


The WalkUP Wake-Up Call: New York

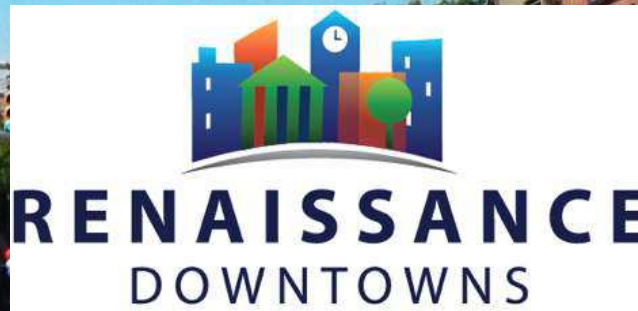
Center for Real Estate
and Urban Analysis
THE GEORGE WASHINGTON UNIVERSITY

 Regional Plan Association

April 5, 2017

Don Monti

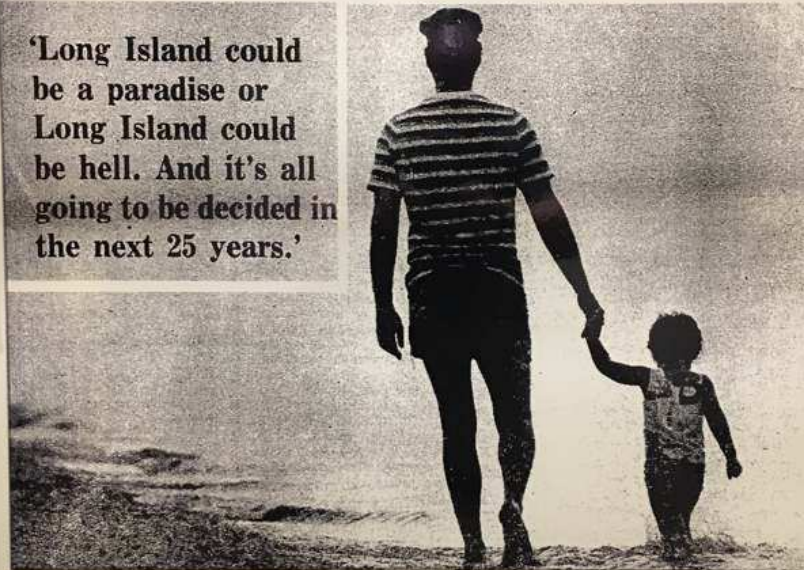
CEO
Renaissance Downtowns



NEWSDAY 1978:
AT THE CROSSROADS

Long Island
At The
CROSSROADS

'Long Island could
be a paradise or
Long Island could
be hell. And it's all
going to be decided in
the next 25 years.'



"SOARING PROPERTY TAXES. LACK OF
AFFORDABLE HOUSING. BALKANIZED
& EXPENSIVE LAYERS OF GOVERNMENT"

SOUND FAMILIAR?

CROSSROADS

'Long Island could be a paradise or Long Island could be hell. And it's all going to be decided in the next 25 years.'





Scott Rechler

CEO & Chairman

RXR Realty





Christopher B. Leinberger

Chair
GWU Center for Real Estate & Urban Analysis

Center for Real Estate
and Urban Analysis

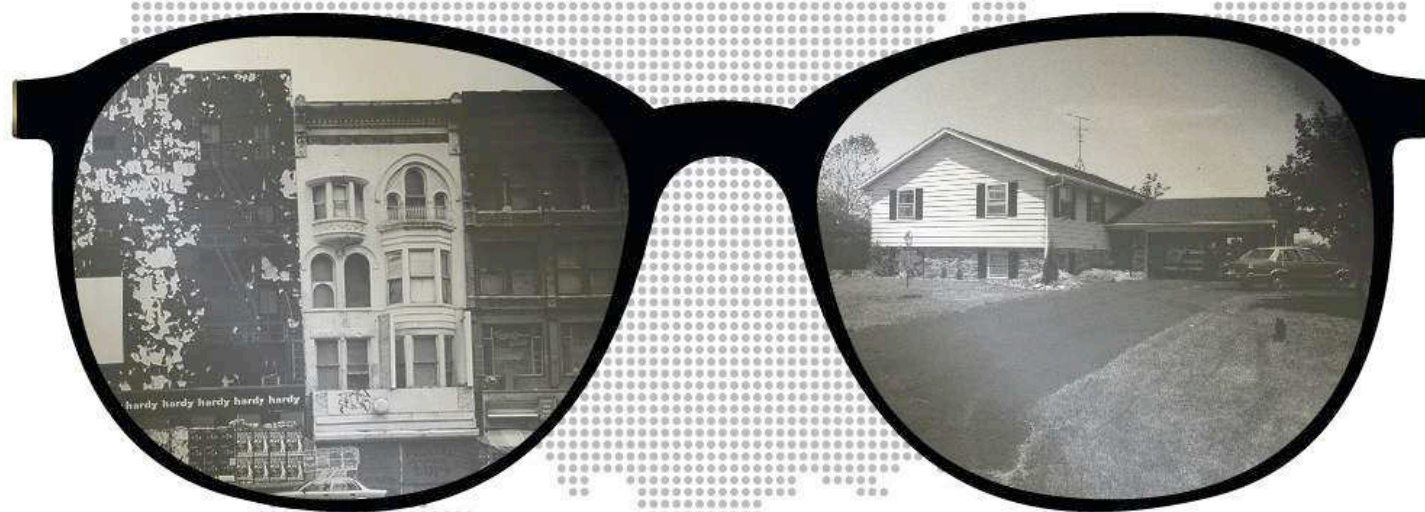
THE GEORGE WASHINGTON UNIVERSITY

built environment vs **u.s. assets**

* Source: Roulac Global Places, LLC



The Old Dichotomy



URBAN

SUBURBAN



The Center for Real Estate
and Urban Analysis

LOCUS

Smart Growth America
Making Neighborhoods Work Together

Time for New Lenses



**WALKABLE
URBAN**

**DRIVABLE
SUB-URBAN**



The Center for Real Estate
and Urban Analysis

LOCUS

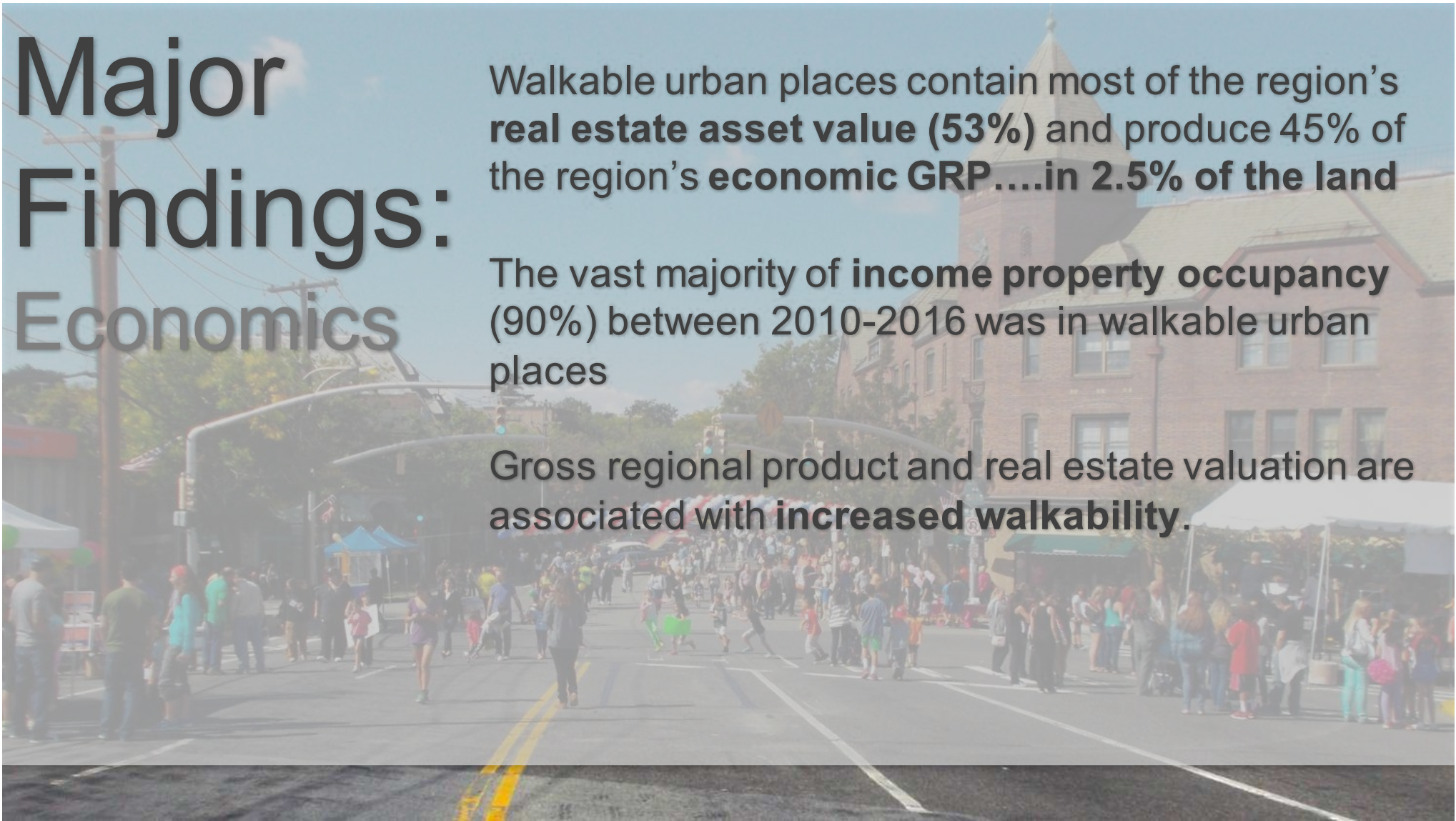
Smart Growth America
Making Neighborhoods Work Together

Major Findings: Economics

Walkable urban places contain most of the region's **real estate asset value (53%)** and produce 45% of the region's **economic GRP....in 2.5% of the land**

The vast majority of **income property occupancy (90%)** between 2010-2016 was in walkable urban places

Gross regional product and real estate valuation are associated with **increased walkability.**



Major Findings: Real Estate

Walkable urban real estate products in the tri-state region are **worth 150% more (\$/SF)** than drivable-suburban (2.5X).

Walkable urban market share gains in 2010-2016 was nearly **2X their 2010 market share**.

Drivable sub-urban development is much less valuable and is relatively losing market share and in some products (office and retail) absolutely **losing occupancy**.



Major Findings: Social Equity

Counter-intuitively, there is **not a trade-off** between economic performance and social equity.

The most socially equitable places were among the **strongest economic performers**.

Low-income families **fare better** in walkable urban places compared to drivable locations....**BUT the rent is still too damn high**



Form and Function in Metropolitan America



**WALKABLE
URBAN**



**DRIVABLE
SUB-URBAN**

METROPOLITAN LAND USE OPTIONS:

REGIONALLY SIGNIFICANT



WALKUP:
Tri-State Land Area: 0.5%



DRIVE-IN
Tri-State Land Area : 2.3%

LOCAL SERVING

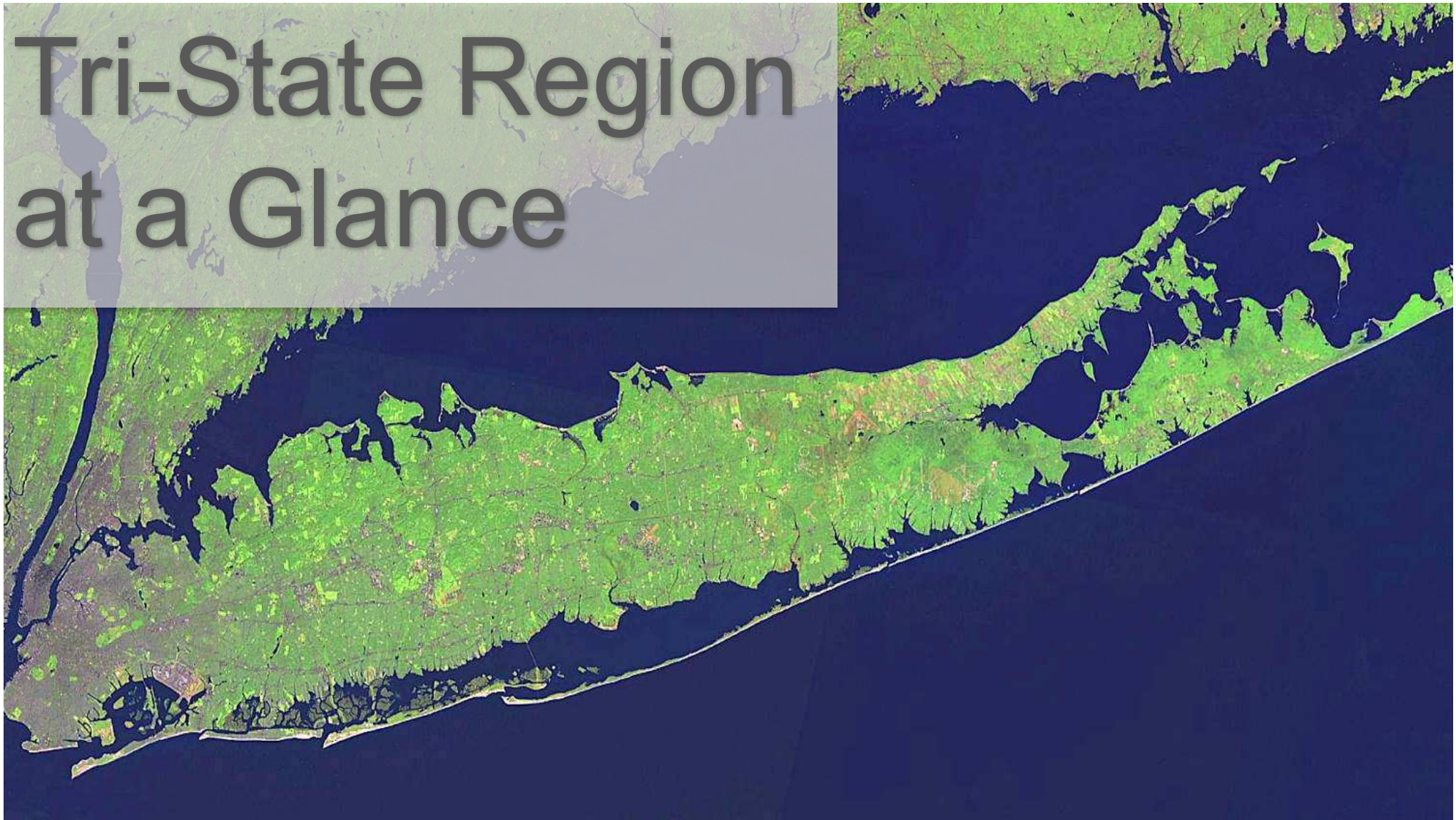


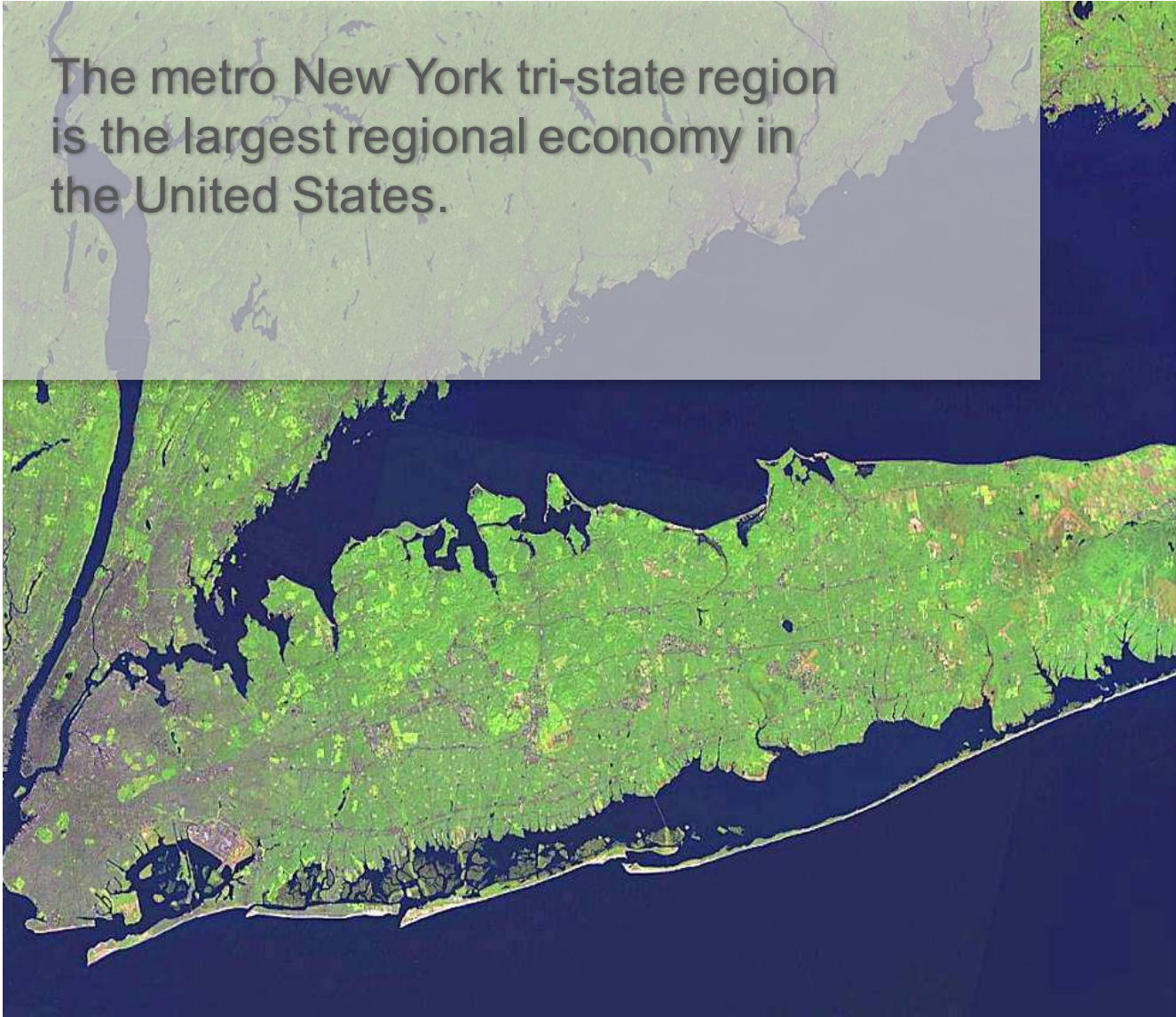
NEIGHBORHOOD
Tri-State Land Area : 2%



**SUB-DIVISION &
EDGELESS CITY**
Tri-State Land Area : 95%

Tri-State Region at a Glance





The metro New York tri-state region
is the largest regional economy in
the United States.



12,800 sq. mi.

Regional Land area
Larger than State of Maryland

303 sq. mi.

New York City Land Area (2.4%)



22.6 million

Regional Population

8.4 million

New York City Population (37.3%)




10.2 million

Regional Jobs
Larger than California or Texas



\$1.17 trillion

Gross Regional Product (GRP)
7% of U.S. GDP of \$17 Trillion
Larger than California or Texas



The **19 billion s.f.** in real estate
assets are worth

\$6 trillion

\$318/sf valuation



18.8 billion s.f.

Regional Real Estate Inventory

\$5.98 trillion

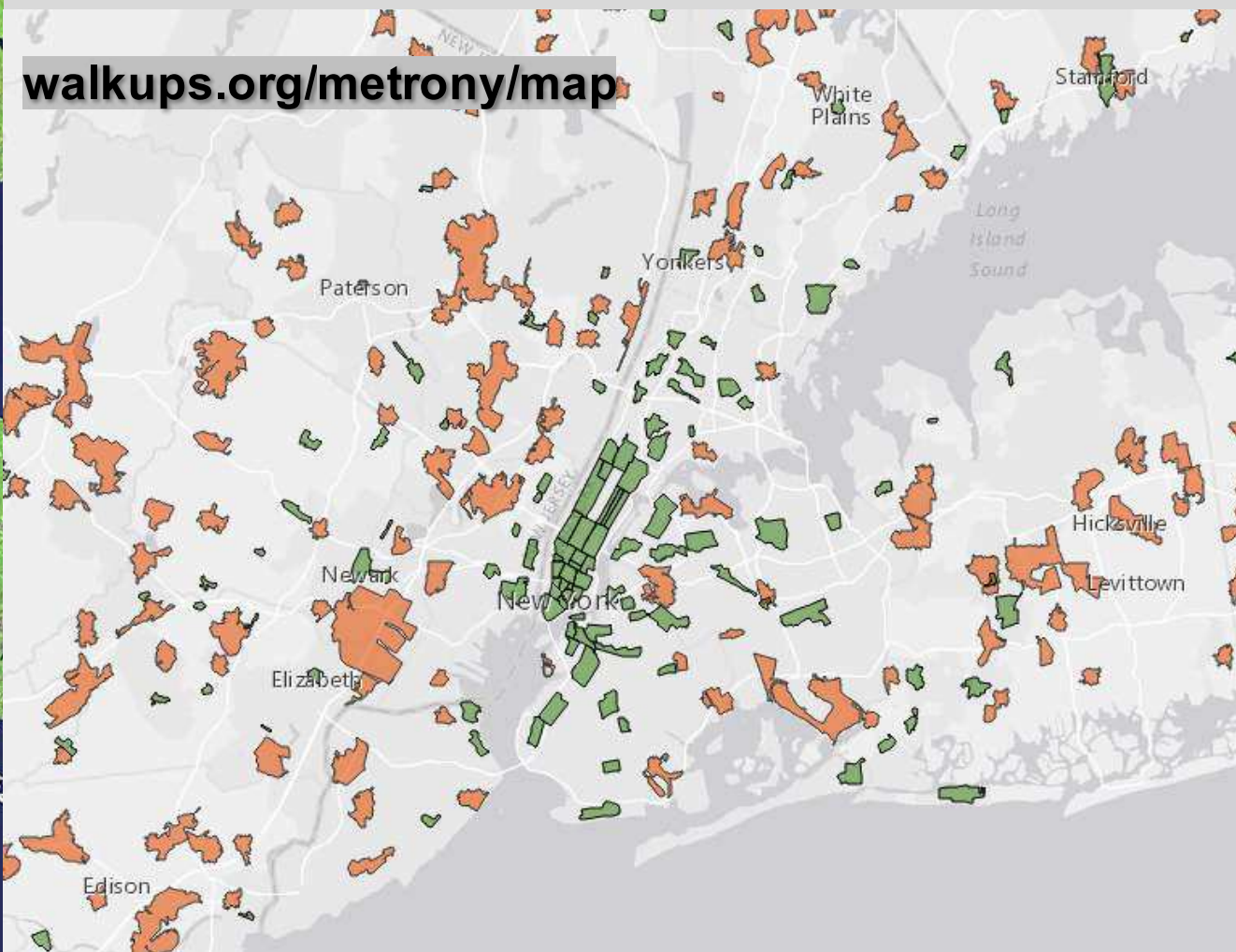
Real Estate Market Value
Greater than 30% of Market Cap of
NYSE and NASDAQ Combined

Methodology: Identifying Land Use Options



Tri-State Region Land Use Options (WalkUP + Drive-In)

walkups.org/metrony/map



Walkable Urbanism is
only 2.5% of
the tri-state region's
Land area.

Area (acres)

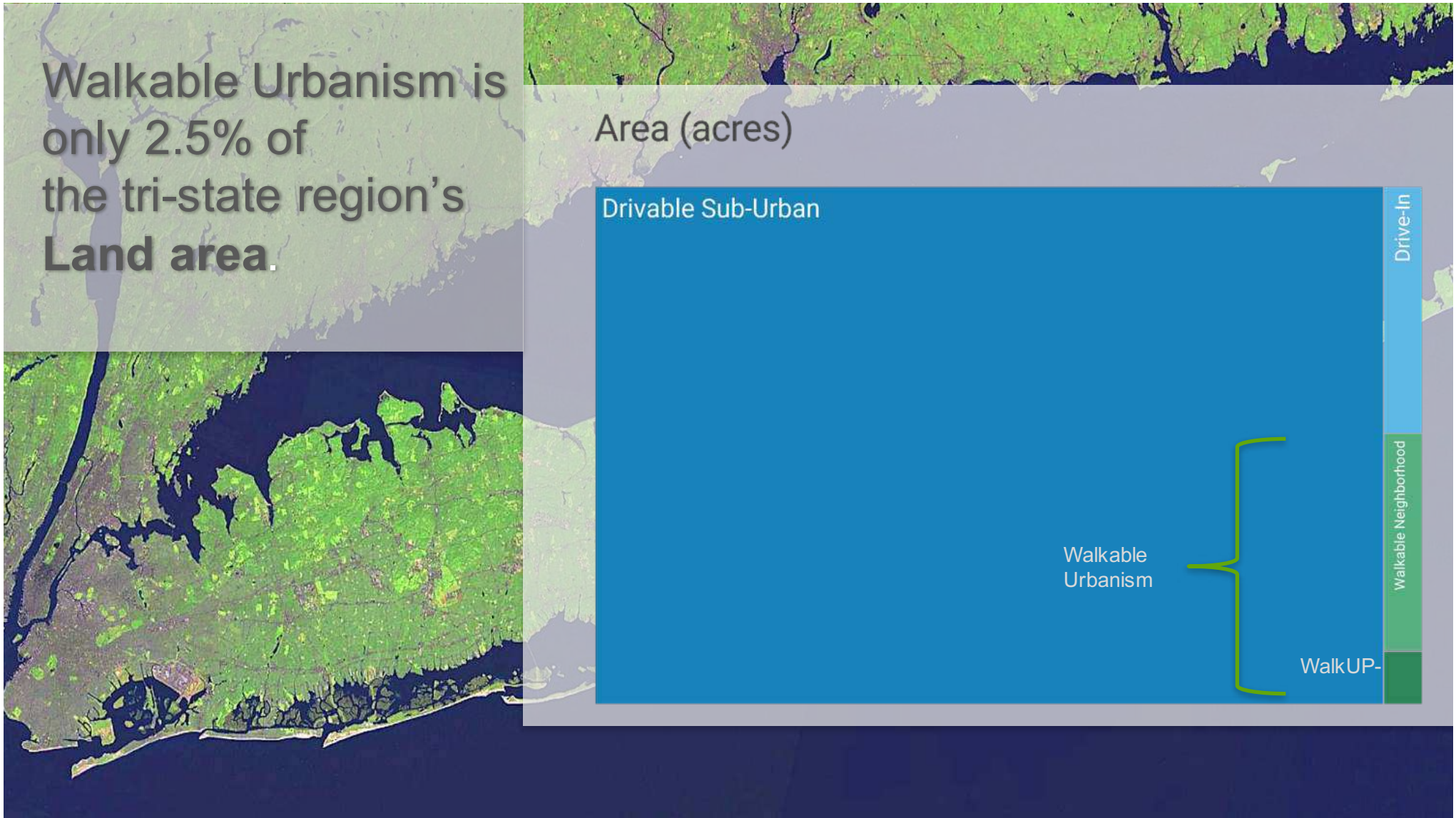
Drivable Sub-Urban

Drive-In

Walkable
Urbanism

Walkable Neighborhood

WalkUP-



Yet, Walkable Urbanism is 31% of the region's inventory (s.f.).

Inventory (s.f.)

Drivable Sub-Urban

WalkUP

Walkable Neighborhood

Drive-In



And Walkable Urbanism is 53% of the region's real estate market value.

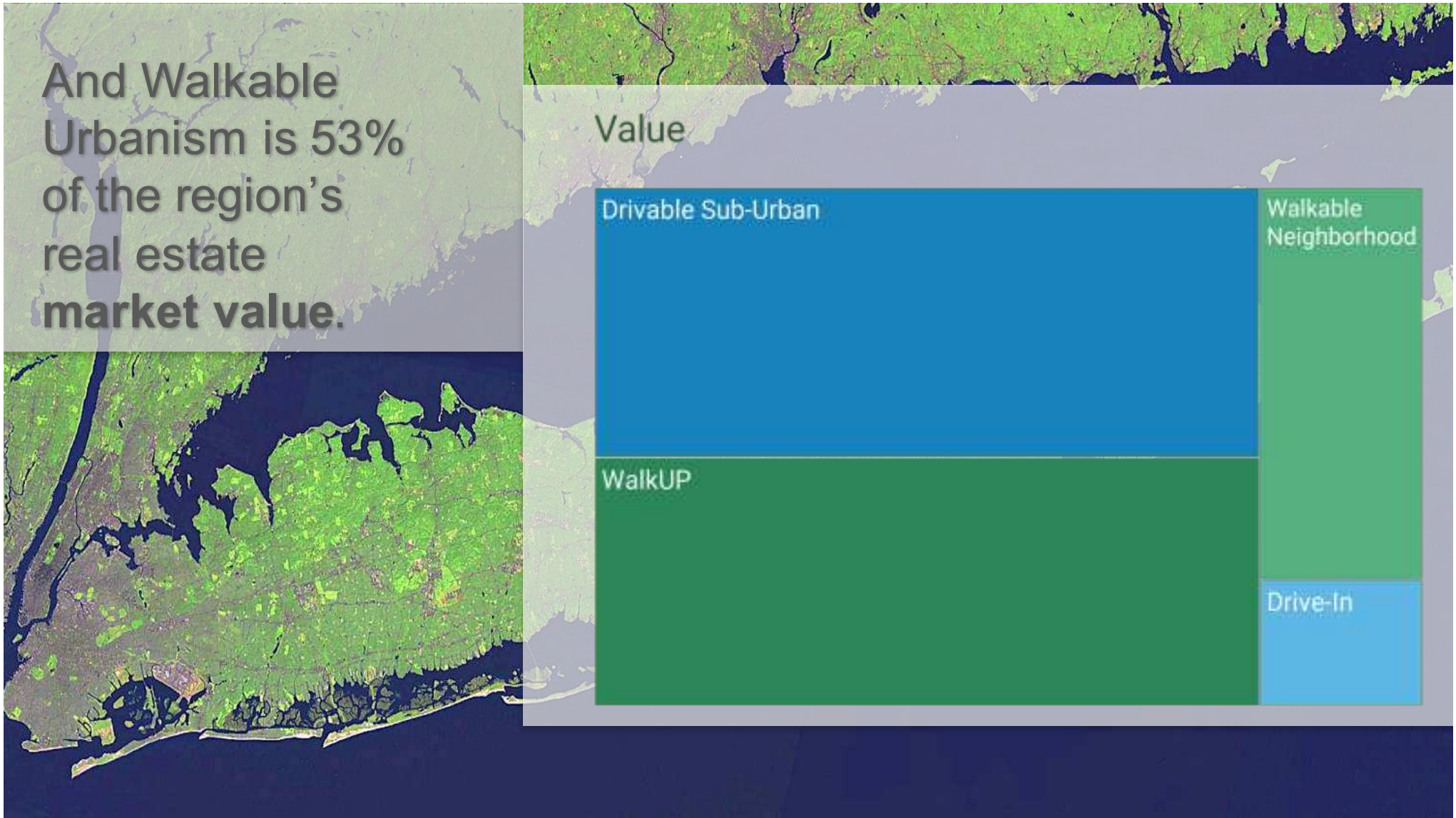
Value

Drivable Sub-Urban

Walkable Neighborhood

WalkUP

Drive-In





Michael Rodriguez, AICP

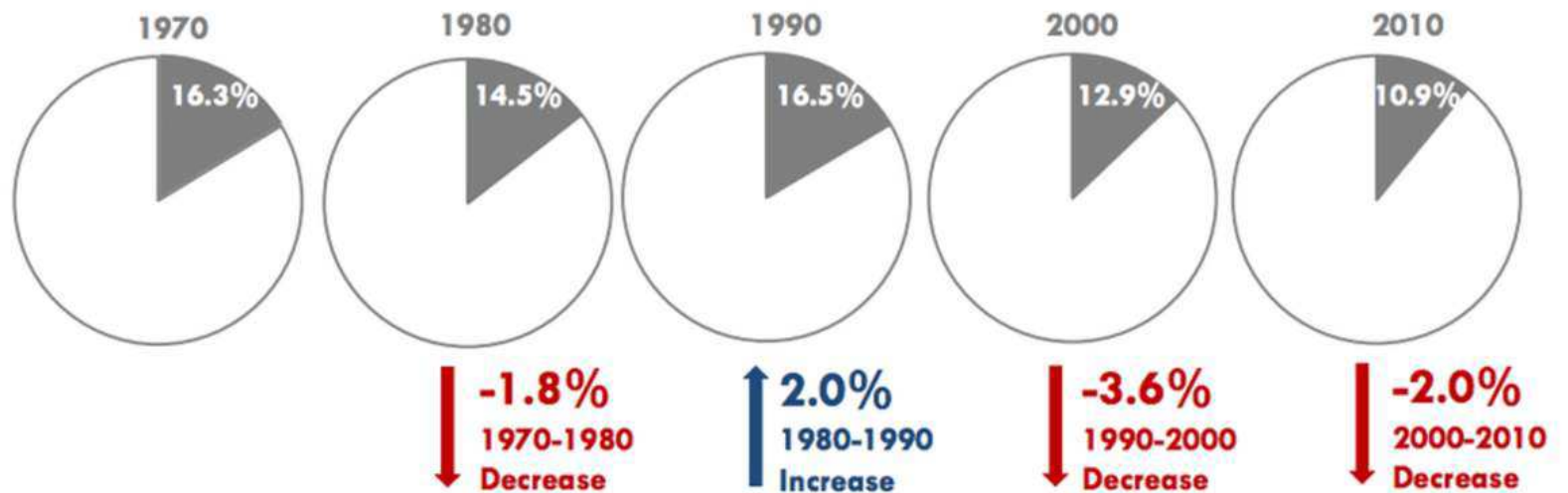
Director of Research
GWU Center for Real Estate & Urban Analysis

Center for Real Estate
and Urban Analysis
THE GEORGE WASHINGTON UNIVERSITY

April 4, 2017

Long Island needs Walkable Urbanism
because it is losing young people.

Ages 25-34 Cohort as Percent of Total Population 1970-2010



Source: U.S. Census Bureau

The region is losing its young workforce, especially since the 1990s. (Long Island Index/HR&A Advisors, Inc.)

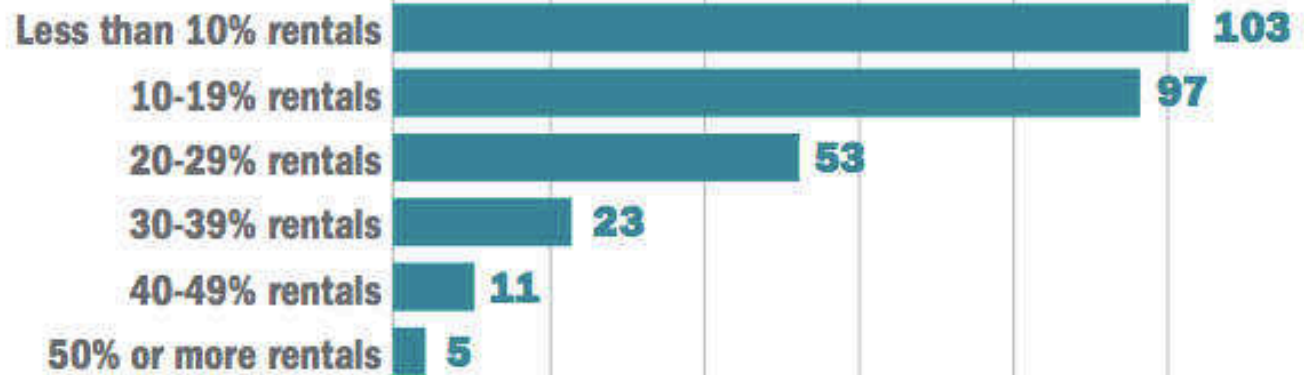
Over a quarter of all the rental homes in Long Island are concentrated in 10 communities.

Great Neck Plaza Village – 47%
East Garden City – 41%
Rockville Center – 20+ %



Very few Long Island communities have over 30% rentals

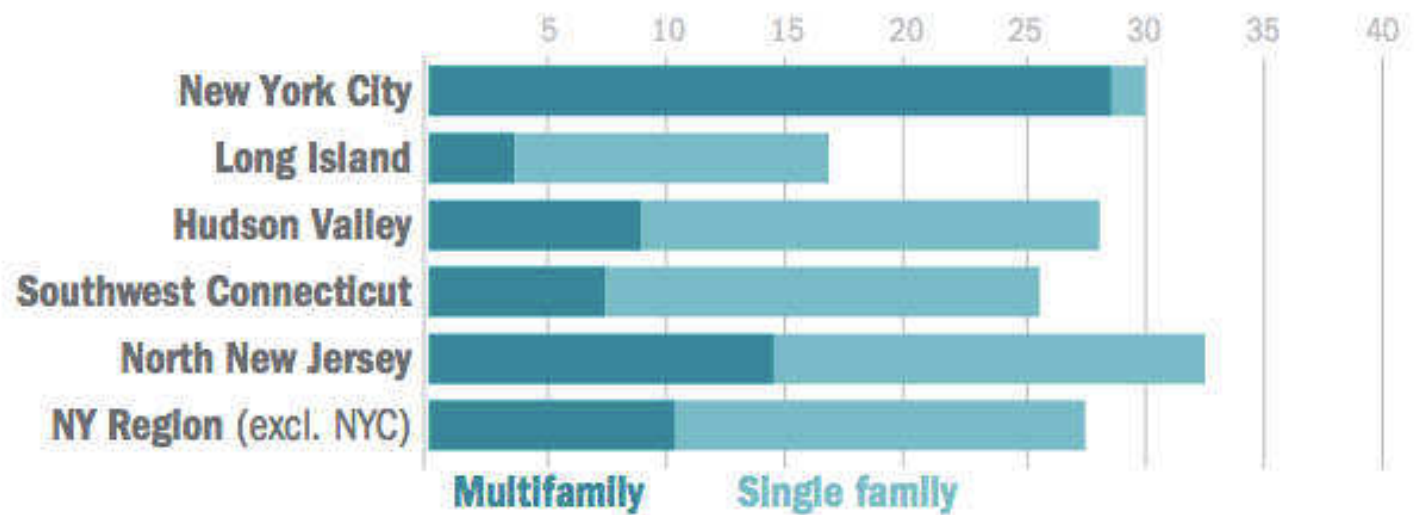
Number of Long Island communities by share of housing units that are rented



Source: American Community Survey 2011 (5-year estimates).

Long Island lags in housing permits.

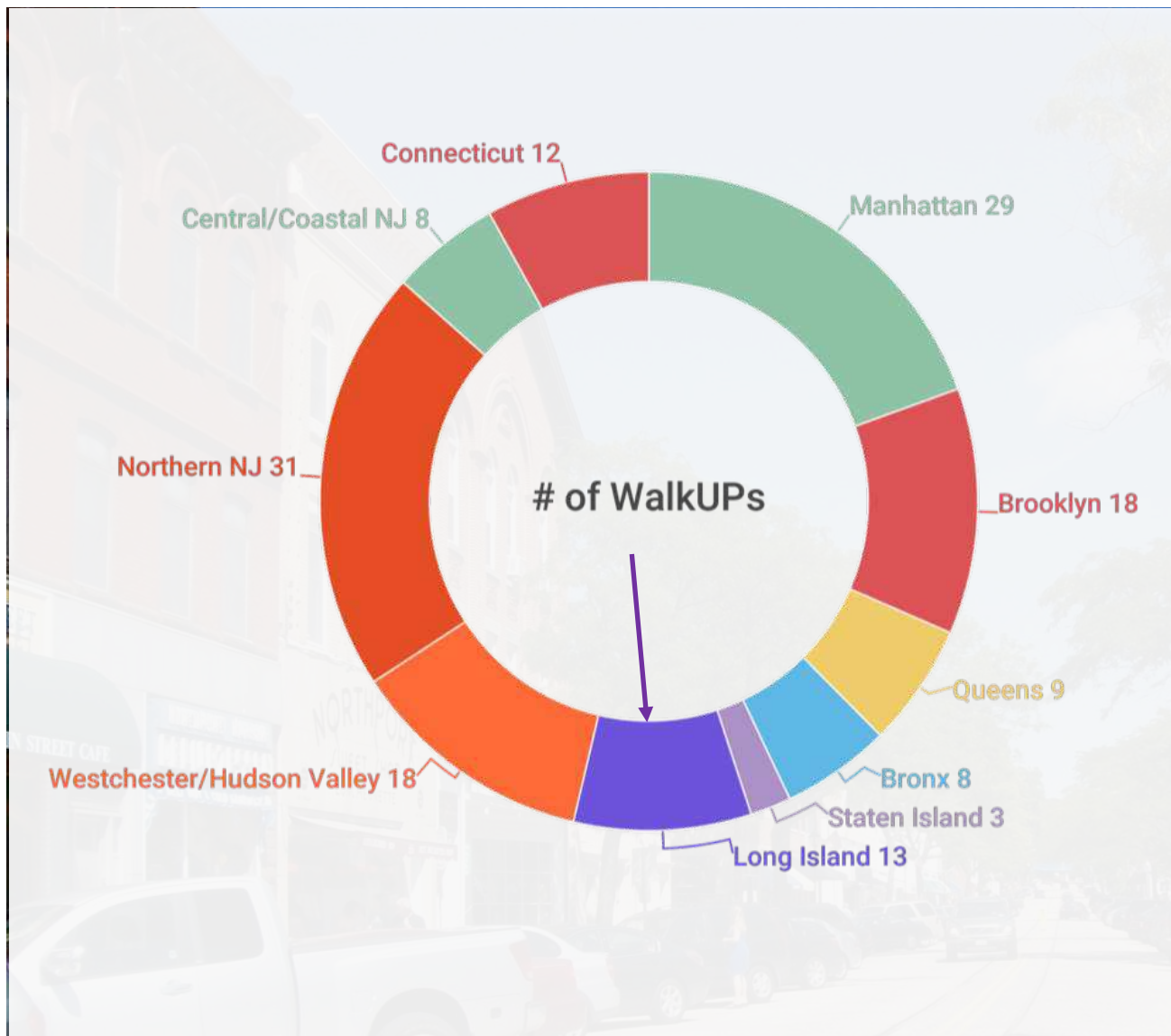
Housing Permits issued per 1,000 residents, 2000 - 2011



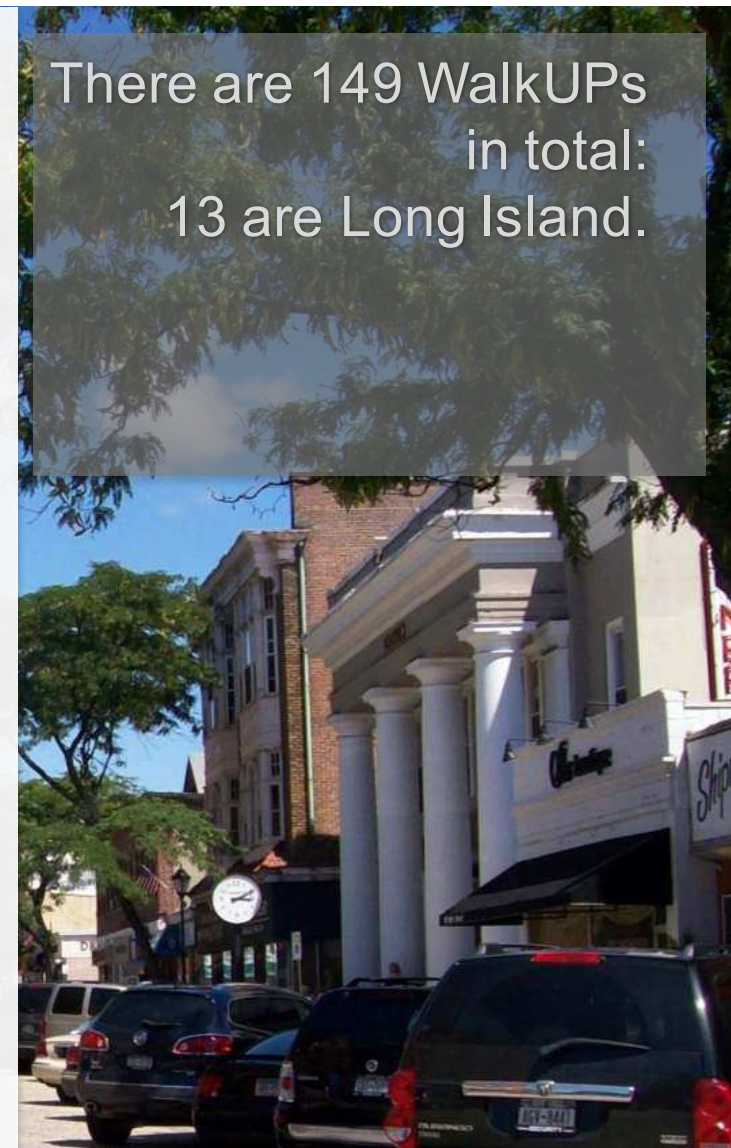
Source: U.S. Census Bureau Building Permits Survey

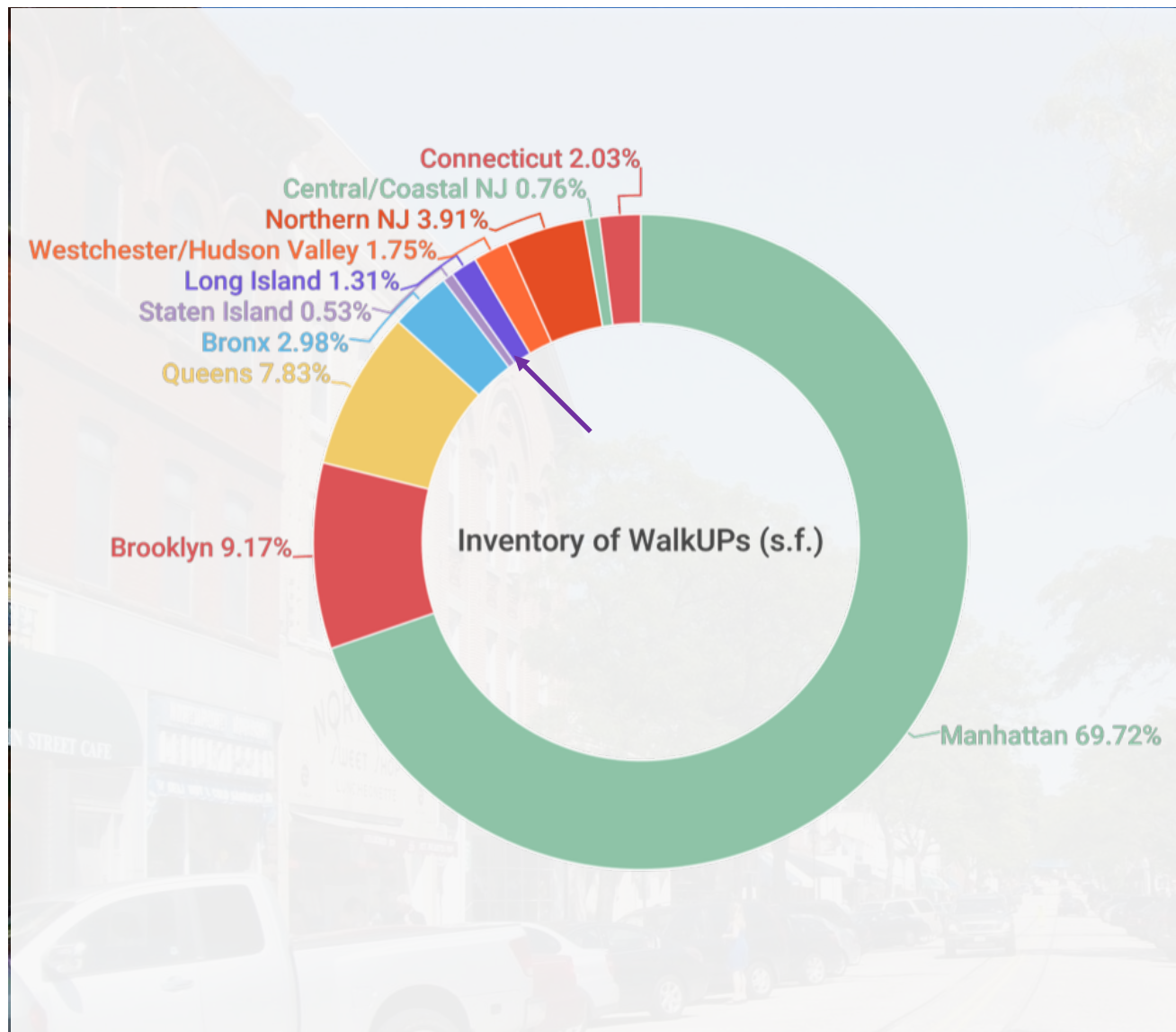
Geographic and Inventory Findings



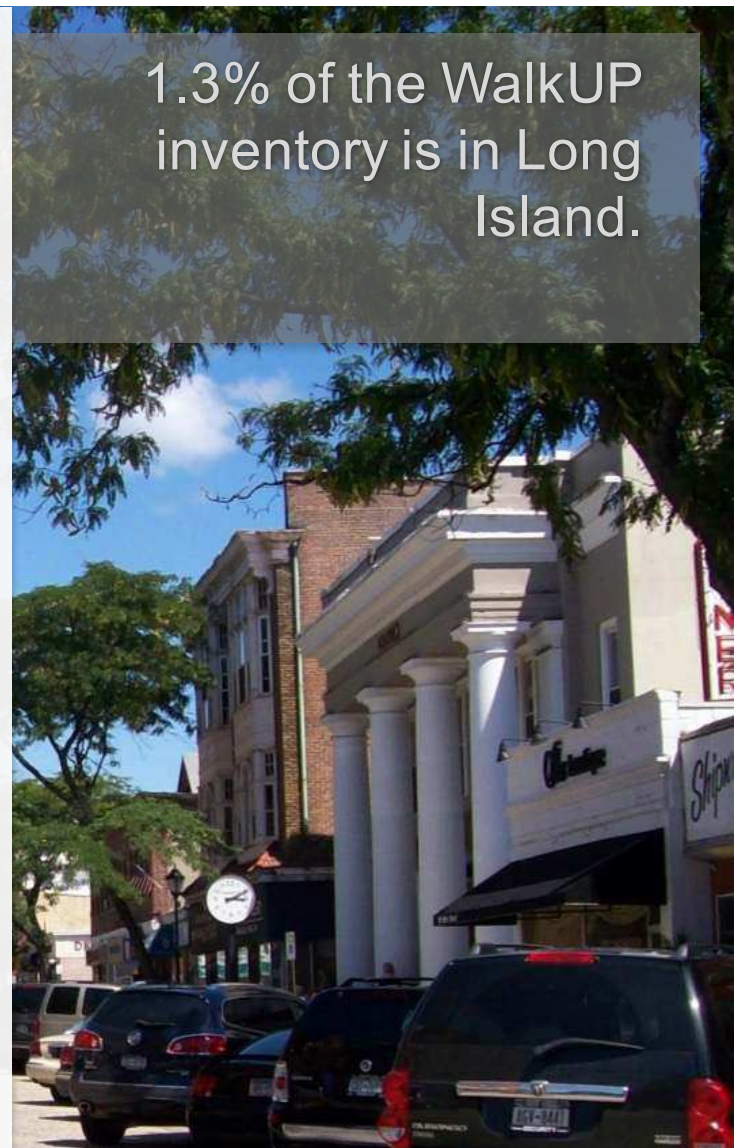


There are 149 WalkUPs
in total:
13 are Long Island.





1.3% of the WalkUP inventory is in Long Island.



The data show **opportunities** and **market demand** for walkable urbanism in places like Long Island.



Economic Findings

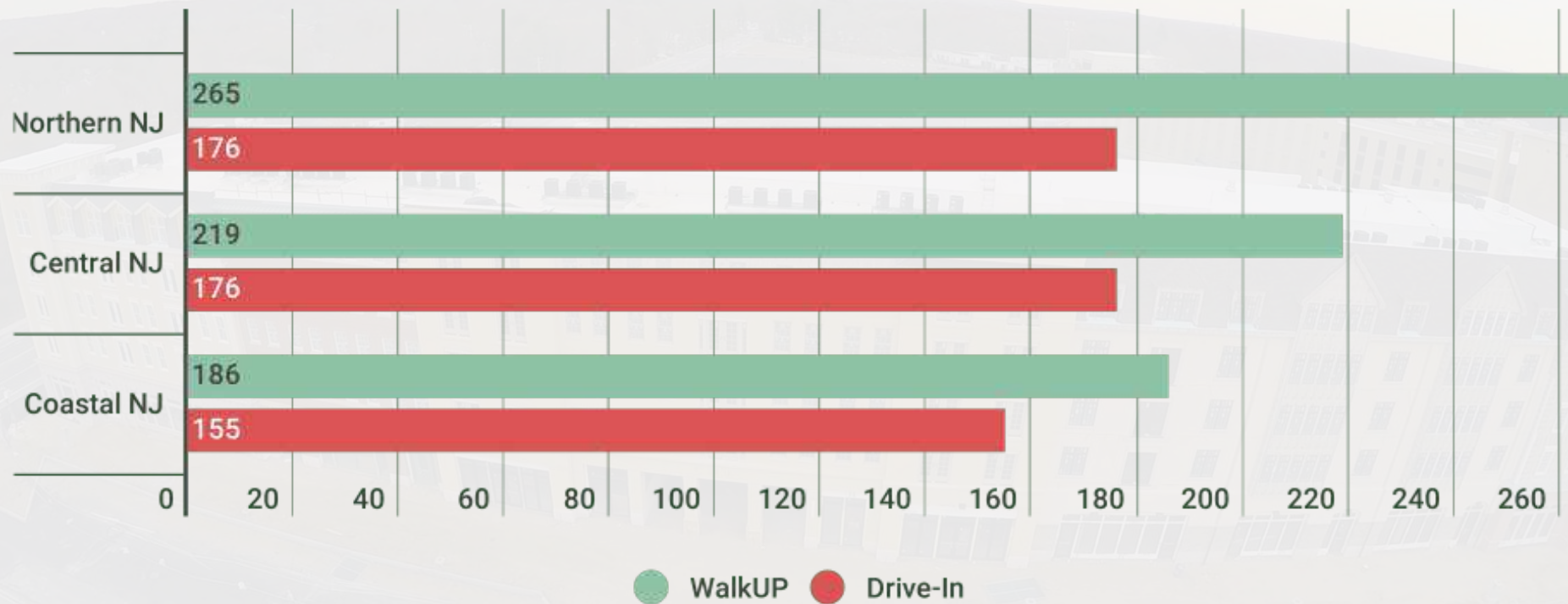


Long Island WalkUPs are slightly outperforming the Drive-Ins
With a 5% premium.

Value / s.f.

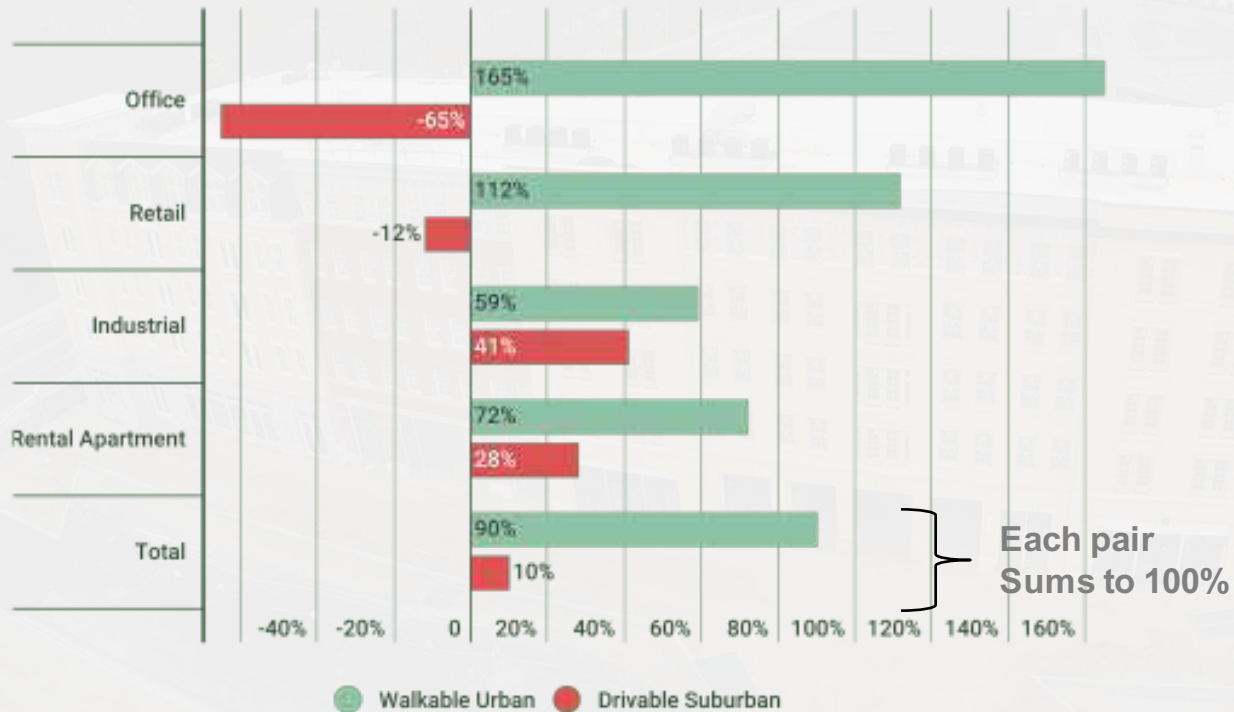


This is compared to New Jersey, which has \$265 / s.f. in market value for Northern NJ WalkUPs compared to \$176/s.f. in Drive-Ins

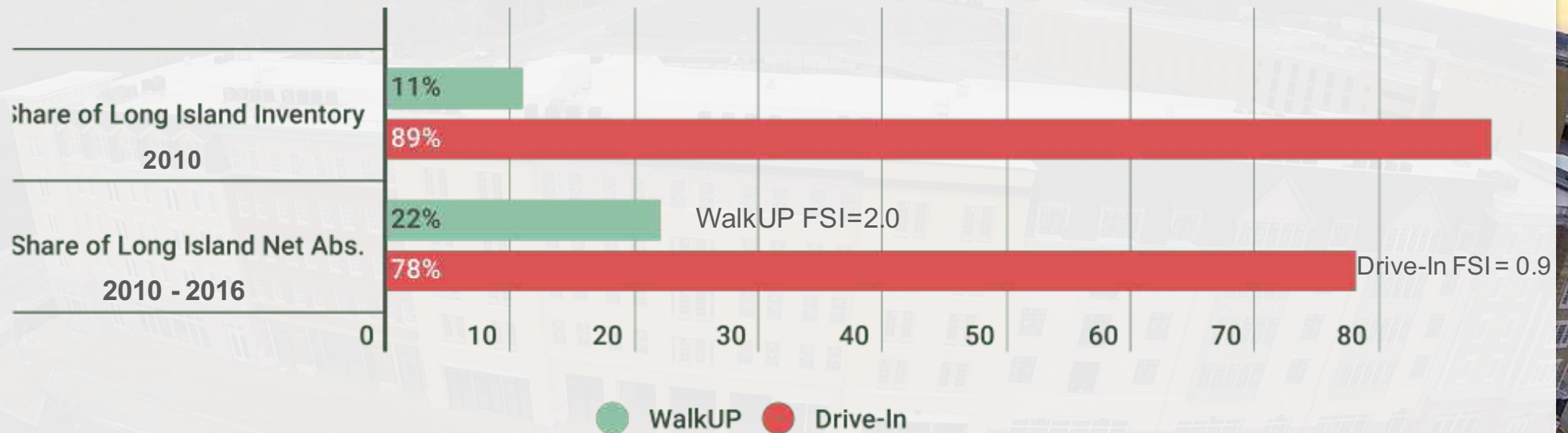


Walkable Urbanism is gaining market share against Drivable Sub-urban.

Percent of Net Absorption 2010 to 2016



WalkUPs in Long Island are gaining momentum, and are **gaining market share at 2x** their inventory share. This compares well to Northern New Jersey (1.6x its share)



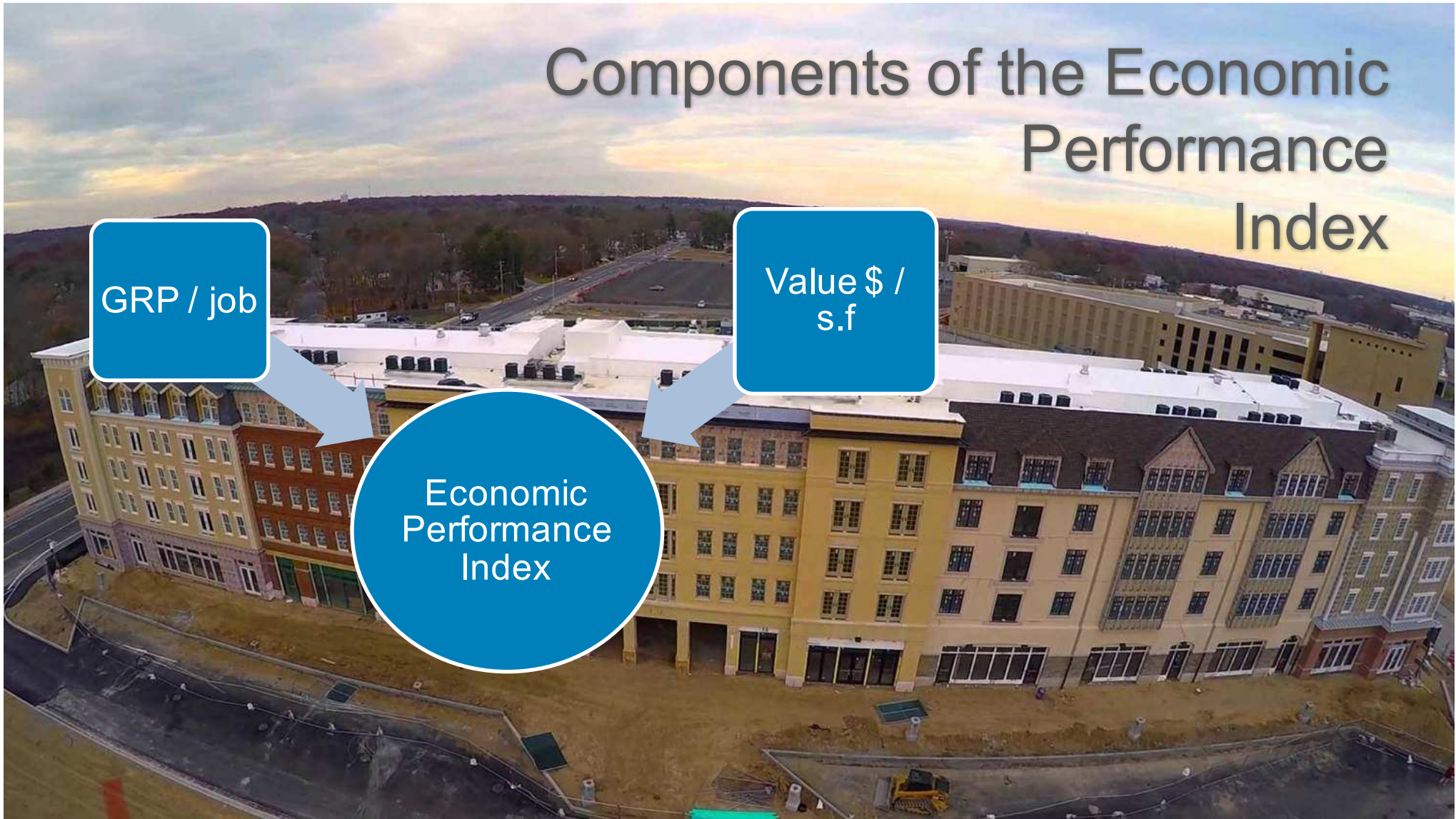
Of regionally significant inventory only. Only includes office, retail, industrial, and rental apartment products.

Components of the Economic Performance Index

GRP / job

Value \$ /
s.f

Economic
Performance
Index



Long Island Walkups in middle of the pack of economic performance.

Rank / 149	WalkUP Name	EPI
35	Great Neck	57
55	Port Washington	52
59	Long Beach	51
62	Hewlett	51
71	Garden City	47
77	Hempstead	46
78	Valley Stream	46
82	Huntington	45
83	Glen Cove	45
87	Cedarhurst	44
91	Rockville Center	44
128	Riverhead	46
129	Patchogue	36

Social Equity Findings



Some may assume economic performance
and social equity are at odds.

Social Equity

Economic Performance



We find that the social equity and economic performance are **complimentary**.

Social Equity

Economic Performance



Components of the Social Equity Index

Accessibility

Affordability

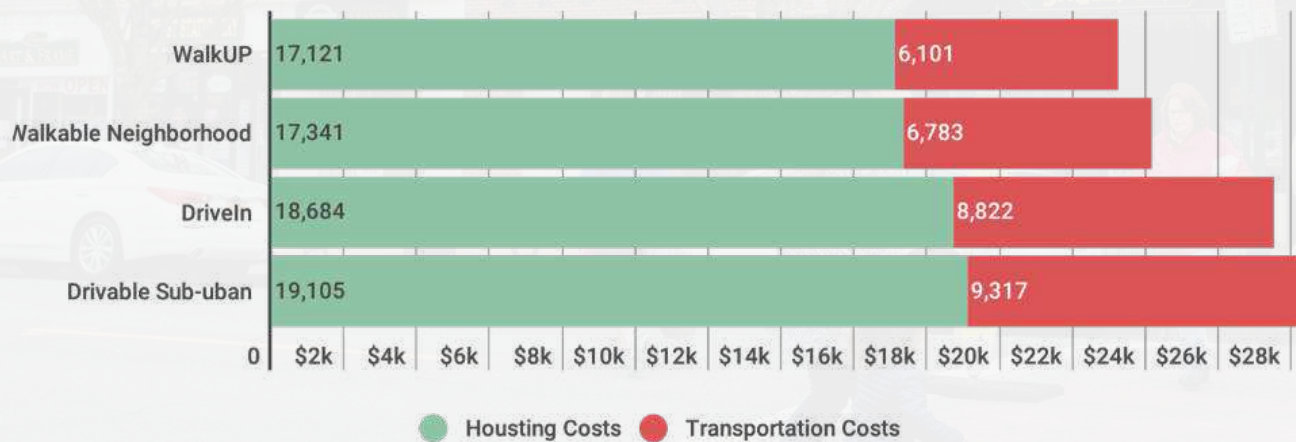
Opportunity

Social
Equity
Index



Tri-state region low-Income Families spend less
on combined transportation and housing in
walkable urbanism.

Housing and Transportation Costs

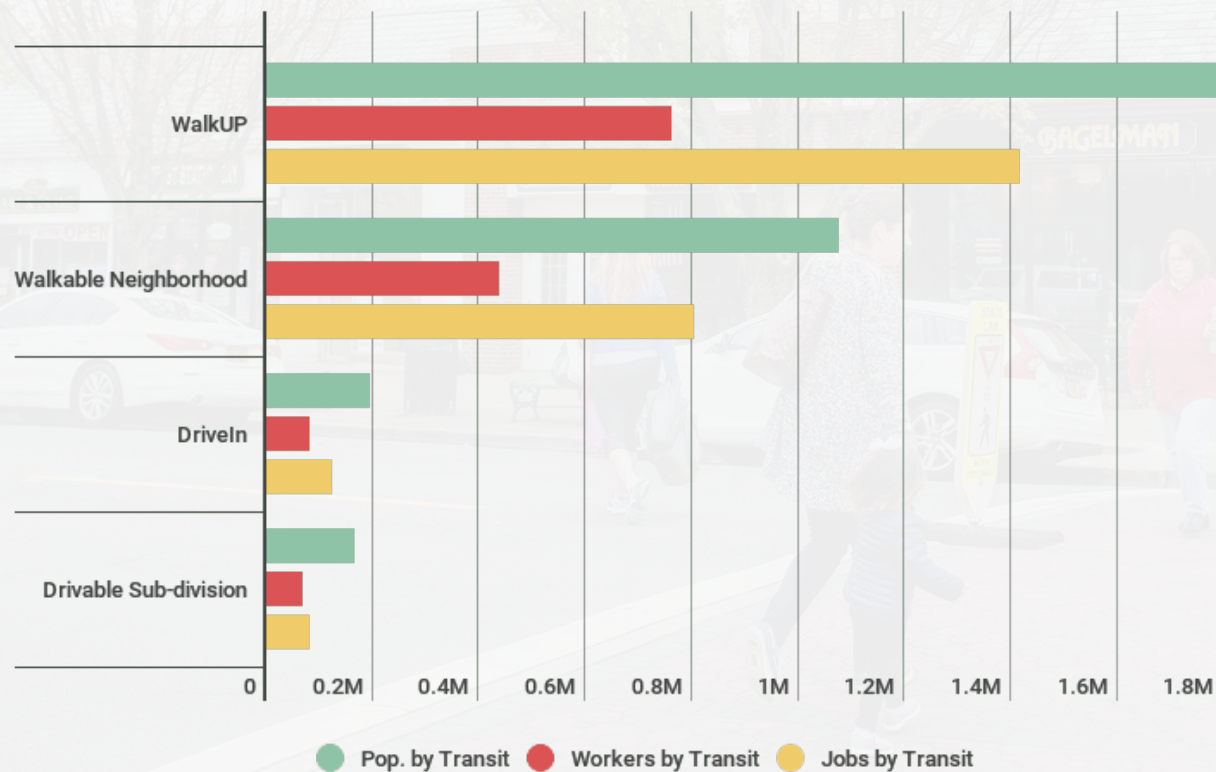


For low-income family at 50% AMI in Tri-State Region



Walkable urbanism provides significantly more transit access than drivable sub-urban.

45-Minute Transit Accessibility



Long Island has 98 LIRR stations and 700+ miles of track worth at least \$15-30 Billion, plus a \$2-5 billion tunnel

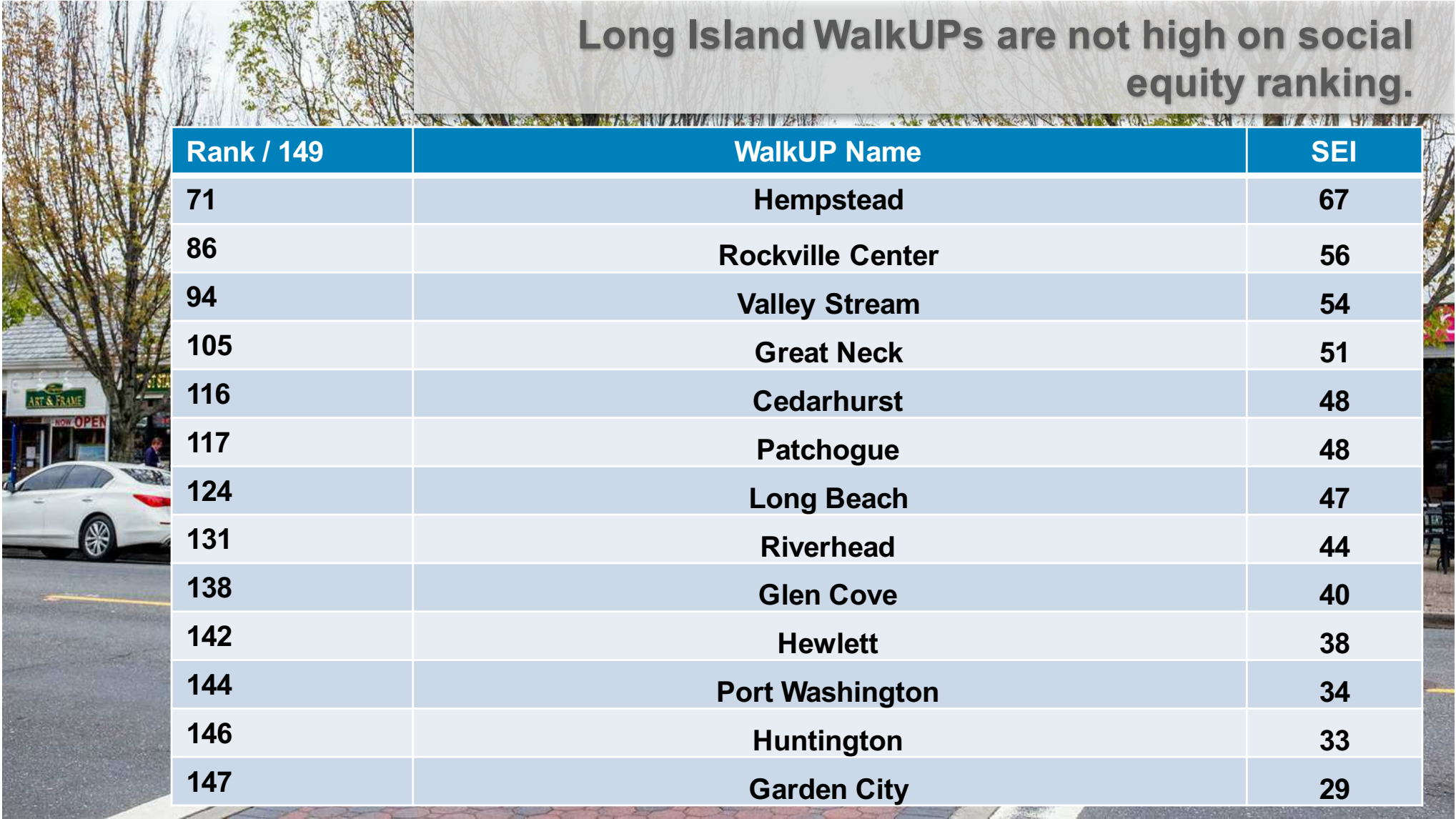


Number of Tracks on LIRR Train Lines
Map by Regional Plan Association

Social Equity Index **increases** with economic performance. This only occurs in WalkUPs. It is a **negative** relationship in Drive-Ins

Economic Performance Index and Social Equity Index





Long Island WalkUPs are not high on social equity ranking.

Rank / 149	WalkUP Name	SEI
71	Hempstead	67
86	Rockville Center	56
94	Valley Stream	54
105	Great Neck	51
116	Cedarhurst	48
117	Patchogue	48
124	Long Beach	47
131	Riverhead	44
138	Glen Cove	40
142	Hewlett	38
144	Port Washington	34
146	Huntington	33
147	Garden City	29



Christopher B. Leinberger

Chair
GWU Center for Real Estate & Urban Analysis

Center for Real Estate
and Urban Analysis
THE GEORGE WASHINGTON UNIVERSITY

April 4, 2017

Emerging & Potential WalkUPs

Pent up market demand for walkable urbanism

The highest opportunity is in the Emerging and Potential WalkUPs, **especially in the suburban Town Centers**...eventually conversion of Drive-Ins



There are 13 WalkUPs in Long Island, and an honorary mention...

WalkUP	County	Type	Area (Acres)	Walk Score
Cedarhurst	Nassau	Town Center	198	83
Downtown Garden City	Nassau	Town Center	79	72
Downtown Long Beach	Nassau	Town Center	732	80
Downtown Valley Stream	Nassau	Town Center	346	76
Glen Cove	Nassau	Town Center	290	74
Great Neck	Nassau	Town Center	199	88
Hempstead	Nassau	Town Center	724	86
Hewlett	Nassau	Town Center	192	85
Port Washington	Nassau	Town Center	49	88
Rockville Center	Nassau	Town Center	379	84
Huntington	Suffolk	Town Center	114	92
Patchogue	Suffolk	Town Center	190	77
Riverhead	Suffolk	Town Center	117	68
Wyandanch*	Suffolk			



There are 7 Emerging WalkUPs

Name	County	Emerging/Potential
Farmingdale	Nassau	Emerging
Garden City / Nassau Hub	Nassau	Emerging
Inwood / Lawrence	Nassau	Emerging
Mineola	Nassau	Emerging
Downtown Amityville	Suffolk	Emerging
Downtown Babylon	Suffolk	Emerging
Wyandanch	Suffolk	Emerging



There are 5 Potential WalkUPs

Name	County	Emerging/Potential
Hicksville	Nassau	Potential
Manhasset	Nassau	Potential
Islip	Suffolk	Potential
Melville	Suffolk	Potential
Port Jefferson	Suffolk	Potential

Case Study Arlington, VA

THE most important urbanizing suburb in the country.

Nine WalkUPs in the smallest US county and there were none 25 years ago.

1980



Single family housing, 20→55% of tax base, 1/8th school generation rate

Today



Wyandanch Rising

\$500 million public-private partnership

Since 2010

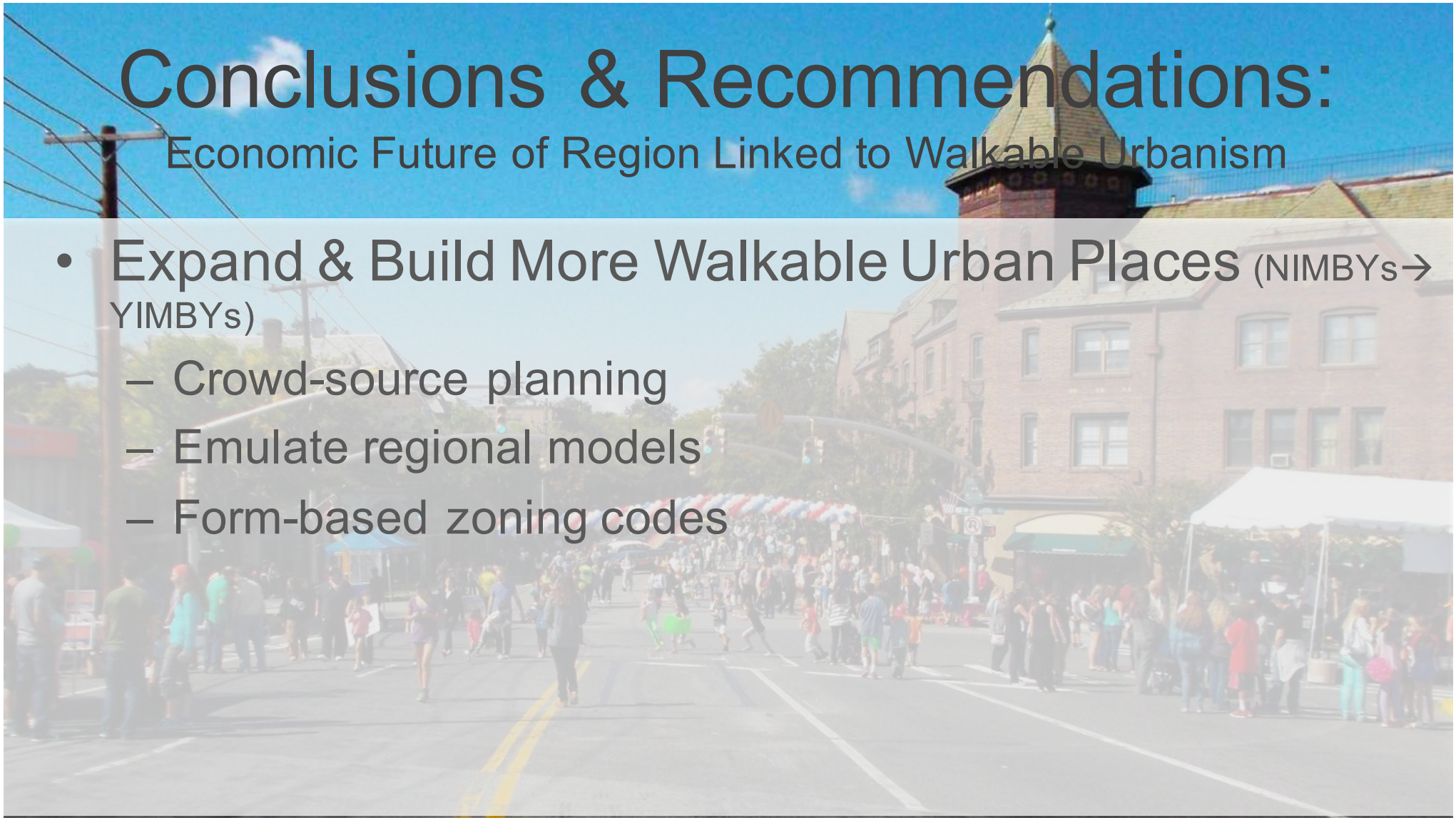
Office rent \$/sf up 8%, Retail up 26%



Conclusions & Recommendations:

Economic Future of Region Linked to Walkable Urbanism

- Expand & Build More Walkable Urban Places (NIMBYs→YIMBYs)
 - Crowd-source planning
 - Emulate regional models
 - Form-based zoning codes



Conclusions & Recommendations:

Economic Future of Region Linked to Walkable Urbanism

- Engage in Conscious Social Equity Strategies (WU most equitable but rent still too damn high)
 - Place management organizations take partial responsibility
 - Inclusionary zoning
 - Mayor's affordable housing program
 - **Legalize ancillary housing**
 - **Transfer fee for for-sale housing sales**

Conclusions & Recommendations:

Economic Future of Region Linked to Walkable Urbanism

- Increase Investment in Multiple Transportation Modes
 - New TOD funding mechanisms from Feds
 - Increase sales tax
 - Catalytic development company
 - **Value capture around stations**

Response Panel

Moderated by David Pennetta
Executive Director & Managing Broker
Cushman & Wakefield

Steve Bellone
Executive
Suffolk County

Christopher Capece
Senior Development Director
AvalonBay Communities

Tawaun Weber
Assistant Director
Vision Long Island

Daniel Serota
Mayor of Brookville, L.I.
& President, Serota
Properties

Mitchell Pally
CEO
Long Island Builders Institute

Uses of WalkUP Wake Up Call

- Foundation for regional planning (RPA, MTA)
- Strategies for WalkUPs (Great Neck, Wyandanch)
- Comparisons of similar WalkUP types (Town Centers)
- **Overlay zoning for WalkUPs**

Ultimately, a Bloomberg of real estate

Uses of WalkUP Wake Up Call

- NIMBY → YIMBY (economic development, quality of life, increased real estate values, sustainability, examples)
- Social equity strategy and measurement
- Fiscal impact analysis of WalkUPs
- **Financial mechanisms for transit and affordable housing (LA, US DOT)**

Ultimately, a Bloomberg of real estate

Thank You

Major Funding From



Private Sector Funders, Partners, and Advisors

**Avalon Bay Communities, Inc.
Cushman and Wakefield, Inc.
Forest City Realty Trust
HOK
The KRE Group
Mack-Cali Realty Corporation
M&T Bank**

**Normandy Real Estate Partners
Realtime Space, LLC
Renaissance Downtowns
RXR Realty
Silverstein Properties
Skyline Developers
Taconic Investment Partners**