A perspective on Transit-Oriented Development (TOD)

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Steven A. Teitelbaum
Senior Real Estate Advisor
steitelbaum@wmata.com
Core to Add 150,000 HHS by 2030
HH Growth driven by Gen Y, Millennials

The D.C. region’s historical Favored Quarter has emanated due west. Growth in the post 1960s period followed this trajectory. Boomers and retirees may continue to favor the westward trajectory of historical growth.

Younger households and new economy employment is redrawing the investment map. Gen X and Gen Y are driving demand for urban locations. Bulk of household growth through 2030 driven by 18-34 year old households.
HH Growth in TOD Locations
Concentrated in Favored Quarter in Last Decade

Total Household Growth in TOD Areas
1990-2000

Total Household Growth in TOD Areas
2000-2010

Source: ESRI
Certain Office Users Prefer TOD Locations

- Regionally, 13.8% of MSA total employment growth (excluding Washington DC) occurred in TOD locations.

- Trend is even more pronounced in office employment:
  - 12% of MSA office employment located near transit.

Arlington County *anticipated* this need.

Fairfax County is *retrofitting* to meet this need.
Job Growth Projections
Opportunity to Capture Regional Growth

Total Employment Growth Projected by TAZ 2010-2030

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<th>2010-2020</th>
<th>2020-2030</th>
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<td>Projected MSA Job Growth</td>
<td>628,000</td>
<td>519,000</td>
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Source: MW COG Round 8.0 Forecasting
What is Transit-Oriented Development (TOD)?

✓ A mixture of housing, office, retail and/or other commercial development and amenities integrated into a *walkable* neighborhood and located *within a half-mile* of high-quality public transportation.
Metro System Overview

• 118 miles heavy rail
• 91 stations, 6 lines
• 1.2 million riders/day
• 2nd largest rail ridership in US
• 6th largest bus ridership in US
Metro’s effect on land value

• Land within ½ mile of Metro station:
  ➢ 4% of service area’s land (pre-Silver Line)
  ➢ 27.9% of service area’s real estate tax base (pre-Silver Line)
    ⚫ 68.1% in Washington, DC
    ⚫ 15.3% in Northern Virginia
    ⚫ 9.9% in Suburban Maryland

• Increase in property values within ½ mile of Metro stations:
  + 6.8% boost to residential
  + 9.4% boost to multifamily
  + 8.9% boost to commercial property
Smart Growth = Greater Long-Term Value

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

SOURCE: The Brookings Institution
NoMA Infill Station (2000)

DC Government, Federal and Special Taxing District investment: $103.7 Million
No WMATA contribution

Since station opened in 2004:
- $3 billion in private investment
- 8 million sf of mixed-use
  (6 million sf office, 200,000 sf retail, 1,700 housing units, 400 hotel rooms)
- At full build-out, could be 32 million sf of mixed use

Lesson learned: no value recaptured by Metro
### Joint Development Program Objectives

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<th>Objective</th>
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<td>Integrate WMATA's transit facilities</td>
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<td>Reduce automobile dependency</td>
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<td>Increase pedestrian/bicycle originated transit trips</td>
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<td>Foster safe station areas</td>
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<td>Enhance surrounding area connections to transit stations</td>
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<td>Provide mixed-use development including housing and the opportunity to obtain goods and services near transit stations</td>
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<td>Offer active public spaces</td>
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<td>Promote and enhance ridership</td>
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<td>Generate long-term revenues for WMATA</td>
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<td>Encourage revitalization and sound growth in the communities that WMATA serves</td>
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Bethesda (1981)

• Development Program
  – Hotel
  – Office/retail/parking

• Deal Structure
  – Originally a single ground lease
  – Later split into separate ground leases (Hotel and Office)

• Insights
  – Anticipate need for flexibility and financing
Downtown Bethesda

Before Metro

After Metro
Rhode Island Avenue (2005)

- Development Program
  - 274 units of rental apartments
  - 68,000 sf retail
  - Included free-standing Metro replacement garage as well as shared parking in developer’s garages
Dunn Loring (2005)

- Development Program
  - 628 residential units
  - 125,000 sf retail

- Insights
  - Nearly all of WMATA consideration received as replacement parking
Rosslyn-Ballston Corridor
Rosslyn-Ballston Corridor

Before

After
Rosslyn-Ballston Corridor

- Choose the right path for the Metrorail route
  - Original designs for the new rail system outlined a course running parallel to Interstate 66
  - County officials and planners envisioned concentrating high-density development along the new rail system
  - County officials lobbied for an underground line with stations in Rosslyn, Clarendon, Courthouse, Virginia Square and Ballston
Rosslyn-Ballston Corridor

• Build Unique Urban Villages
  – Rosslyn: an office and business center
  – Courthouse: Arlington’s government center
  – Clarendon: an “urban village” for Millennials
  – Virginia Square: residential, cultural and educational facilities
  – Ballston: a new downtown
Rosslyn-Ballston Corridor

• Results
  – Concentrated high-density, mixed-use development along a major transit corridor. Within the nearly three miles spanning the Rosslyn-Ballston corridor, there are:
    • 26 million sf of retail and office space
    • 30,000 housing units and
    • 3,800 hotel rooms
  – Preservation and enhancement of existing residential neighborhoods
  – Significant growth coupled with a reduction in traffic and congestion
  – 7% of Arlington’s land area contributes 50% of its real estate tax base
Ballston (1986)

• Development Program
  – Condo – 283 units
  – Hotel – 203 rooms
  – Office – 240,000 sf

• Insights
  – Keep it simple; focus on gross income
Keys to Success
Arlington, VA

- Make a plan and stick to it (for decades)
- Pursue maximum density and height at Metro stations
- Create housing opportunities for all
- Make the streets, the retail will follow
- Focus on design, placemaking and connections
- Say “no” when appropriate