



# RECOVERY MODE -- MARKET AND ECONOMIC CONTEXT FOR THINKING ABOUT LIVABLE COMMUNITIES

## COMMUNITY BUILDERS 2012

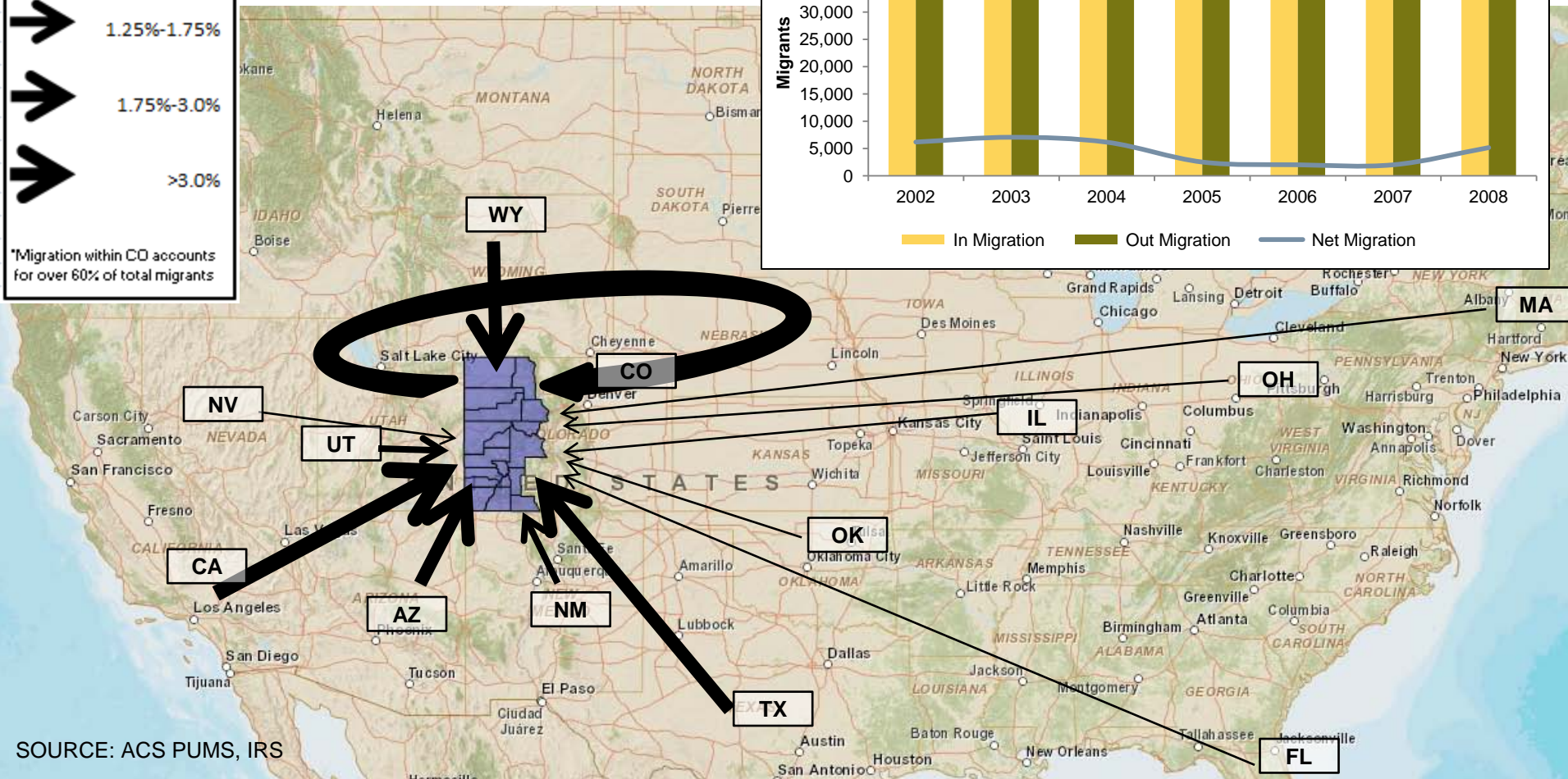
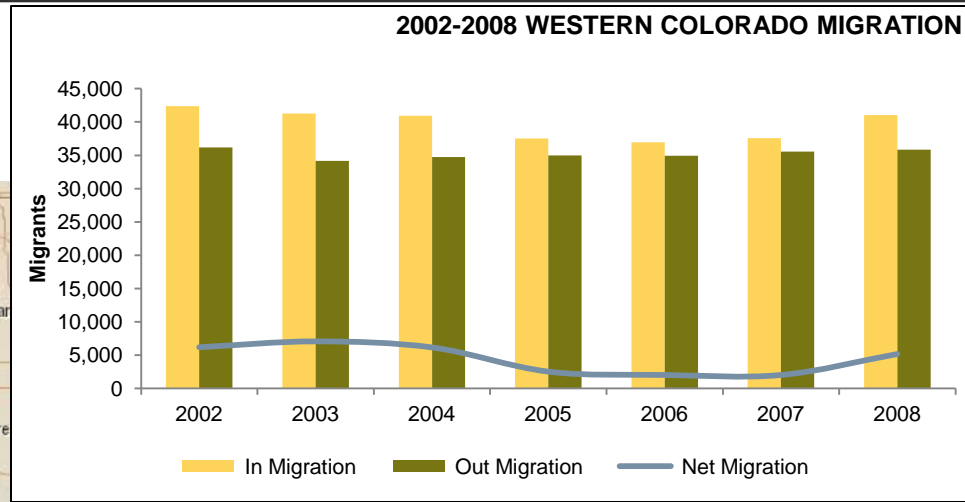
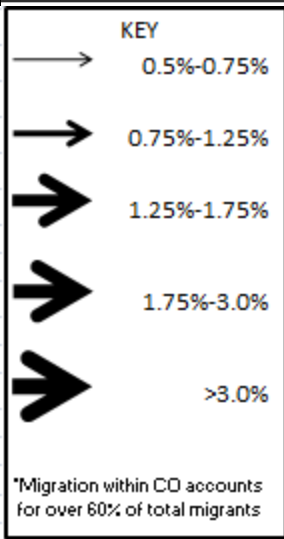
Adam Ducker | [aducker@rclco.com](mailto:aducker@rclco.com) | October 25, 2012



# A FRAMEWORK FOR THINKING ABOUT GROWTH EMBRACING “ALTERNATIVES” IN WESTERN COLORADO

- Work Environments
- Energy Economies
- Mixes of People
- Regionalism
- Place Character

# STRONG MIGRATION PATTERNS PRIMARILY FROM SUNBELT STATES

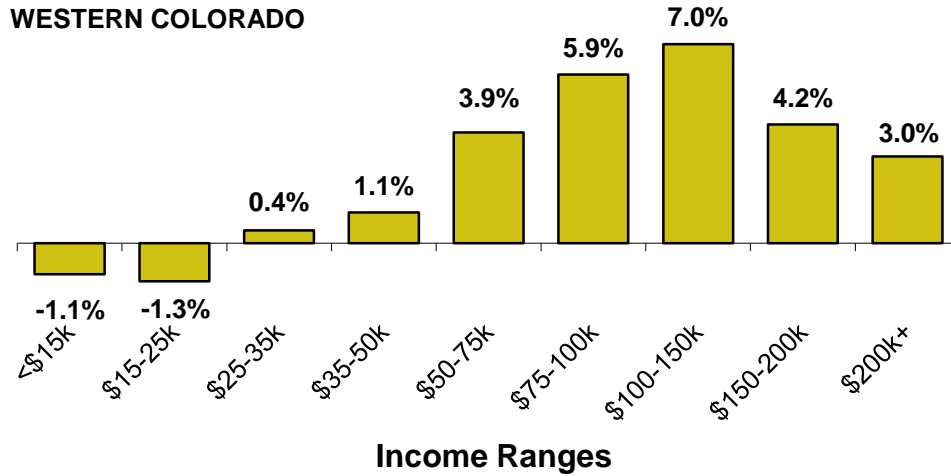


SOURCE: ACS PUMS, IRS

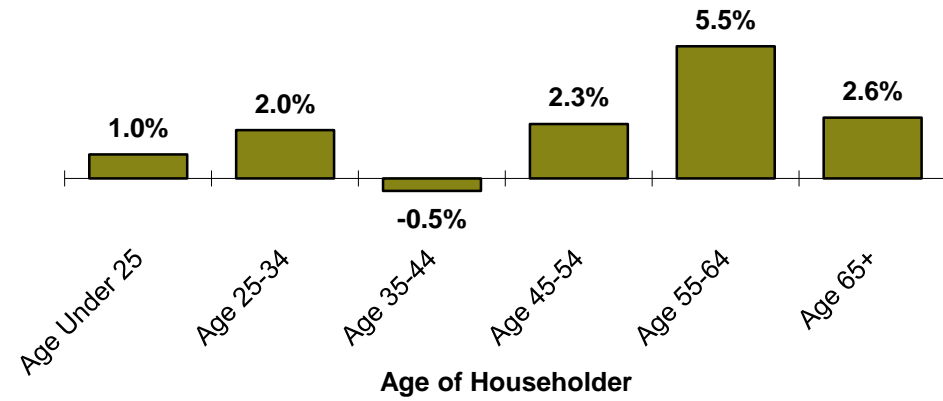
# HEALTHY DEMOGRAPHIC EVOLUTION

## AGING, BUT ALSO GROWING IN WEALTH AND WORKFORCE

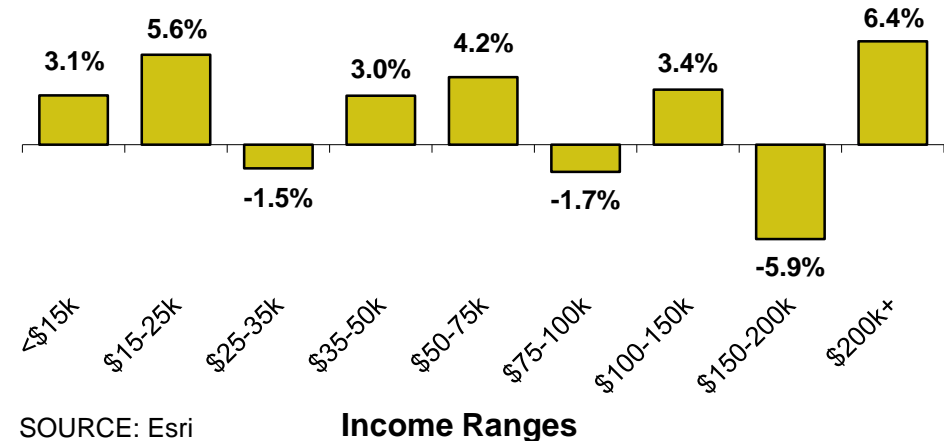
ANN. CHANGE IN HHs BY INCOME  
2000-2010  
WESTERN COLORADO



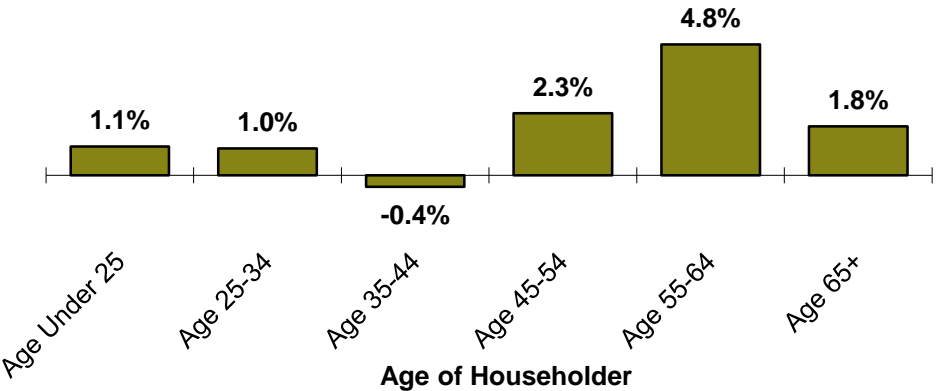
ANN. CHANGE IN HHs BY AGE  
2000-2010  
WESTERN COLORADO



ANN. CHANGE IN HHs BY INCOME  
2000-2010  
WESTERN USA



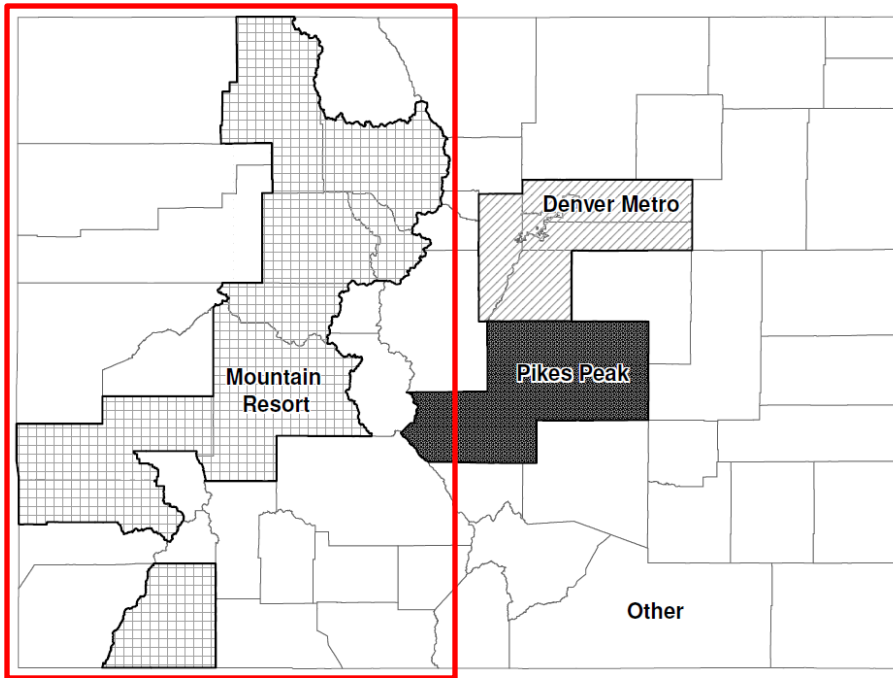
ANN. CHANGE IN HHs BY AGE  
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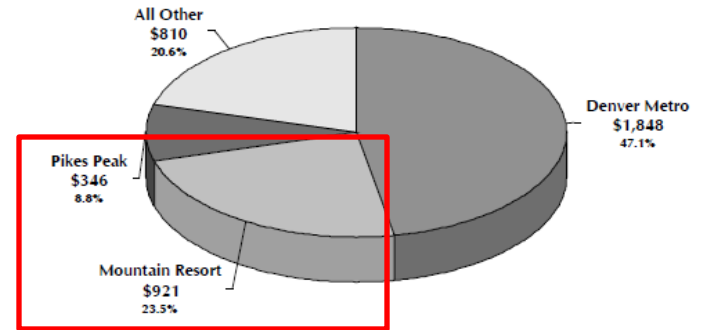
SOURCE: Esri

# TOURISM AS A SEED INDUSTRY

## 12% OF REGIONAL ECONOMY, BUT GATEWAY TO GROWTH

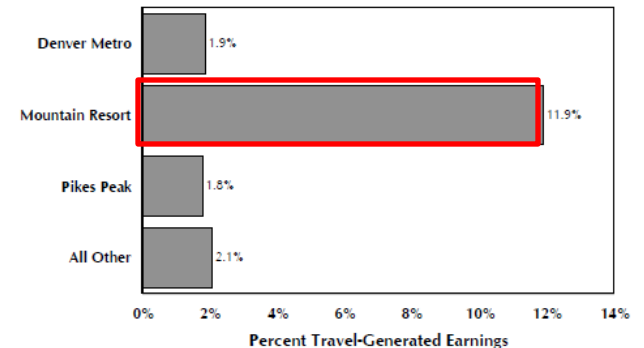


Overnight Visitor-Generated Earnings by Region, 2010  
(Millions)



Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics and U.S. Bureau of Economic Analysis.

Overnight Visitor-Generated Earnings as a percentage of Total Earnings by Region, 2010



Source: Dean Runyan Associates, U.S. Bureau of Labor Statistics, U.S. Bureau of Economic Analysis.

Mountain Resort Totals (\$Million)	2008	2009	2010
Total Direct Spending	3,015	2,640	2,857
Total Industry Earnings	929	860	860
Total Industry Employment (Ths)	30.1	28.0	27.9
Total Local Tax Revenues	104	90	97
Total State Tax Revenues	76	67	71

SOURCE: Dean Runyan Associates

# AGRIBUSINESS AND CLEAN ENERGY INDUSTRIES

## CHANGING THE CHARACTER OF GROWTH



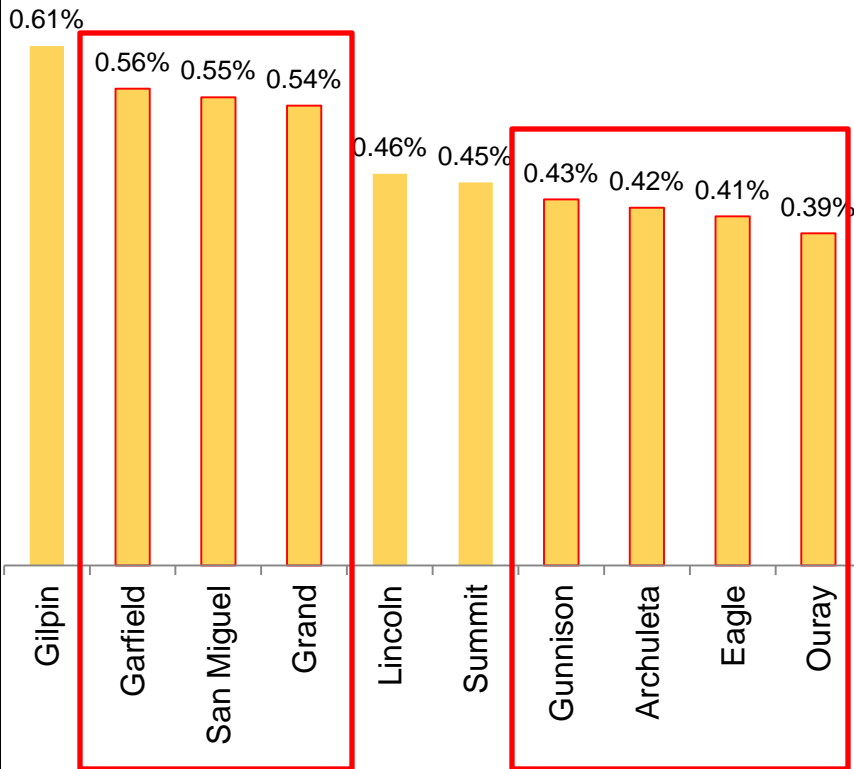
Region	Pop Growth 2000-2010	Jobs/Economy
9.	15%	45% public land and 17% tribal land; largely rural; telecommunications is a high priority
10.	16%	Agribusiness: sweet corn and wine production in Montrose; "boutique" agriculture and ranching; tourism; retiree-related expenditures; clean/green energy segment is growing with many small solar hot water and photovoltaic installers
11.	24%	Agribusiness in Moffat and Rio Blanco; mining (except Routt); manufacturing and business services in Mesa; tourism and the retiree market
12.	20%	Tourism and accommodations; food service; retail; arts, entertainment, and recreation; second home construction

SOURCE: Colorado Planning and Management

# ACKNOWLEDGING ECONOMIC DISTRESS

## W. COLORADO NOT IMMUNE FROM NATIONAL TRENDS

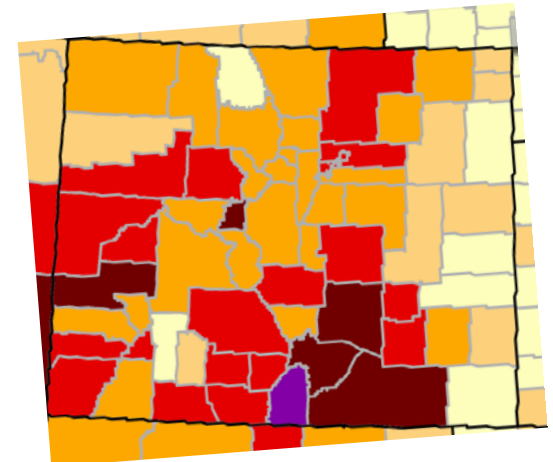
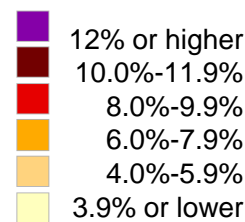
**COLORADO 4Q 2011  
TOP 10 FORECLOSURE RATES**



Western Colorado Counties

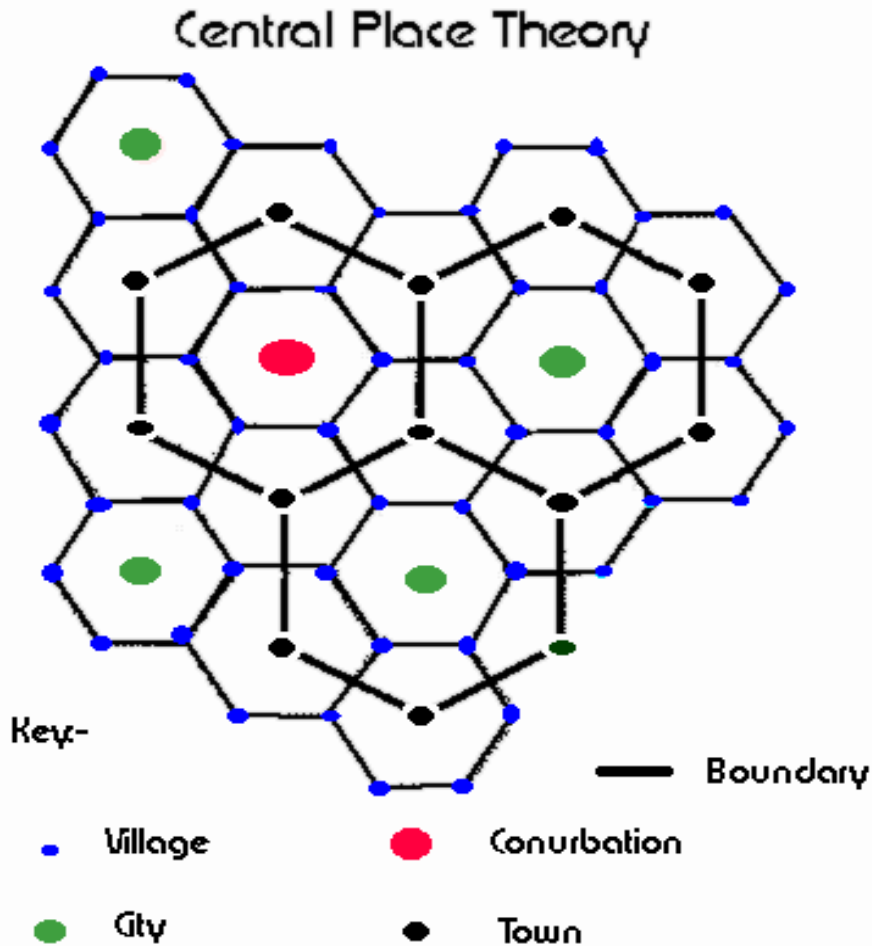
- Natural gas prices are nearing all time lows, affecting many small Western Colorado towns in the Piceance Basin reliant on energy
- Unemployment still above 7.8% statewide average in five counties, including 10.1% in Montrose and 8.8% in Mesa.
- Migration rates slowing 2009-2010
- Home foreclosures rising in Western Colorado (falling elsewhere)
- 7 out of 10 of the top 10 Colorado counties with the highest foreclosure rates are in Western Colorado

**AUGUST 2012 1 YEAR AVG  
UNEMPLOYMENT RATES**



# CENTRAL PLACE THEORY

## HOW CAN IT BE APPLIED TO A MOUNTAIN ENVIRONMENT?



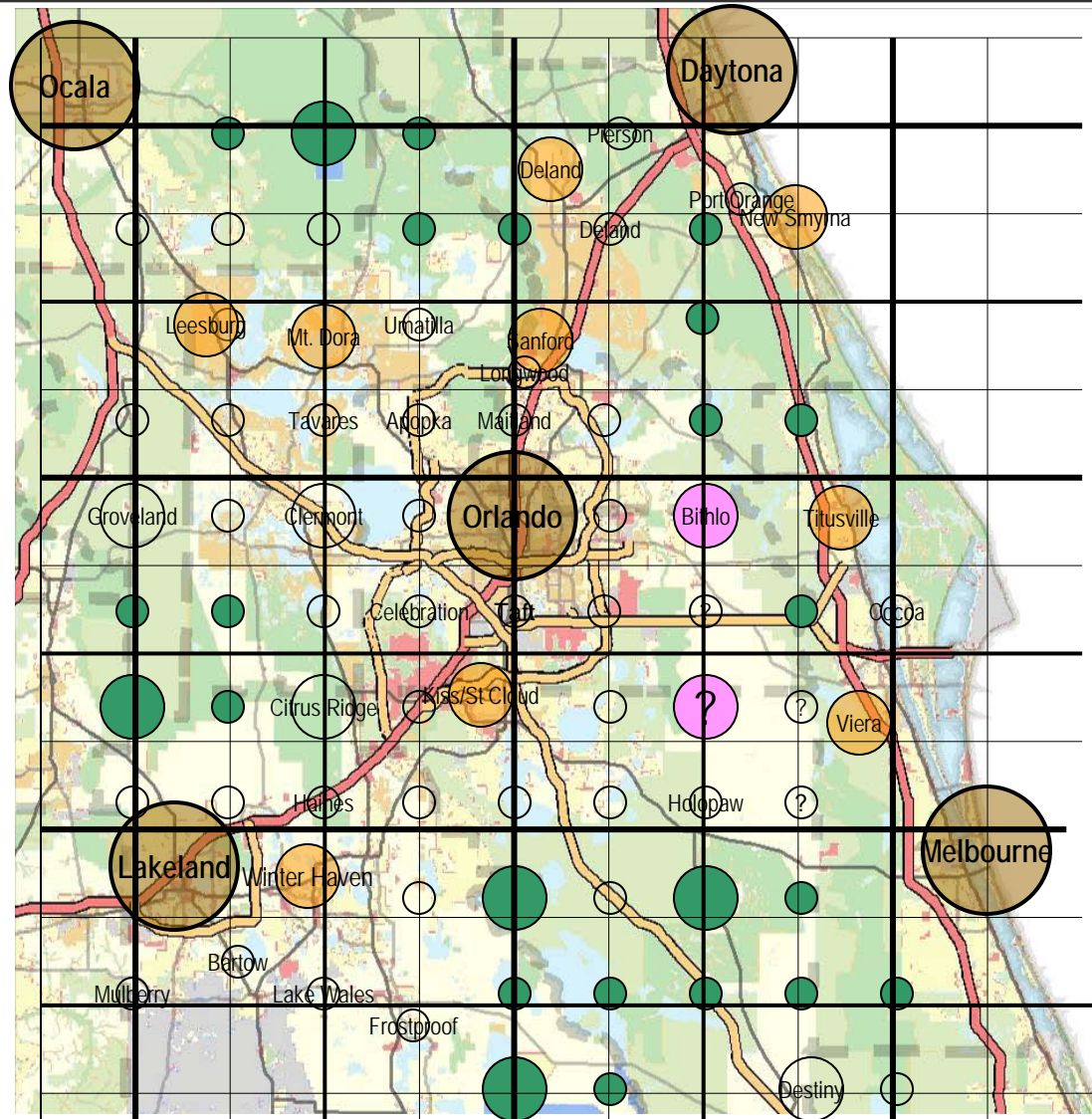
- ▶ There are different hierarchies of centers with different market areas
- ▶ Centers are regularly spaced
- ▶ Centers tend to form in a hexagonal pattern, the most efficient pattern for travel between centers



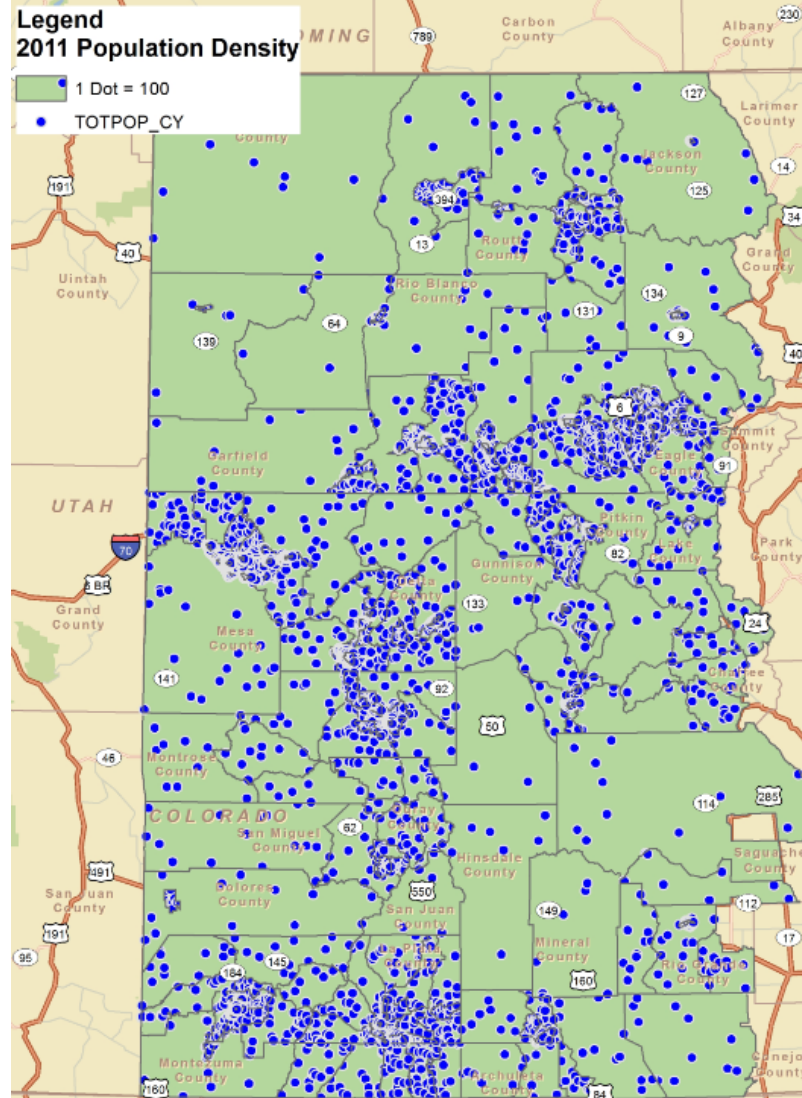
# ACTIVITY IN NON-CONSTRAINED LAND AREAS MOSTLY DEFINED BY THE INFRASTRUCTURE NETWORK

The economic crystalline structure of regions shows clearly in the distribution of towns in places like Central Florida

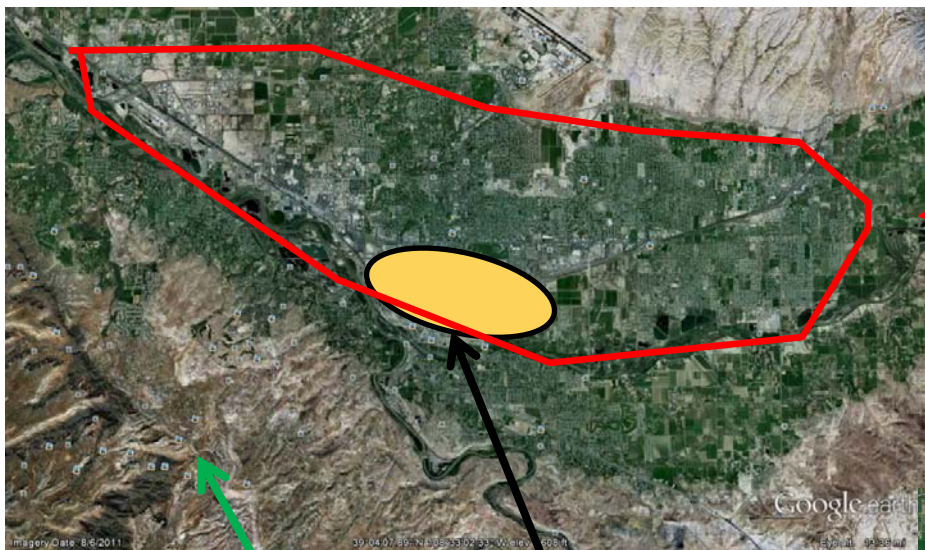
Areas shown in purple are where new centers would be predicted, based on the historical spatial pattern



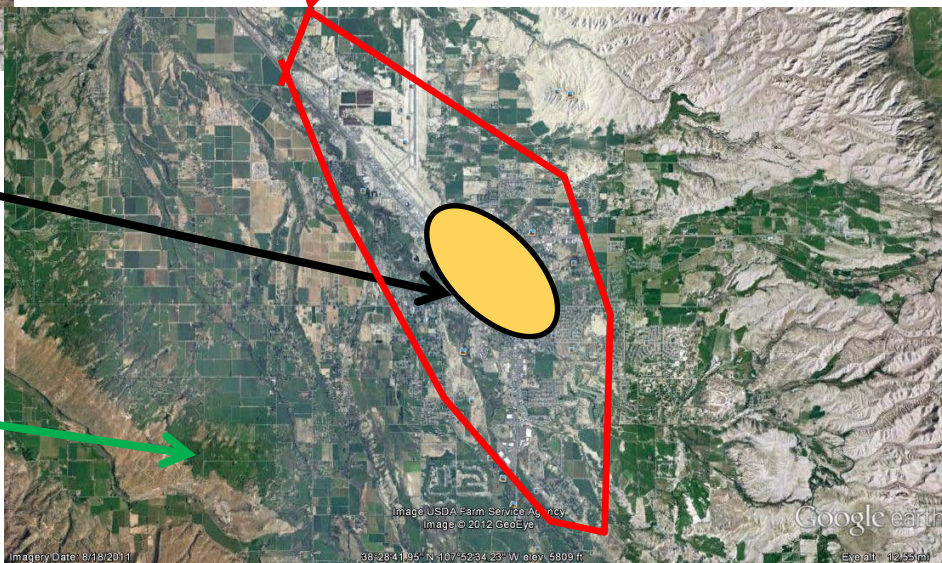
# WESTERN COLORADO SETTLEMENT CLUSTERS DEFINED BY GEOGRAPHY... BUT STILL NEEDS HEIRARCHY



# WESTERN COLORADOS UNFORTUNATE REALITY SUBURBAN SPRAWL A LOT LIKE THE REST OF AMERICA



Undifferentiated Low Density Suburban Zone



Strong Urban Cores

Well Preserved Natural/Ag Spaces

# CONTRONTING REALITIES OF SPRAWL REPAIR

## THREE GATEWAY QUESTIONS TO LIVEABLE COMMUNITIES



- ▶ Does the market want it?
- ▶ Who is going to pay for it?
- ▶ Will Wall Street underwrite the deal?

# GETTING AROUND "WALL STREET"



# A CASE STUDY



Existing stabilized asset  
has a discernible value

For this example: \$10M

To use the bank's money to  
control and redevelop the  
asset, the underlying land  
value has to prove to be  
more than \$10M

# EMERGING MARKET REALITIES

## 1/3, 1/3, 1/3 SEGMENTATION

2011

2010

2007

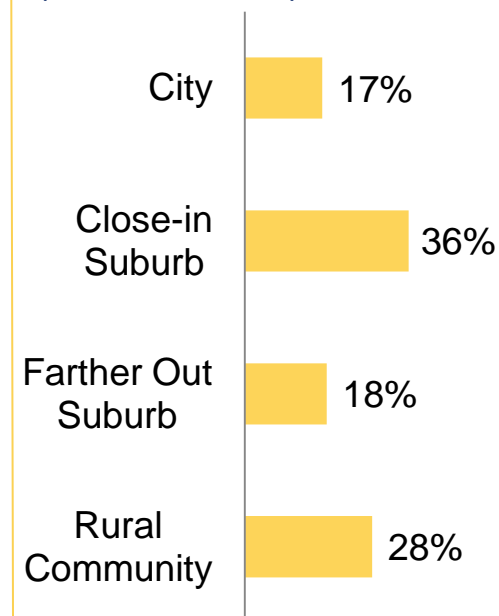
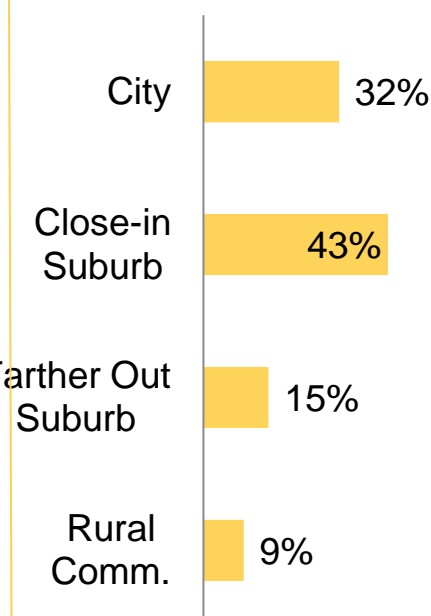
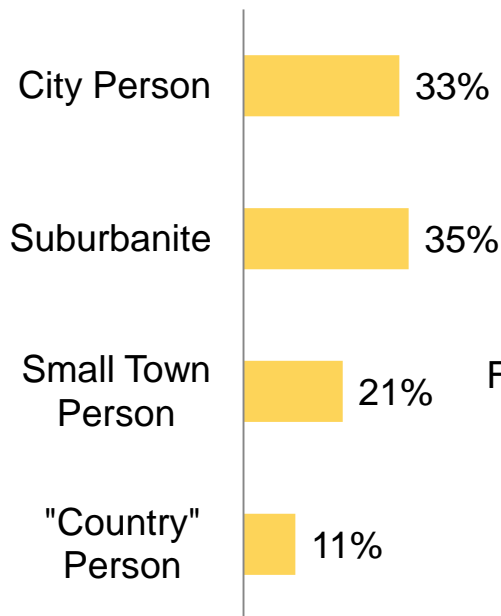
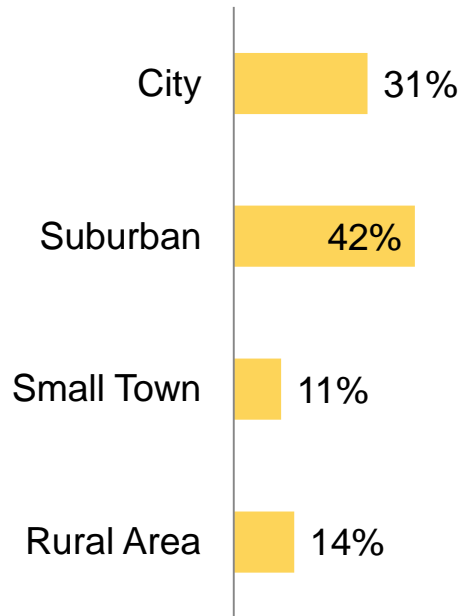
2004

I would choose to live:

I consider myself:

I would choose to live:

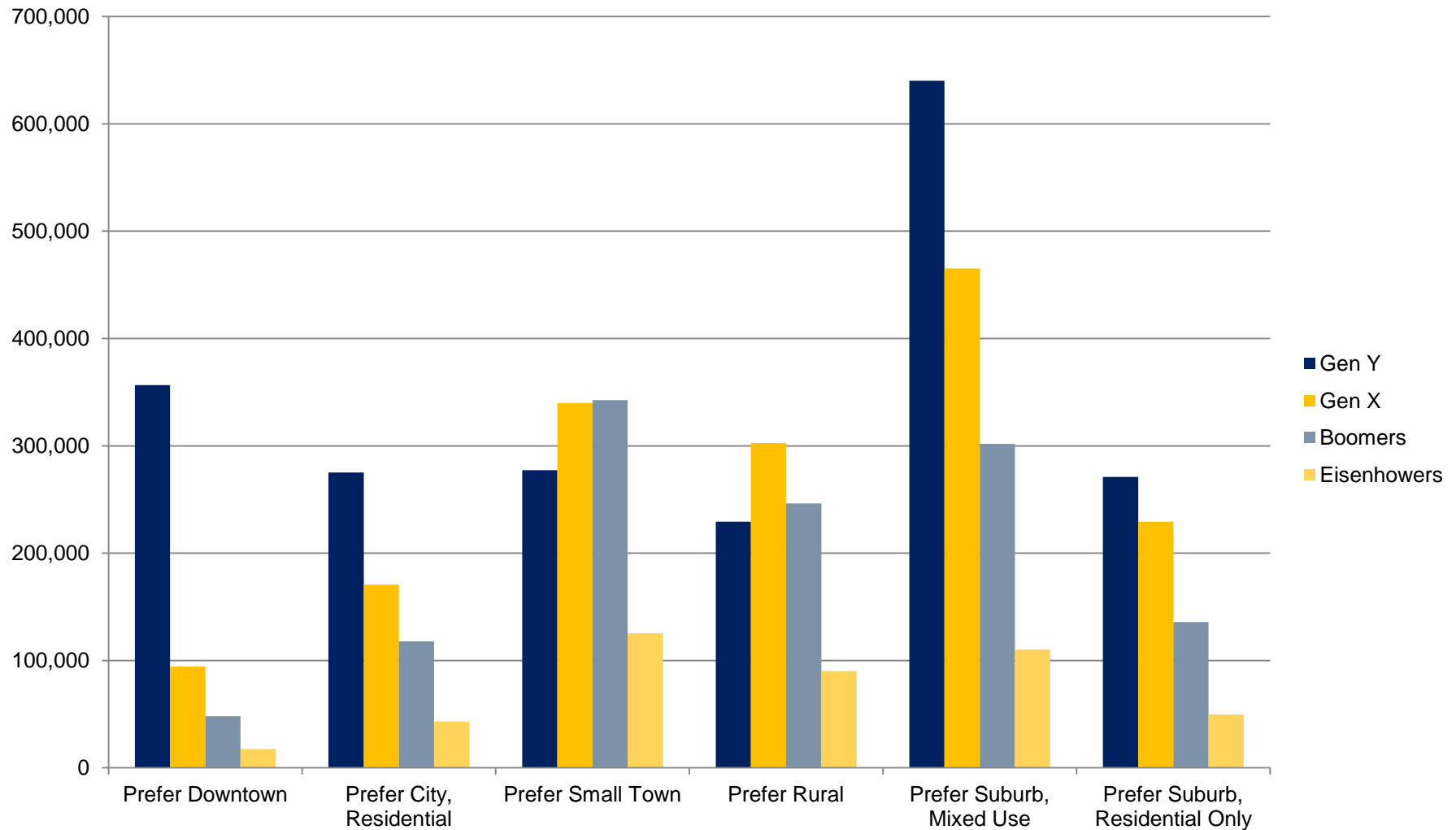
I would choose to live:  
(18-39 Yr Old)



Source: RCLCO Consumer Research, Fall 2007, ULI/Lachman Associates Survey, Summer 2010, 2011 National Community Preference Survey, National Association of Realtors, March 2011, 2004 National Community Preference Survey, National Association of Realtors, October 2004

# HOW BIG IS THE MARKET FOR “LIVEABLE PLACES”?

## EMERGING DESIRE FOR HIGHER DENSITY SUBURBS

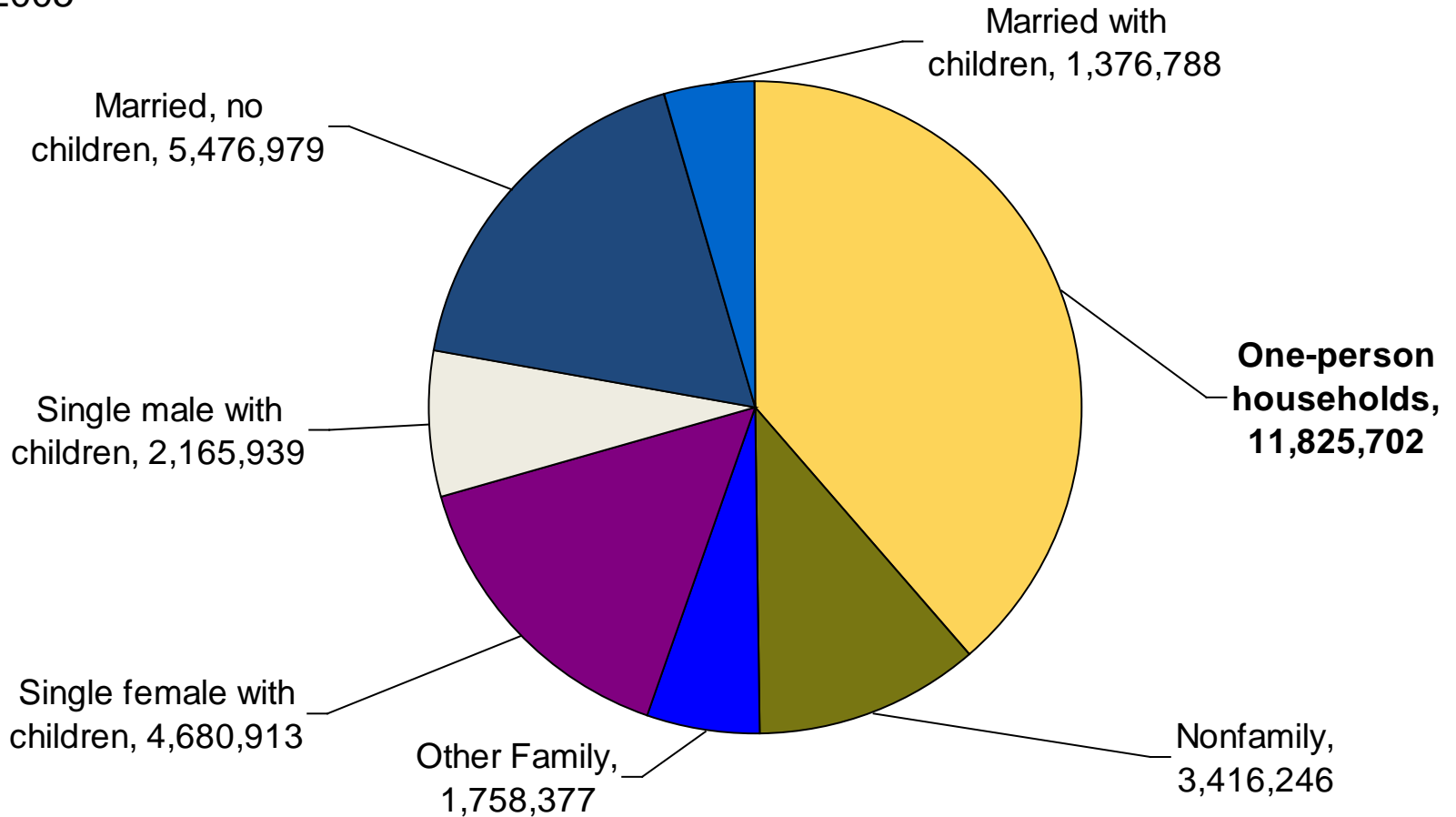




# RESPONDING TO NEW DEMOGRAPHICS

## > 85% GROWTH IN HOUSEHOLDS WITHOUT CHILDREN

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

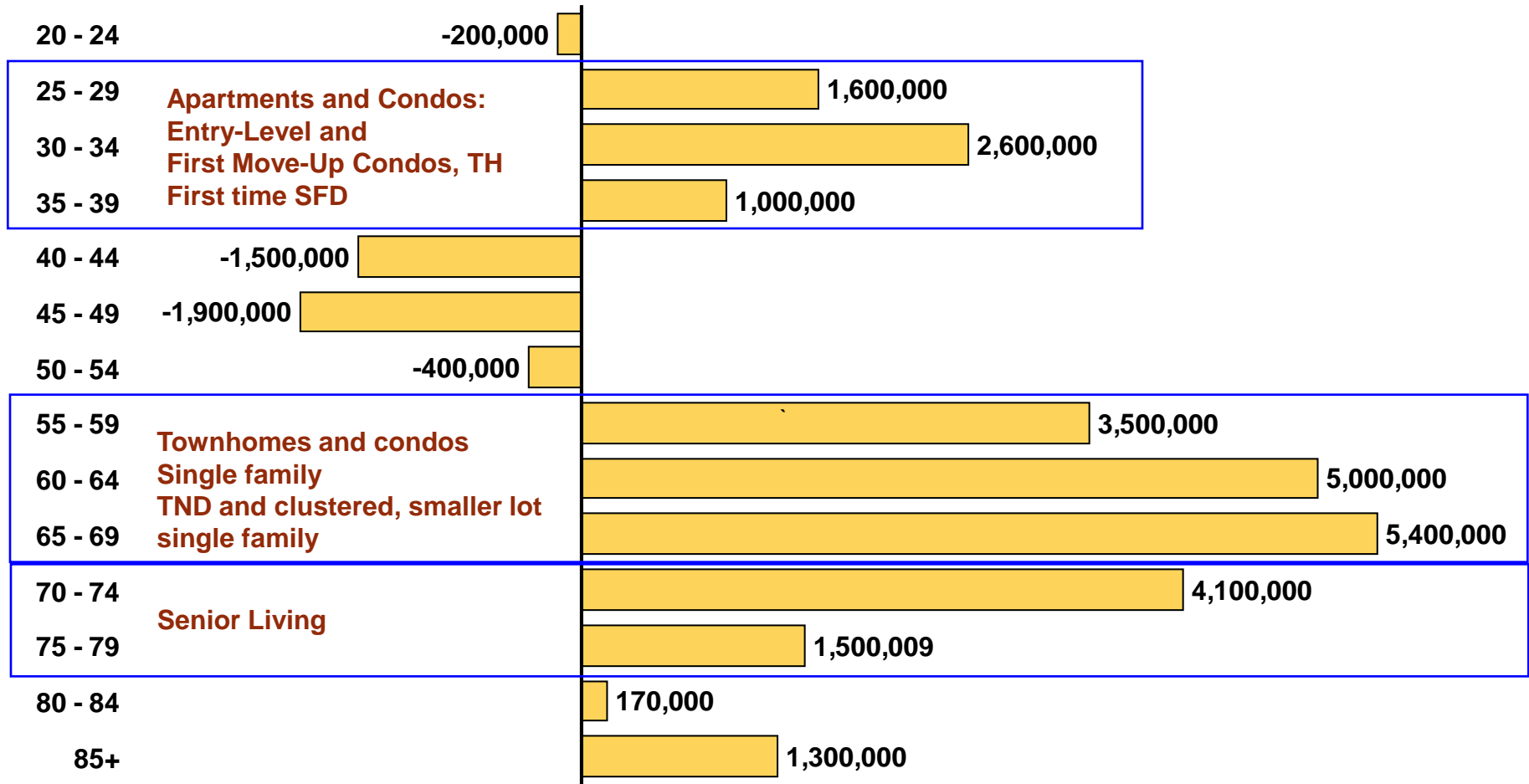


SOURCE: U.S. Census

# DRIVING CHANGING HOUSING DEMAND

## BUILT-IN SHIFT TO HIGHER-DENSITY LIVING

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



SOURCE: U.S. Census Bureau

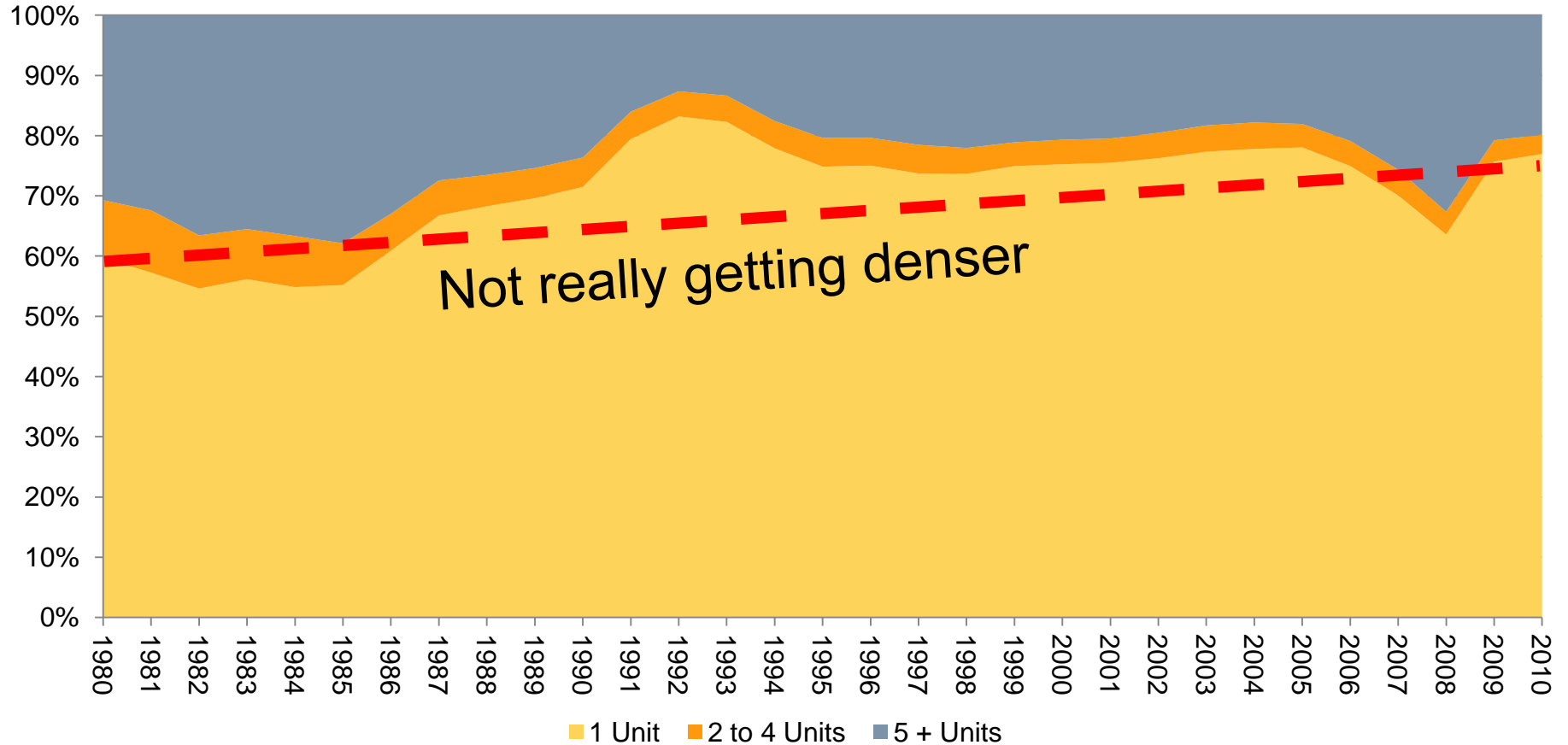
# THE BAD NEWS

## WE ARE NOT REALLY GETTING DENSER... YET

### New Residential Building Permits Issued

United States of America; 1980 to 2010

Source: U.S. Census Bureau

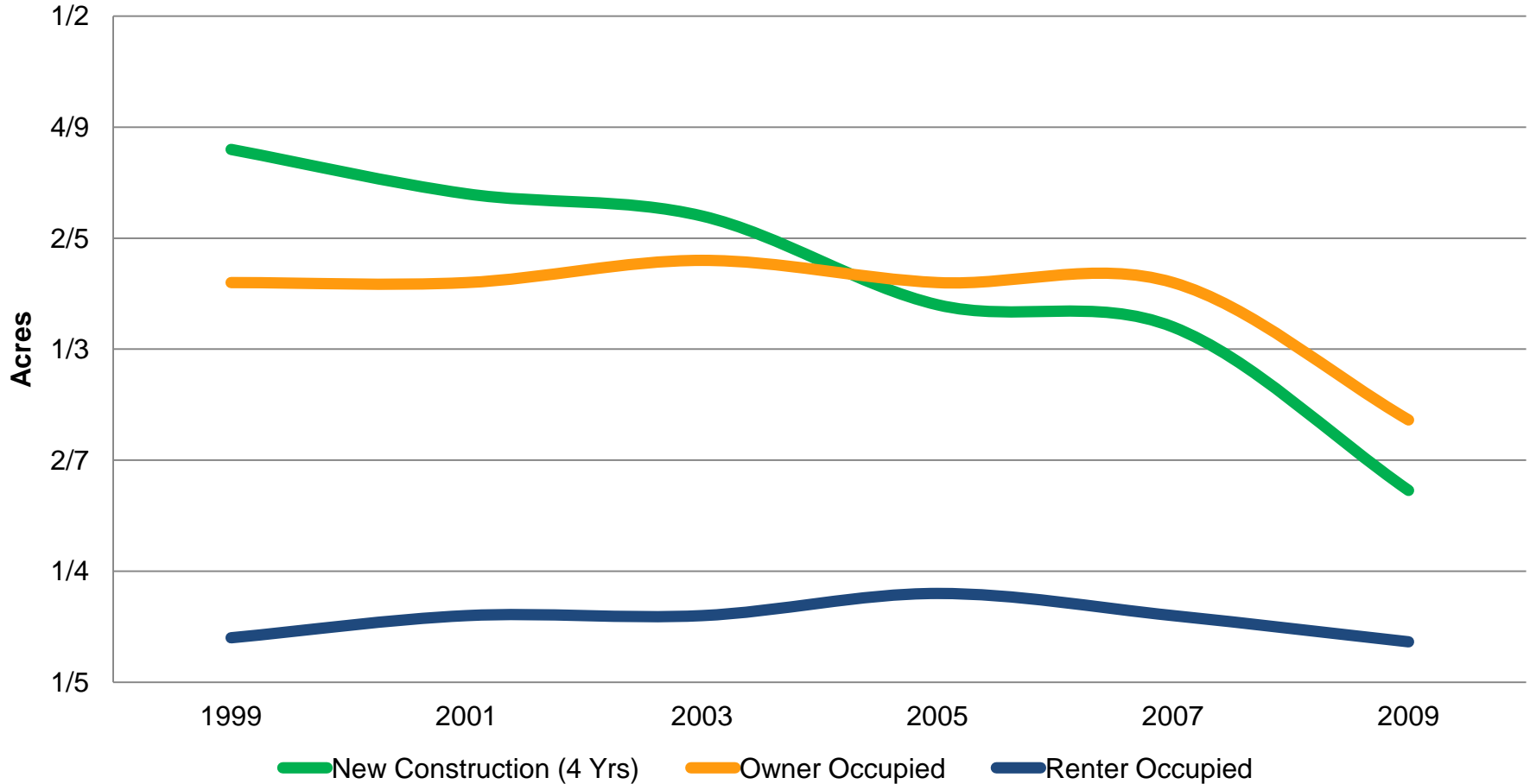


# BUT... LOT SIZES ARE GETTING SMALLER

## Median Lot Size of New Housing Delivered

United States of America; 1999 to 2009

Source: American Housing Survey

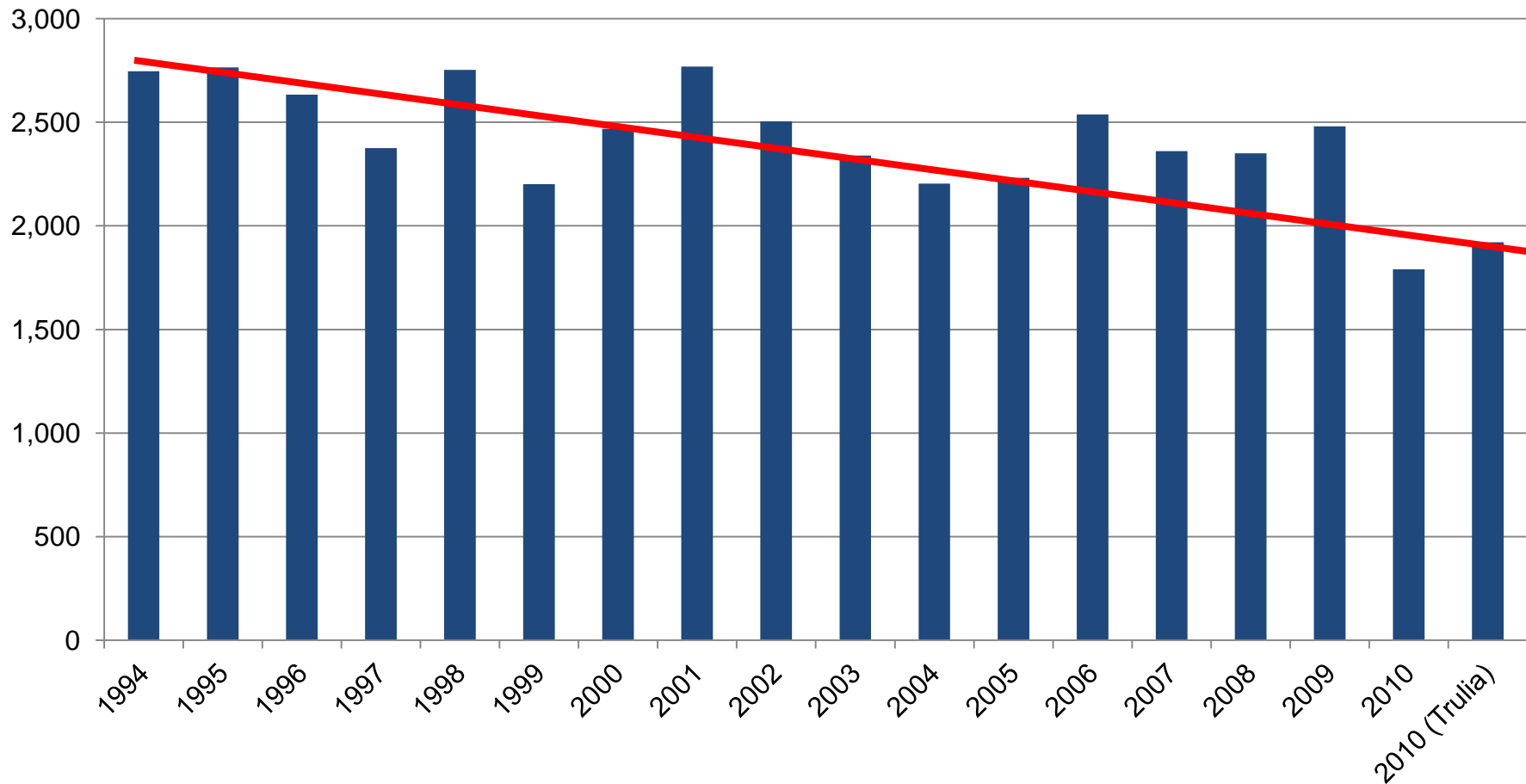


# AND CONSUMER PREFERENCE REALLY IS EVOLVING TOWARD SMALLER HOMES

## Preferred Home Size

United States of America; 1994 to 2010

Source: Trulia-Harris Interactive Survey; July 2010

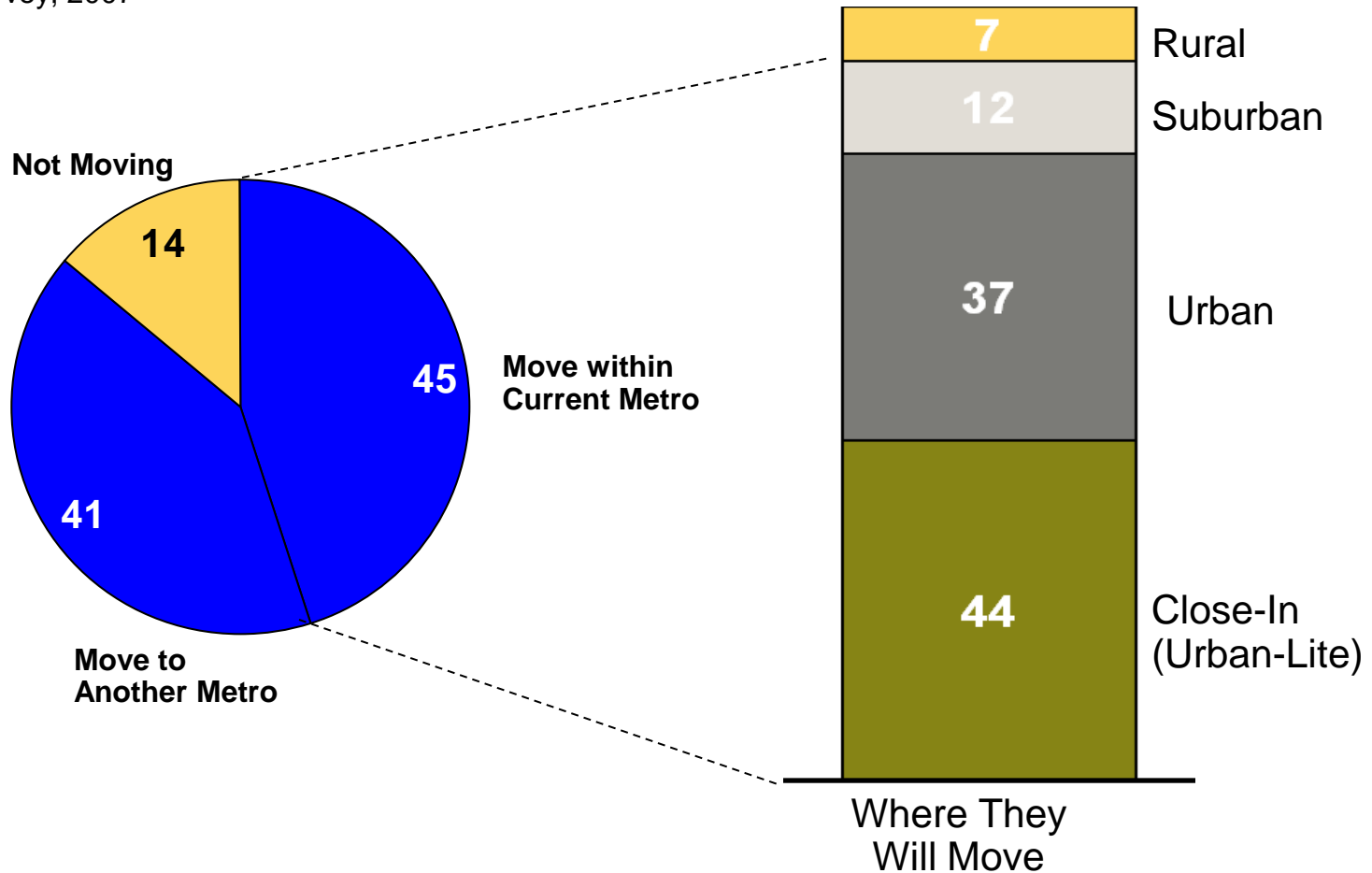


# BUT... "URBAN LITE," OR REPAIRED SUBURBS ARE THEIR MOST PREFERRED DESTINATION

## Desired Residential Context in Next Move; Gen Y Renters

United States of America

Source: RCLCO Survey; 2007



# GEN Y CONSUMER STILL LARGELY INTERESTED IN SINGLE-FAMILY HOUSING

## Gen Y Stated Product Type Preference

United States of America

Source: RCLCO Survey 2007; ULI/Lachman Survey 2010; NAR Consumer Preference Study 2011

	Fall 2007 “Home Type Likely to Choose”	Summer 2010 “Anticipated Housing in 2015”	March 2011 “Home Type Preference”
Apartment/Condo	12%	25%	15%
Rowhouse/ Townhome	12%	6%	6%
Single-Family	70%	64%	74%
Other	5%	5%	n/a

# TRADE-OFF QUESTIONS

## Interest in Walkable Neighborhoods

United States of America

Source: Surface Transport Policy Project Survey 2003

VIEWPOINT	PERCENT RESPONDENTS WHO AGREED
<u>Would like to walk more than they do</u>	55%
Would like to <u>run errands on foot</u> , walk to stores	63%
Walking is too inconvenient and <u>things are too far away</u>	61%
<u>Presence of sidewalks</u> and other places to walk and exercise are important in deciding where to live	79%

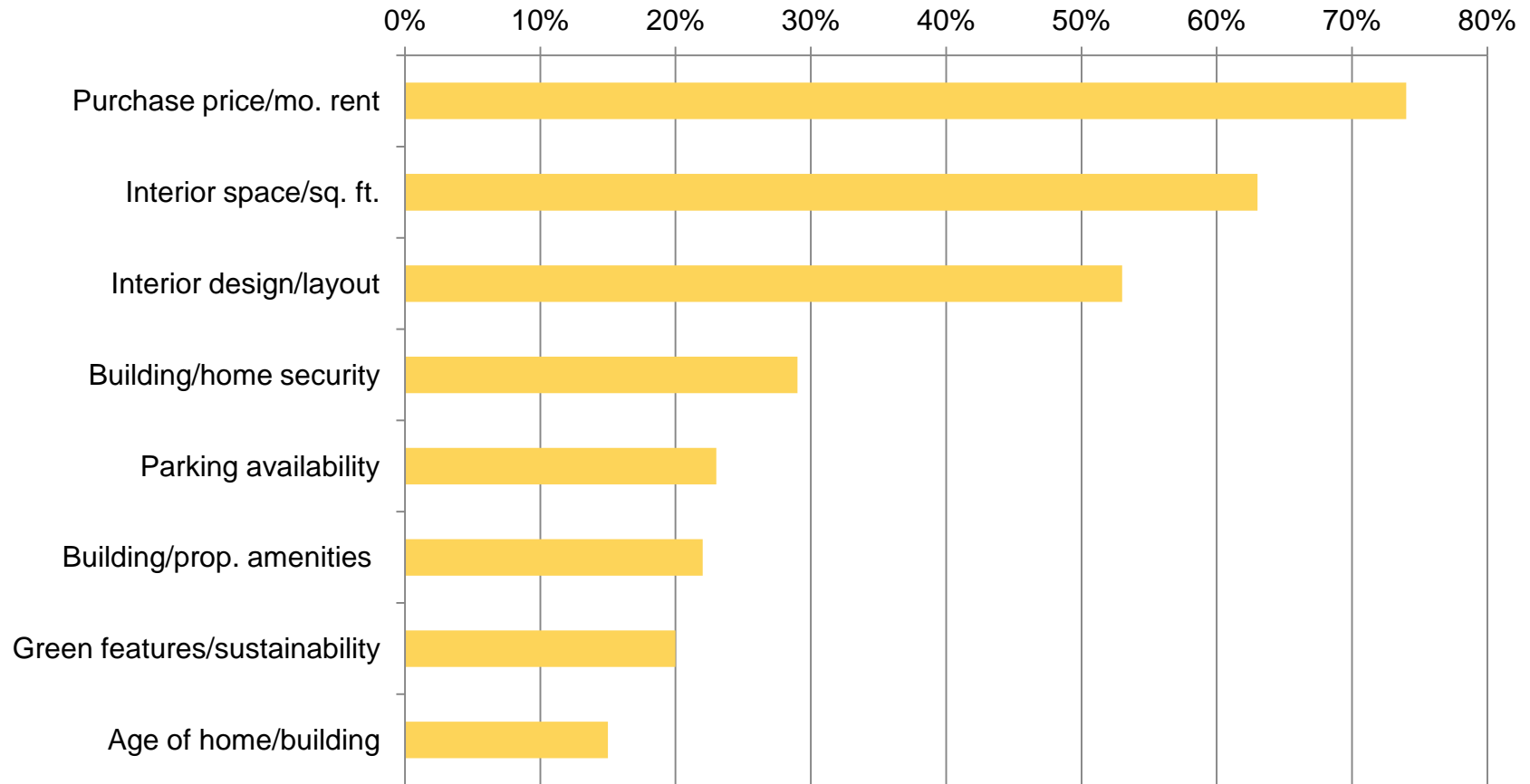


# LET'S NOT KID OURSELVES, CONSUMERS ARE STILL MOVITVATE BY PRICE AND SIZE

## Key Housing Market Decision Factors (Top 3 Factors)

United States of America

Source: ULI/Lachman Associates Survey, Summer 2010

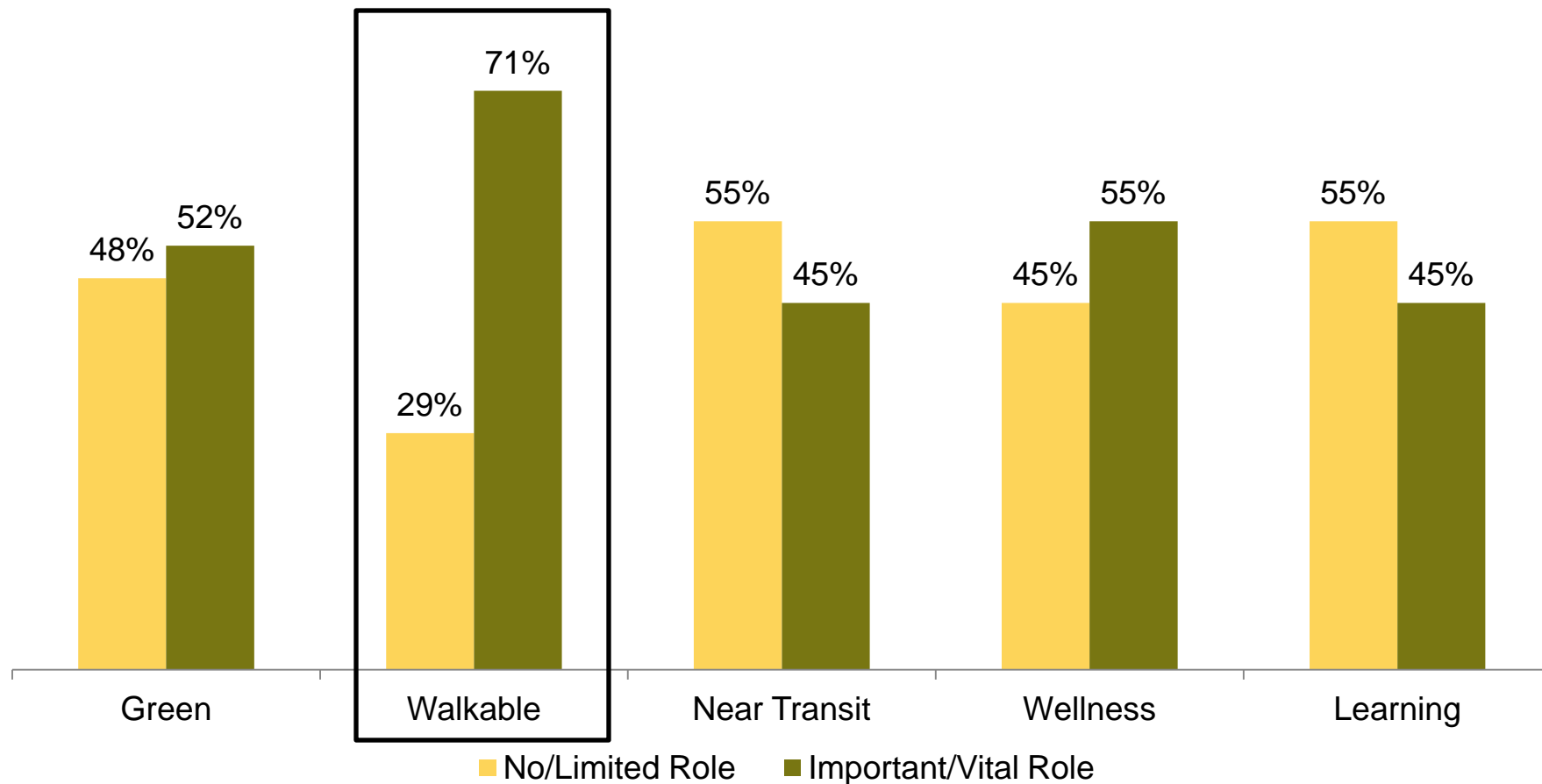


# BUT, WALKABLE IS NOW THE MOST IMPORTANT COMMUNITY FEATURE TO GEN Y

## Key Housing Market Decision Factors

United States of America

Source: ULI/Lachman Associates Survey, Summer 2010



Source: RCLCO Consumer Research, Fall 2007

# WALKSCORE.COM IS NOW ACTUALLY A WALL STREET UNDERWRITING TOOL

Cities & Neighborhoods | Why It Matters | How It Works | Add Walk Score to Your Site | Blog

Follow us:

Type an Address:

**Walk Score**  
**82**  
Out of 100  
**Very Walkable**  
8009 Park Ln Bethesda

[Overview](#) [More Amenities](#) [Your Commute](#)

**Restaurants**

Le Vieux Logis 0.21mi

**Coffee**

Starbucks 0.45mi

**Groceries**

Lilit Cafe 0.21mi

**Shopping**

Nikaia Inc 0.17mi

**Schools**

Bethesda Elementary 0.39mi

**Parks**

Veterans Park 0.45mi

**Books**

Big Planet Comics 0.42mi

**Bars**

Satsuma 0.31mi

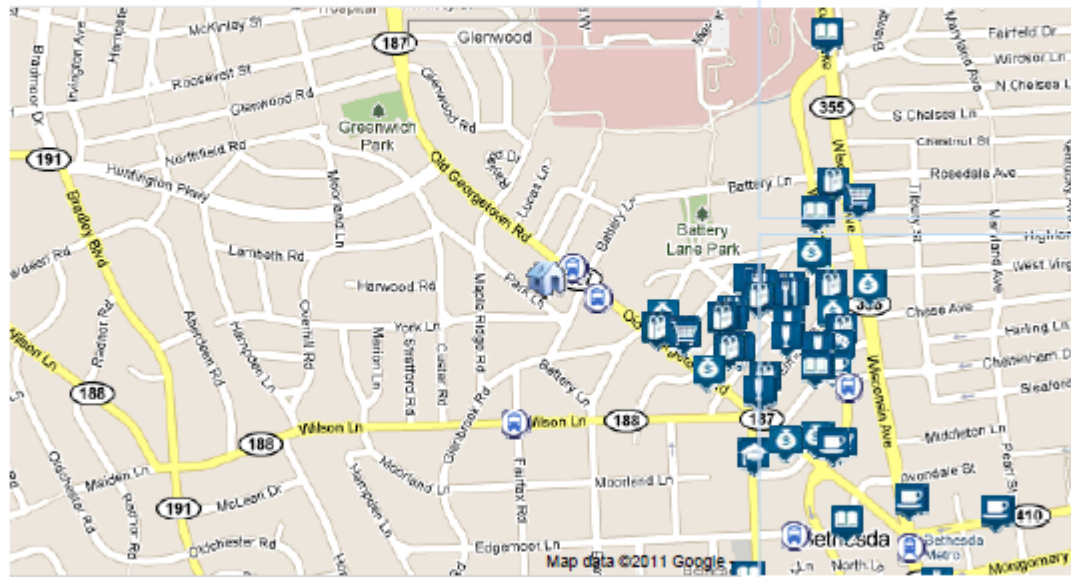
**Entertainment**

United Artists Beth 0.77mi

**Banking**

Associated Investme 0.17mi

[View more amenities](#)



**Public Transportation**

.66 mi - Red	.08 mi - 30 Route 31	.08 mi - 34 Route 34
.08 mi - 47 Route 47	.08 mi - 70 Route 71	.08 mi - J9

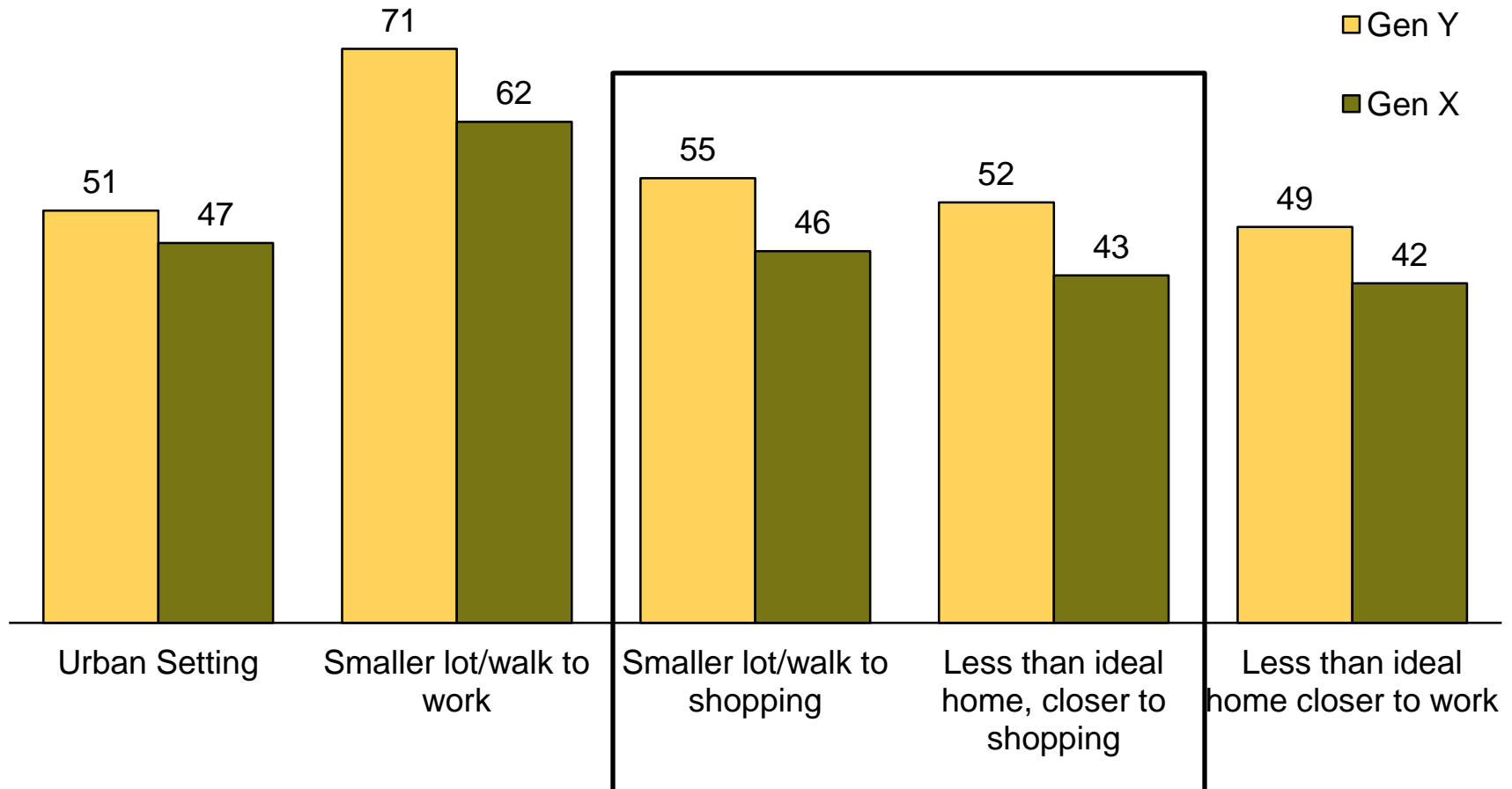
[About transit data](#)

# NEW CUSTOMER WILL TRADE LOT SIZE AND HOME FACTORS TO BE NEAR SHOPPING

## Key Housing Market Trade-Off Priorities

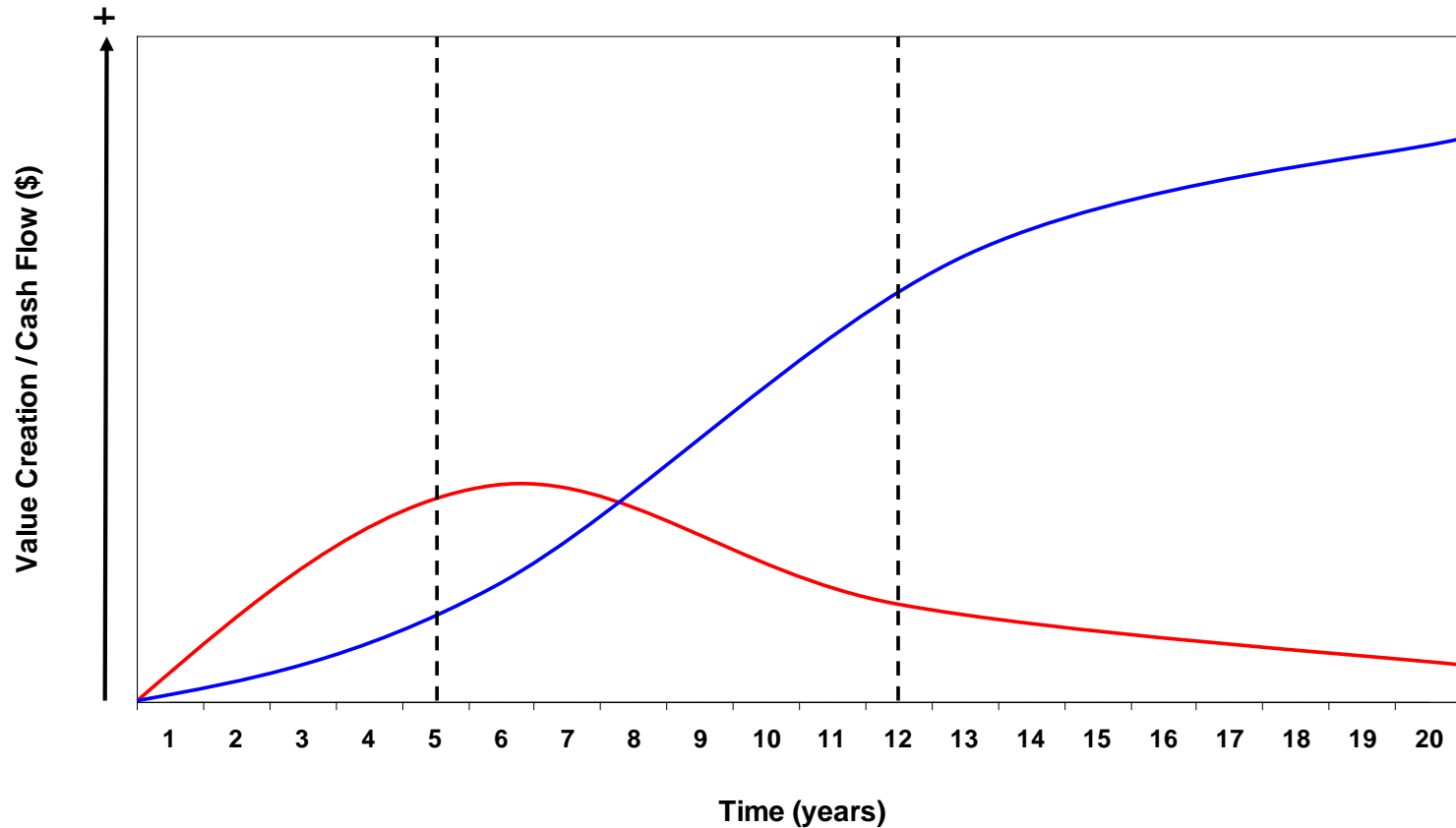
United States of America

Source: RCLCO Consumer Research 2007



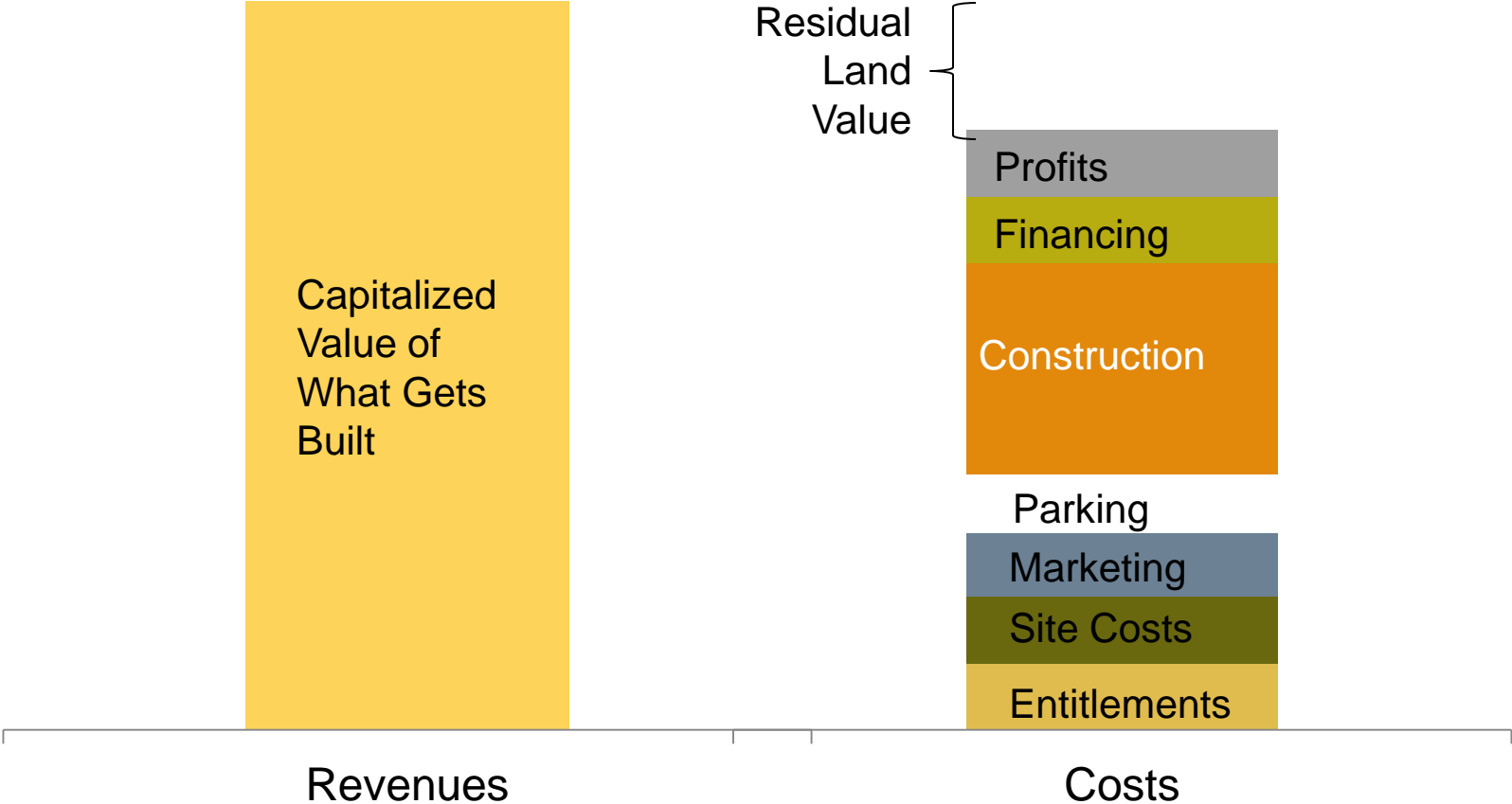
# RESULT = GREATER LONG-TERM VALUE

Financial Characteristics of Mixed-Use Areas with Critical Mass (Blue)  
versus traditional Suburban Development (Red)

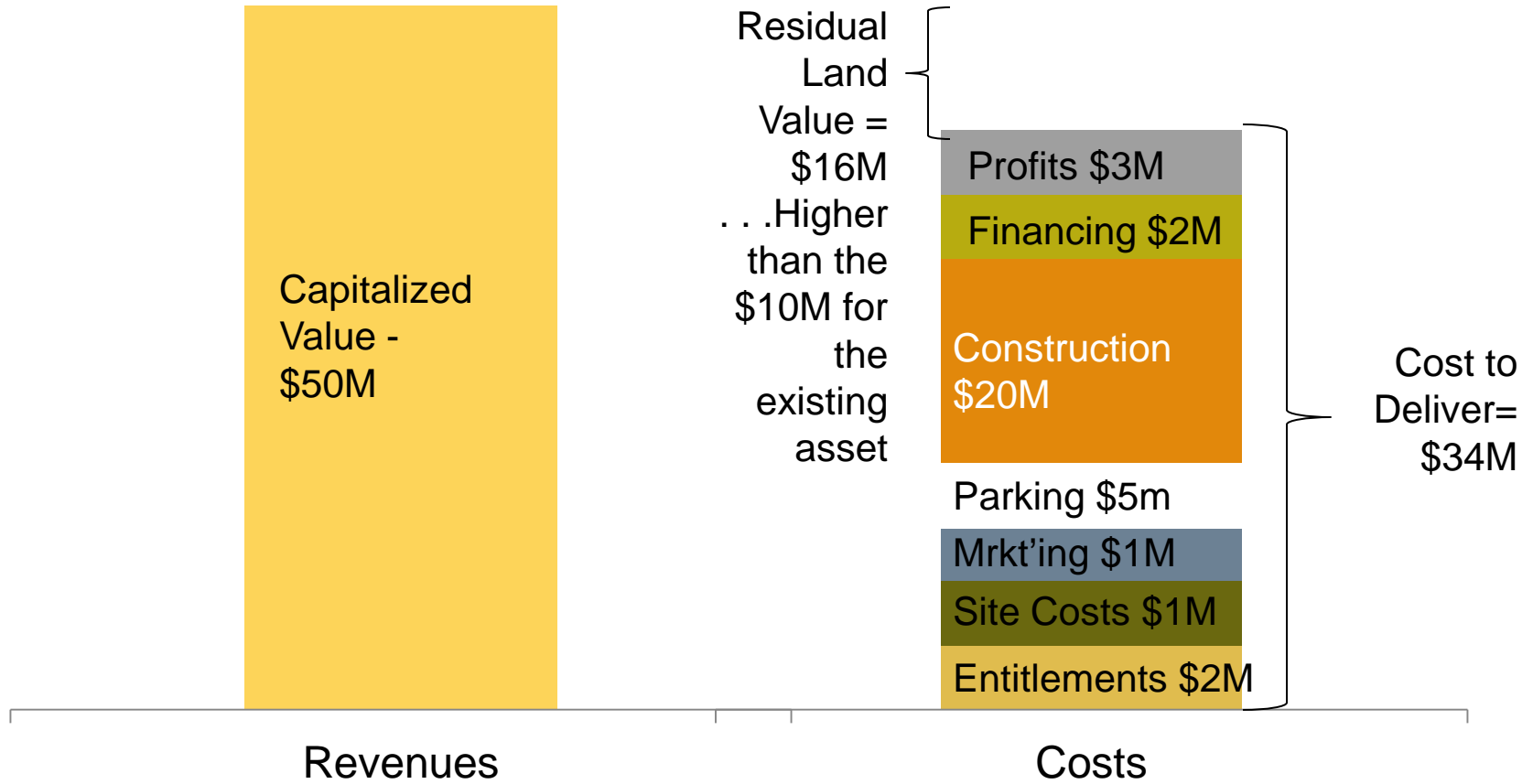


SOURCE: The Brookings Institution

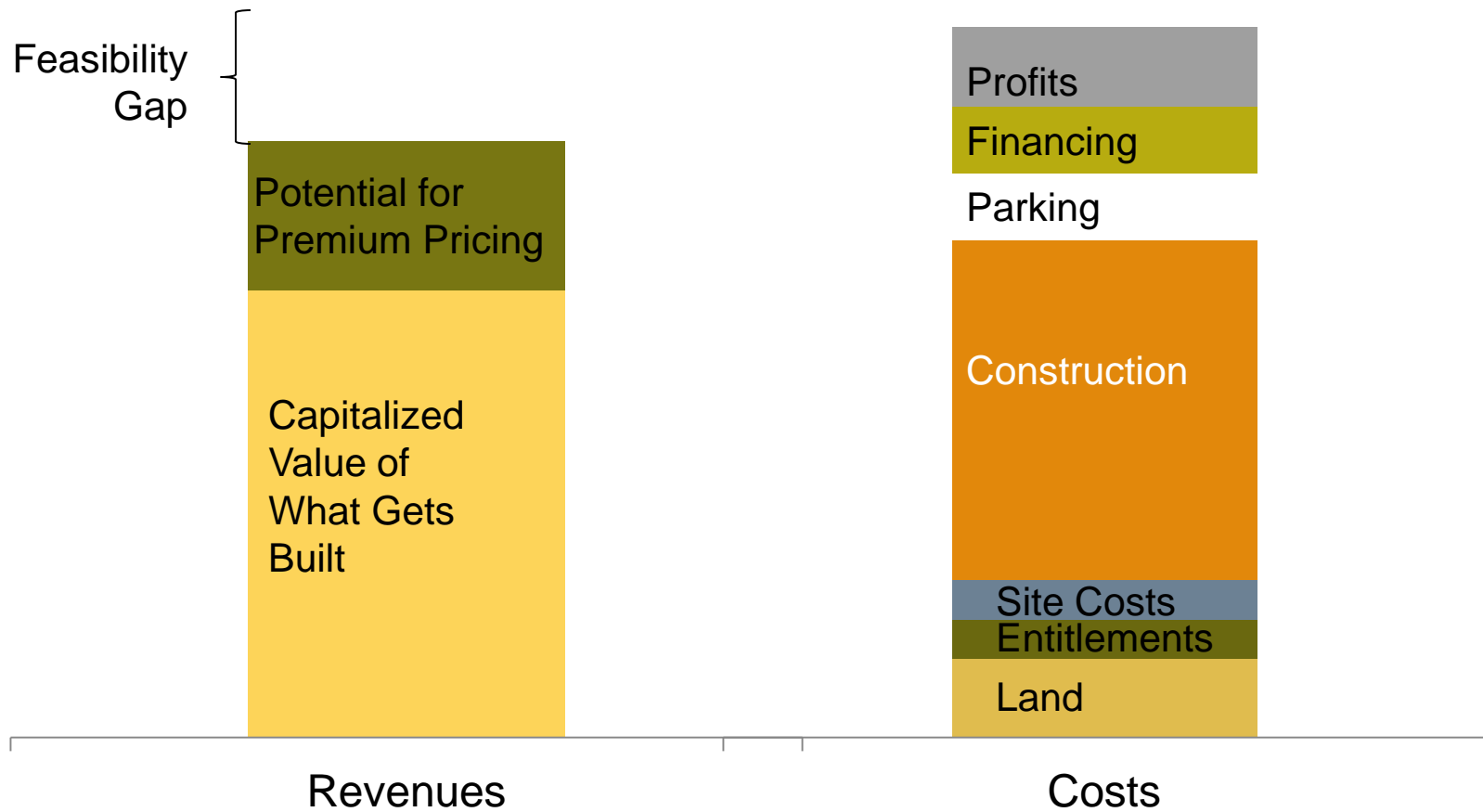
# RESIDUAL LAND VALUE - CONCEPTUAL



# RESIDUAL LAND VALUE – HYPOTHETICAL (IDEAL)



# IN REALITY, PROJECTS OFTEN LOOK LIKE THIS





# THERE ARE TWO FACTORS WITHIN OUR CONTROL FOR THIS AUDIENCE TO FOCUSING ON

How real is it?  
How can we prove it?  
Can Wall St underwrite it?

