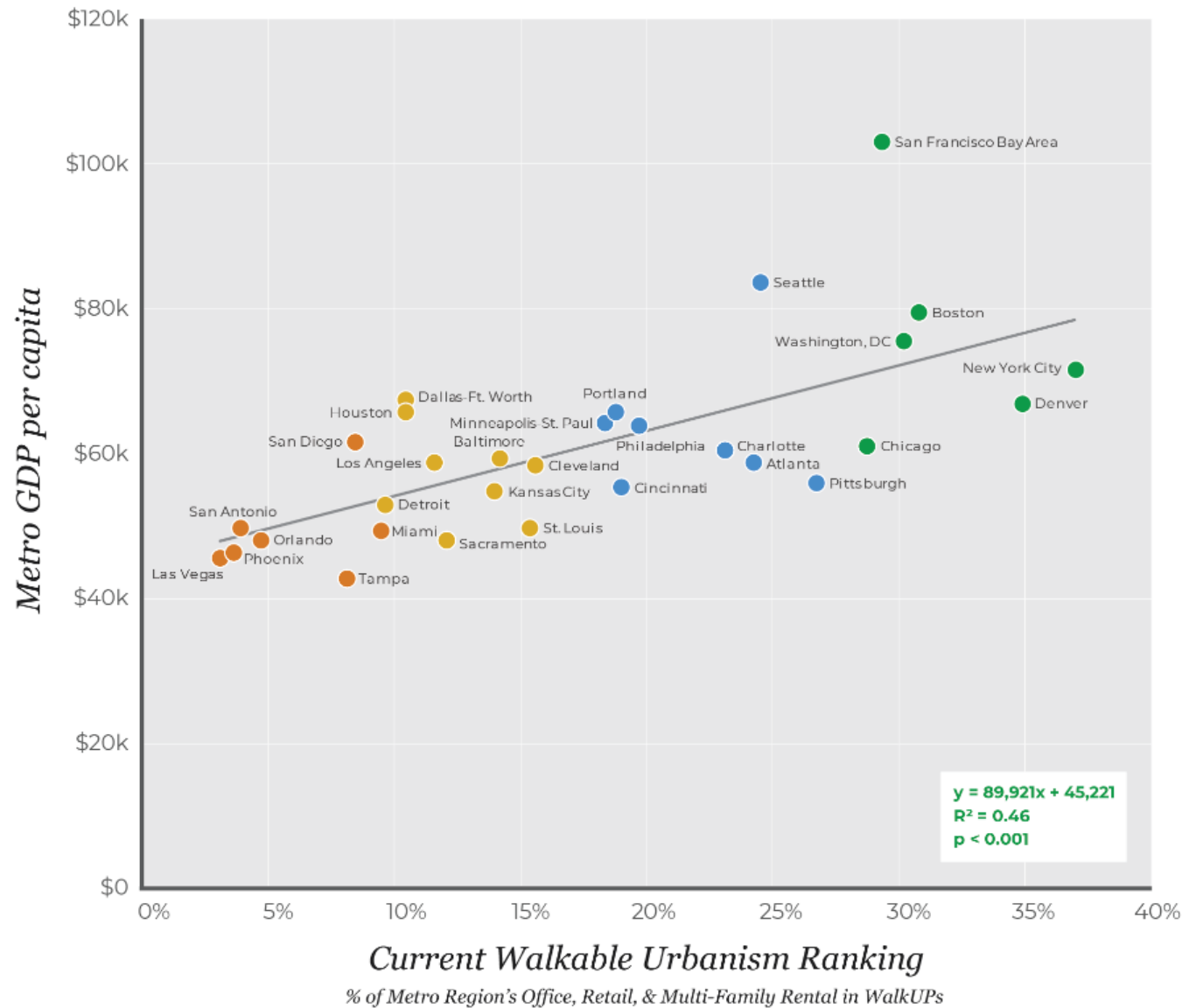
Walkable Urbanism & Educational Attainment

- Significant *correlation* (R-squared = 0.57), but *no causal link*
- % of workforce with college degrees:
 - Highest-Ranked 6 metros: **42%**
 - Lowest-Ranked 7 metros: **31%**
 - **35% higher workforce education level**



Walkable Urbanism & GDP Per Capita

- Significant *correlation* (R-squared = 0.46), but *no causal link*
- GDP per capita:
 - Highest-Ranked 6 metros: **\$74,656**
 - Lowest-Ranked 7 metros: **\$49,156**
 - **52% GDP per capita premium**



Doppler Shift of ALL 30 Metros

All 30 U.S. metropolitan areas are experiencing a **Doppler Shift** towards walkable urbanism with some leaders and laggards.

We can call the **end of sprawl in metro Boston** for office, retail and multi-family housing.

Mark Falcone
CEO

CONTINUUM

Union Station and surrounding district,
Denver, CO



Metro Denver FTA Summary of Walkable Urbanism

- Current Rank: #2 of largest 30 metros
- Rental premiums: #2 with 96% premium over the rest of office, retail and MF rental housing
- 99% net absorption (2010-2018)
- Market share shift 128% higher than 2010 base
- For-sale Housing 67% higher
- Social equity rank #8 due to average Hsg & Transp Costs for 80% AMI HH
- GDP per capita #7 (\$66,938), 36% higher than lowest walkable urban metros (\$49,156)