Moving the Needle

How transportation investment decisions can impact long-term economic competitiveness and quality of life in Metropolitan Phoenix

June 2, 2011
ULI Sustainable Transportation and Land Use Forum
How Can the Metro Phoenix Region Benefit From Investing in Transit?

- The potential to increase land and property values near transit;
- Improved access to jobs for household of all incomes;
- Reduced infrastructure costs for cities and counties;
- Reduced transportation costs for residents;
- Improved public health due to increased walking and biking;
- Creation of a sense of community and place.
Fundamentals of Transit and Land Use
The Transit Commute Trip is Critical For Transit Ridership

Work Trips are Less than 20% of Total Trips

Work Trips Fundamental to Transit Ridership (60%)

- By a wide margin, the largest group of transit trips are commute trips
- Commuters are key to transit’s productivity

Source: Pisarski, *Commuting in America*
What Impacts Ridership?

Change in Transit Ridership as a result of Doubling Key Factors

Source: Guerra and Cervero 2011
Some Sectors Are More Likely to be Near Transit Than Others

Transit Zone Capture Rate by Sector Group, 2008
Nationally, Employment Has Become More Dispersed Over the Past 20 Years

Concentrated Employment
Higher Transit Ridership

Dispersed Ridership
Lower Transit Ridership
What About Transit and Residential Real Estate Markets?
But, the Experience of Transit and Property Value Increases is Uneven

WHY?

- Many factors influence the impact of transit on property values:
  - Frequency of Transit Service
  - Transit Connectivity
  - Real Estate Market Conditions
  - Land Uses in the Station Area
  - Ease of Access to the Station (Pedestrian Connectivity, Parking)
  - Disincentives to Driving (Parking Costs, Congestion, High Gas Prices)

Transit is not a market maker, it’s a market enhancer
New Transit Has Spurred Development

Source: LEHD 2008; Center for Transit-Oriented Development 2010
But - The Location of Vacant and “Underutilized” Properties Is Not a Strong Predictor of Development

- **Development**

  - **Residential**
  - **Commercial**

- **Underutilized or Vacant Property**

**Hiawatha Line**

- Minneapolis

**SE Corridor**

- Denver

**Blue Line**

- Charlotte
What Are the Market Trends Driving Demand for Development Near Transit

Almost ½ of All Households are Single People

76 Million Baby Boomers

75-80 Million Millennials

Projected Employment Growth in Knowledge based Sectors

Increasing Gas Prices
Market Momentum For Moving the Needle in Metropolitan Phoenix
60 Percent of HH Growth In Metro Phoenix During the Last 10 Years Has Been in Smaller Households

New Household Growth in Maricopa County by Type, 1990-2009

- 1 and 2-person households: 59%
- 3 person or more households: 41%

Office Based Employment (Knowledge Based Sectors) Comprise a Significant Proportion of the Regional Economy, Which Will Increase by 2030

Employment Forecasts by Sector

Source: Woods and Poole; Maricopa Association of Governments; Strategic Economics 2011
Projected HH Growth Includes A Significant Proportion of Transit “Compatible” HHs

Population Growth by Household Type, Maricopa County 2010 - 2040

- One or Two Person HHs: 64%
- HHs with Three or More Persons: 36%

Population Growth by Age, Maricopa County 2010 - 2040

- Under 18: 20%
- Age 18 - 24: 24%
- Age 25 - 34: 10%
- Age 35 - 54: 13%
- Age 55+: 38%

Source: Woods and Poole; Strategic Economics 2011
As A Result, Potential Residential TOD Demand Will Continue to Increase

TOD Residential Demand Forecast, Maricopa County

Source: Woods and Poole; Strategic Economics 2011
<table>
<thead>
<tr>
<th>Industry</th>
<th>Additional Demand in TOD Supportive Industries 2010-2040 (sq. ft.)</th>
<th>Existing Office Inventory, 2010. (sq. ft.)</th>
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</thead>
<tbody>
<tr>
<td>Knowledge-based</td>
<td>75,800,500</td>
<td>67,790,040</td>
</tr>
<tr>
<td>Entertainment</td>
<td>51,315,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>127,115,500</td>
<td>n/a</td>
</tr>
</tbody>
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Source: Woods and Poole; Grubb and Ellis Market Trends, Fourth Quarter 2010; Strategic Economics 2011
Moving the Needle by Linking Employment and Housing
The Core and East Valley Represent the Region’s Most Significant Employment Concentrations

Core Employment and Emerging Clusters in East Valley Have 425,000 Jobs (30 percent of the Region)
These Areas Also Include Considerable Income Diversity
Conclusions
Conclusions

• The Phoenix Region’s Population and Economic Structure Will Become Increasingly Supportive on Transit Oriented Development
• Changing Preferences for Both Employers and Younger Households Also Reinforce This Demand
• Proximity to Employment Centers Drives Demand for Dense Housing
• Maintaining Dense Employment “Clusters” Will Be Key To Creating Viable Transit Lines
• Place Making and Pedestrian Connectivity Are Also Critical To Successful TOD and Transit Ridership
Next Steps For The Study

- Strategies for Sustainable Transportation and Land Use
- Completed Regional Market Analysis
- Regional Transportation and Land Use Scenarios, including TOD “place types”