Market Forces Shaping Fairfax's Development Future

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Future of Fairfax Forum and Fundraiser | November 17, 2010

Drivers of Demand

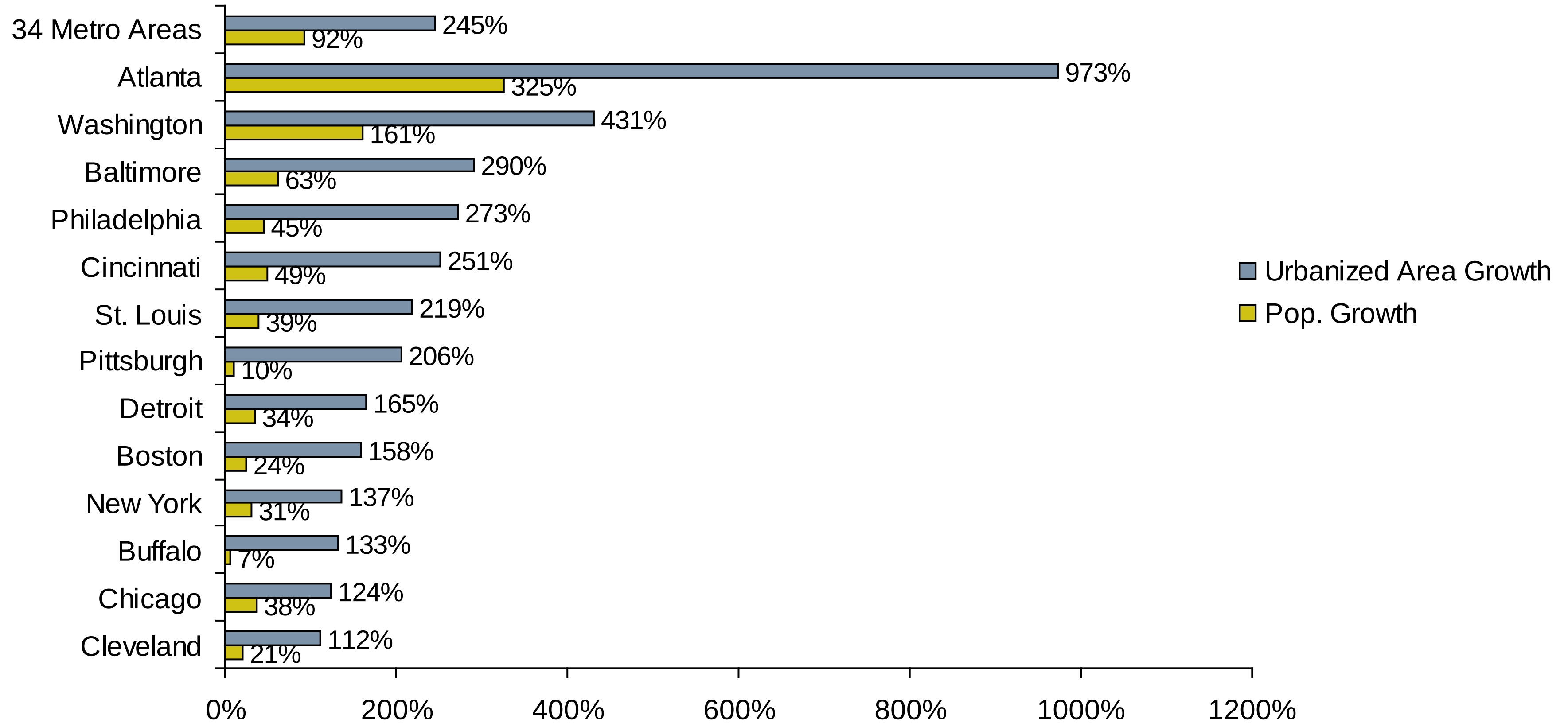
TREMENDOUS GROWTH IN REGION
INTENSE COMPETITION FOR JOBS, HOUSEHOLDS

Over the next 25 years, the DC region will add 1.25 million new jobs and 1.5 million new residents

- *How well will Fairfax continue to compete for these jobs and households?*
- *What forces are shaping the demand side of the equation – and what does that mean for planning in Fairfax?*

HISTORICAL GROWTH MODEL WORKABLE?
CAN WE CONTINUE THE "BELT-LOOSENING" STRATEGY?

Growth in Land Consumption Exceeds Population Growth in Metro Areas with Population > 1 million
1950-1990

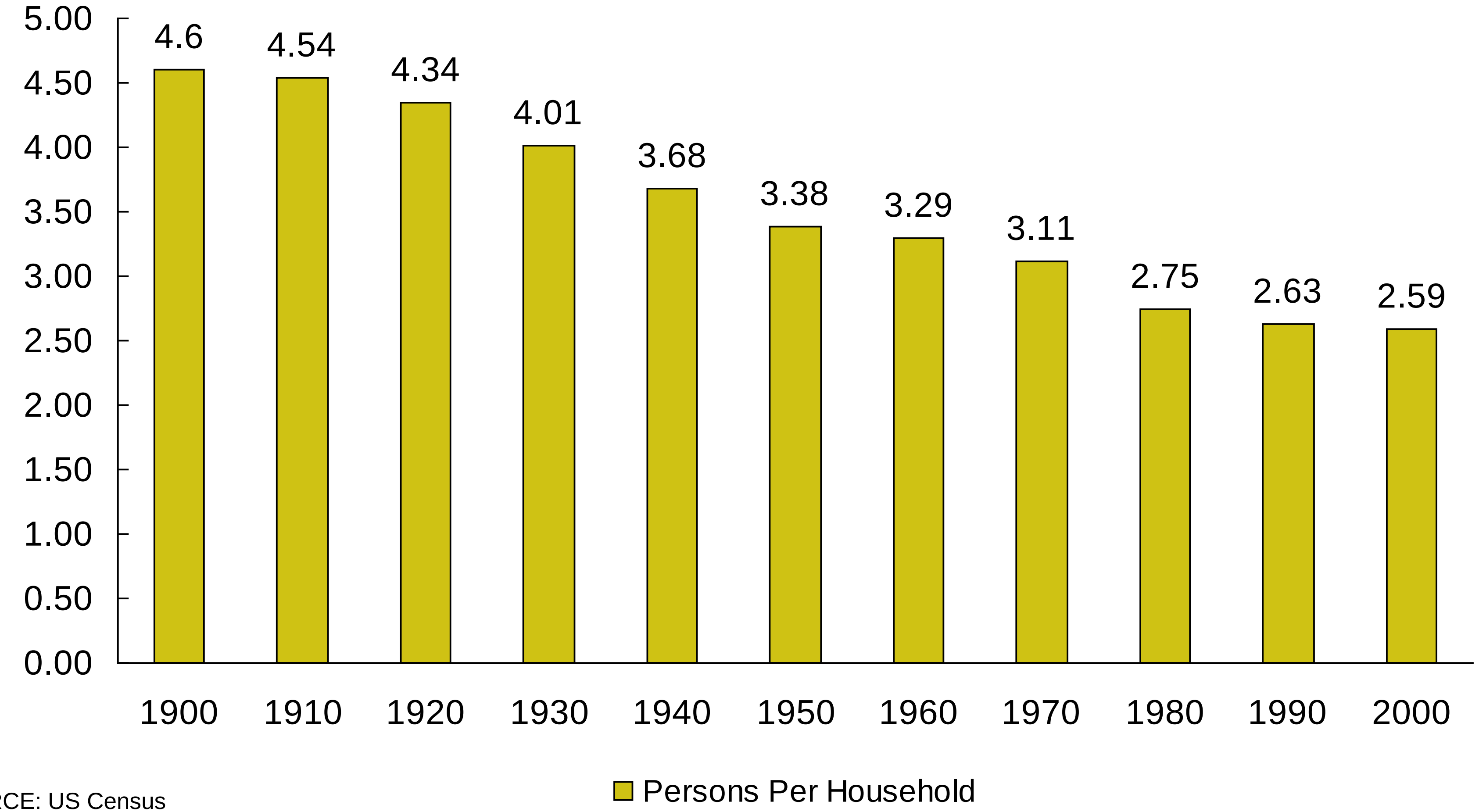


SOURCE: U.S. Environmental Protection Agency (EPA) report *Our Built and Natural Environments: A Technical Review of the Interactions Between Land Use, Transportation, and Environmental Quality*

HOUSEHOLD SIZE SHRINKING
NATION GROWING ON BACKS OF SMALLER HOUSEHOLDS

Average Household Size in the U.S.
1900–2000

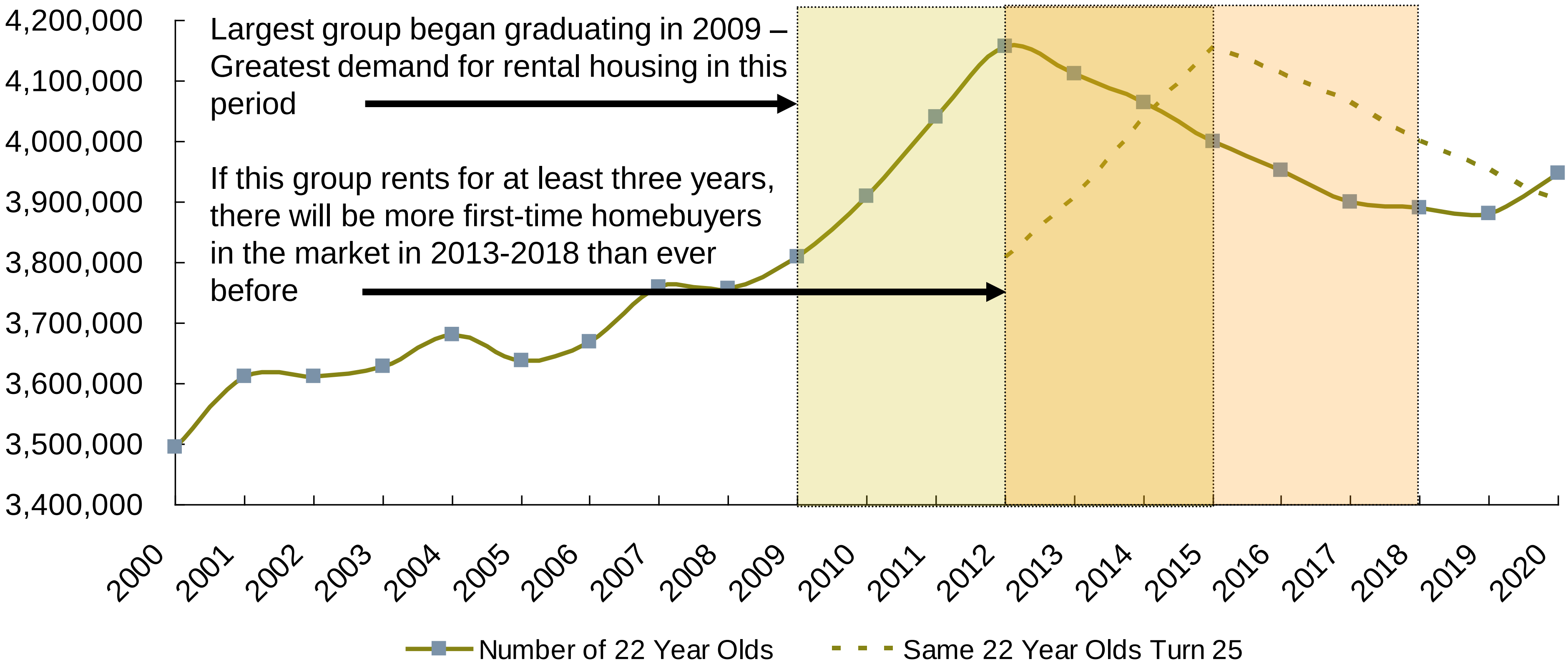
The average household size was 2.2 persons in the DC MSA in 2000.



SOURCE: US Census

GEN Y MAKING ITS MARK TODAY
SHAPING POST-RECESSION PLACEMAKING EFFORTS

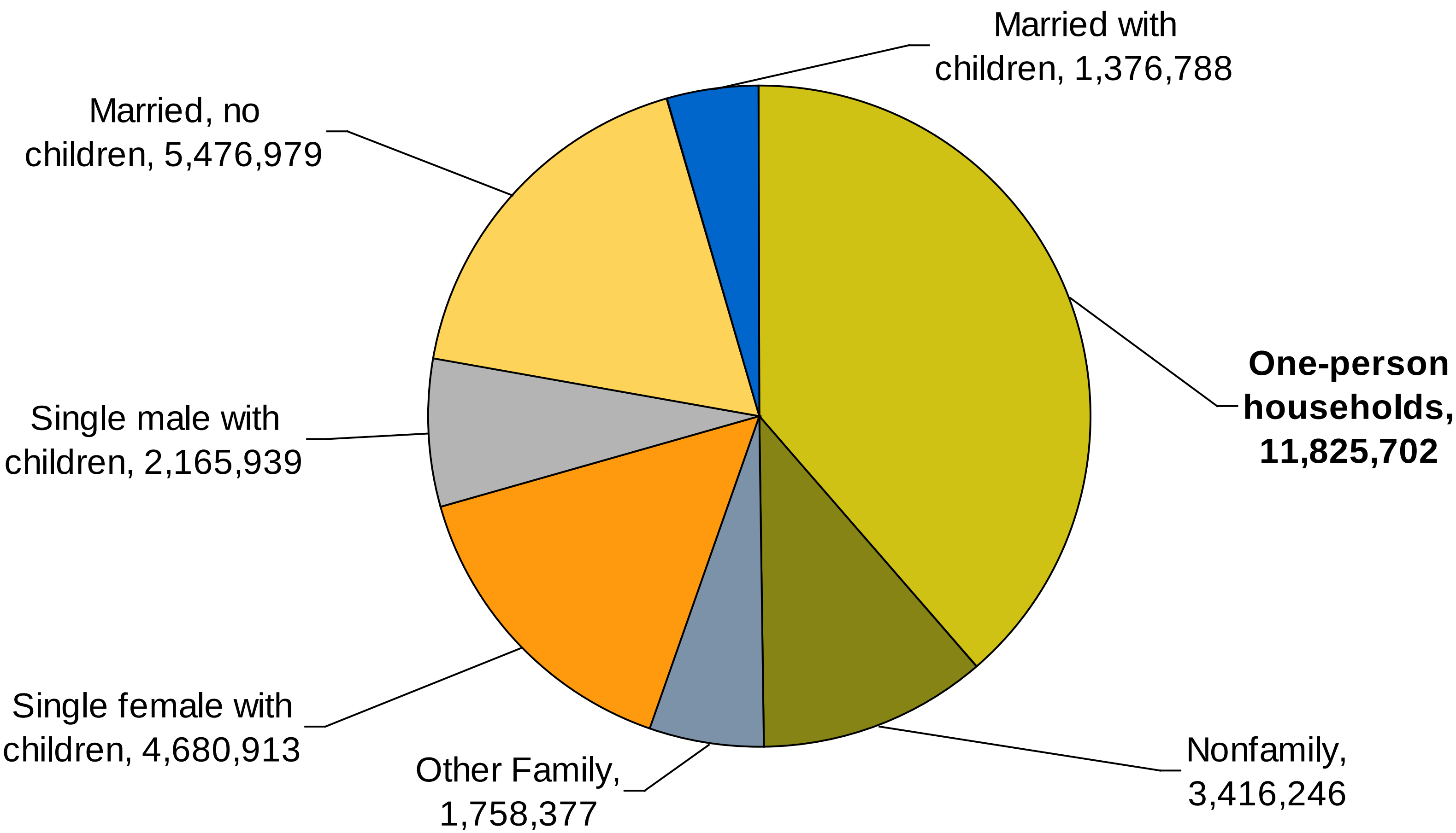
RCLCO Consumer Research shows:
- 41% of Generation Y plan to rent for at least three years
- 77% of Generation Y plan to live in an Urban Core



NOTE: Number of 22-year olds is based upon birth rate and does not factor in death rates and migration.
SOURCE: U.S. Centers for Disease Control and Prevention

> 85% GROWTH IN HOUSEHOLDS WITHOUT CHILDREN
DIFFERENT HOUSEHOLD LANDSCAPE BY 2025

Absolute Change in Households, United States
1980–2005



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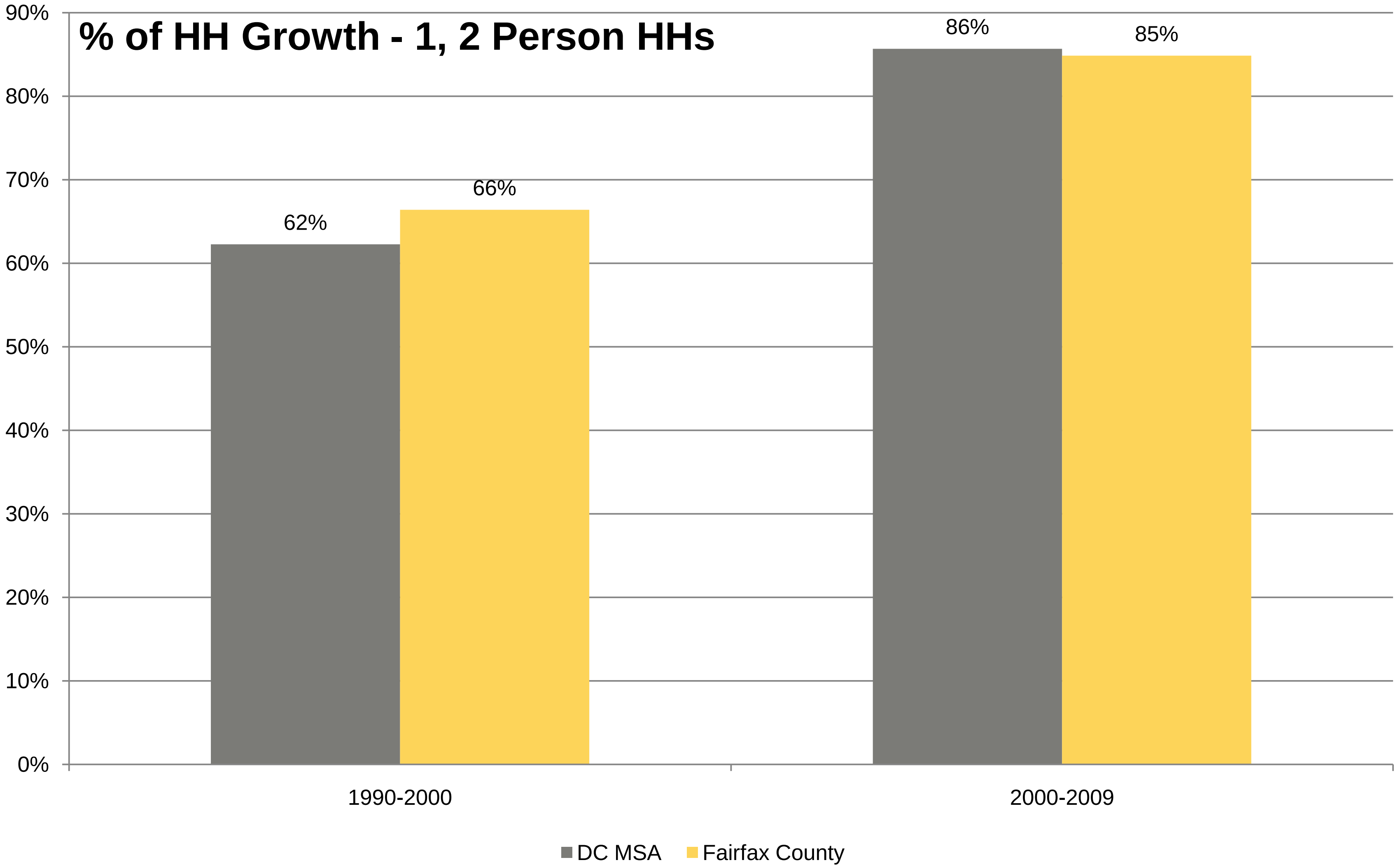
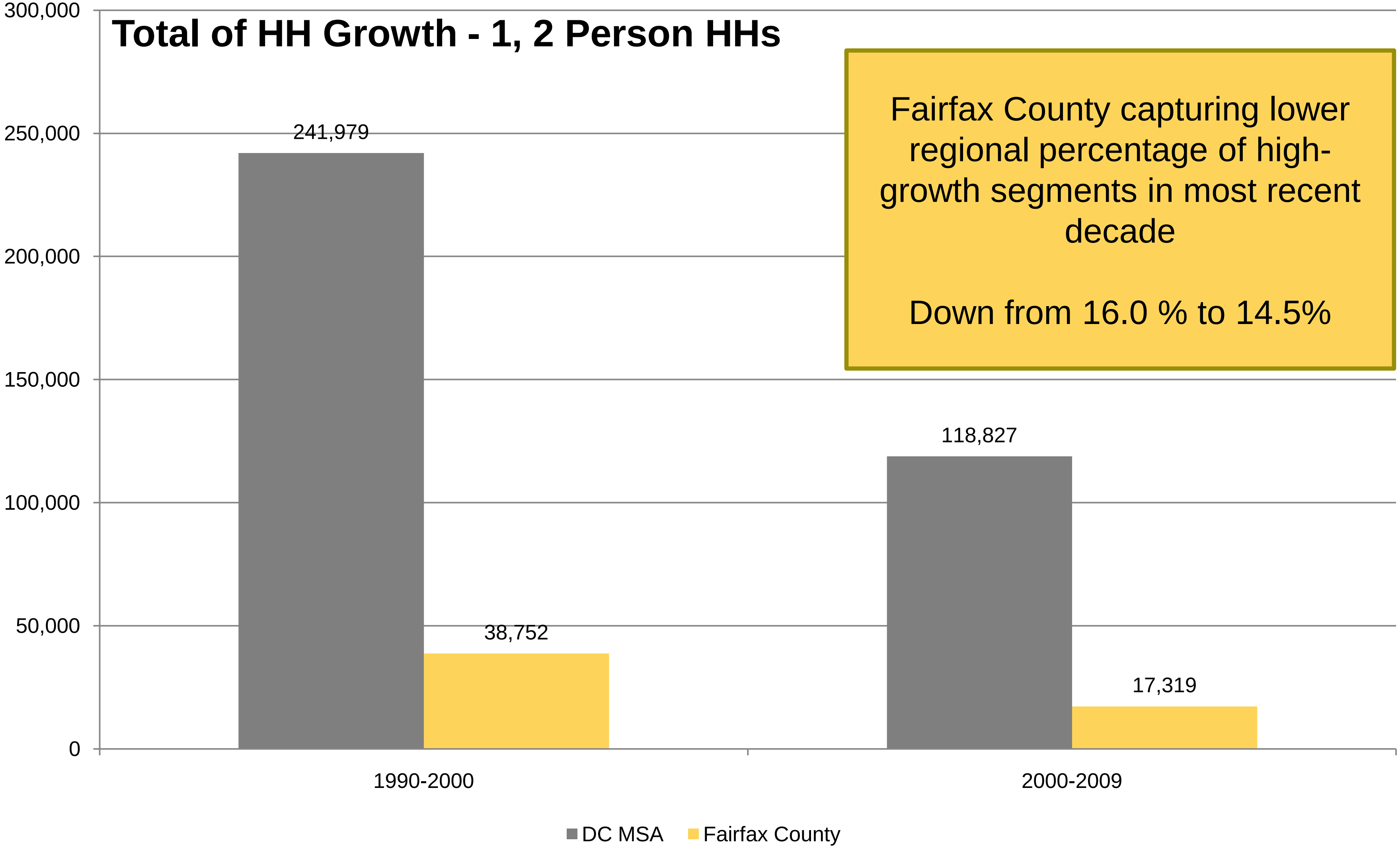
MAINTAINING A COMPETITIVE EDGE?
FAIRFAX COUNTY GROWTH MIRRORS REGION … BUT



WILL THE ADVANTAGE PERSIST?

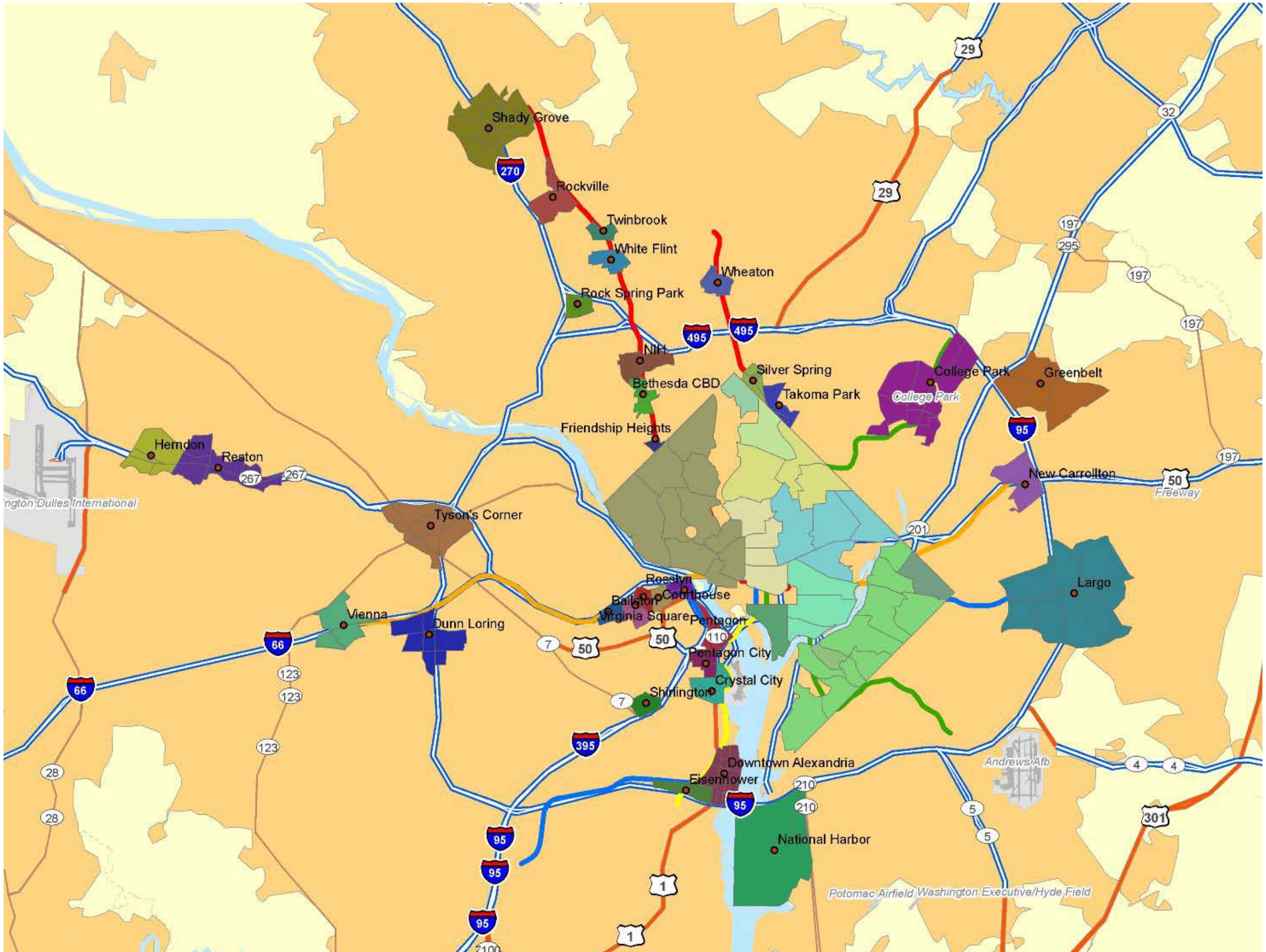
GROWTH SEGMENTS CHOOSING OTHER JURIDICTIONS



Fairfax County capturing lower regional percentage of high-growth segments in most recent decade

Down from 16.0 % to 14.5%

DENSIFICATION OF D.C. REGION UNDERWAY
CORE AND SUBURBS ACCELERATING DENSE HH GROWTH



Source: MWCOG Regional Activity Centers, RCLCO

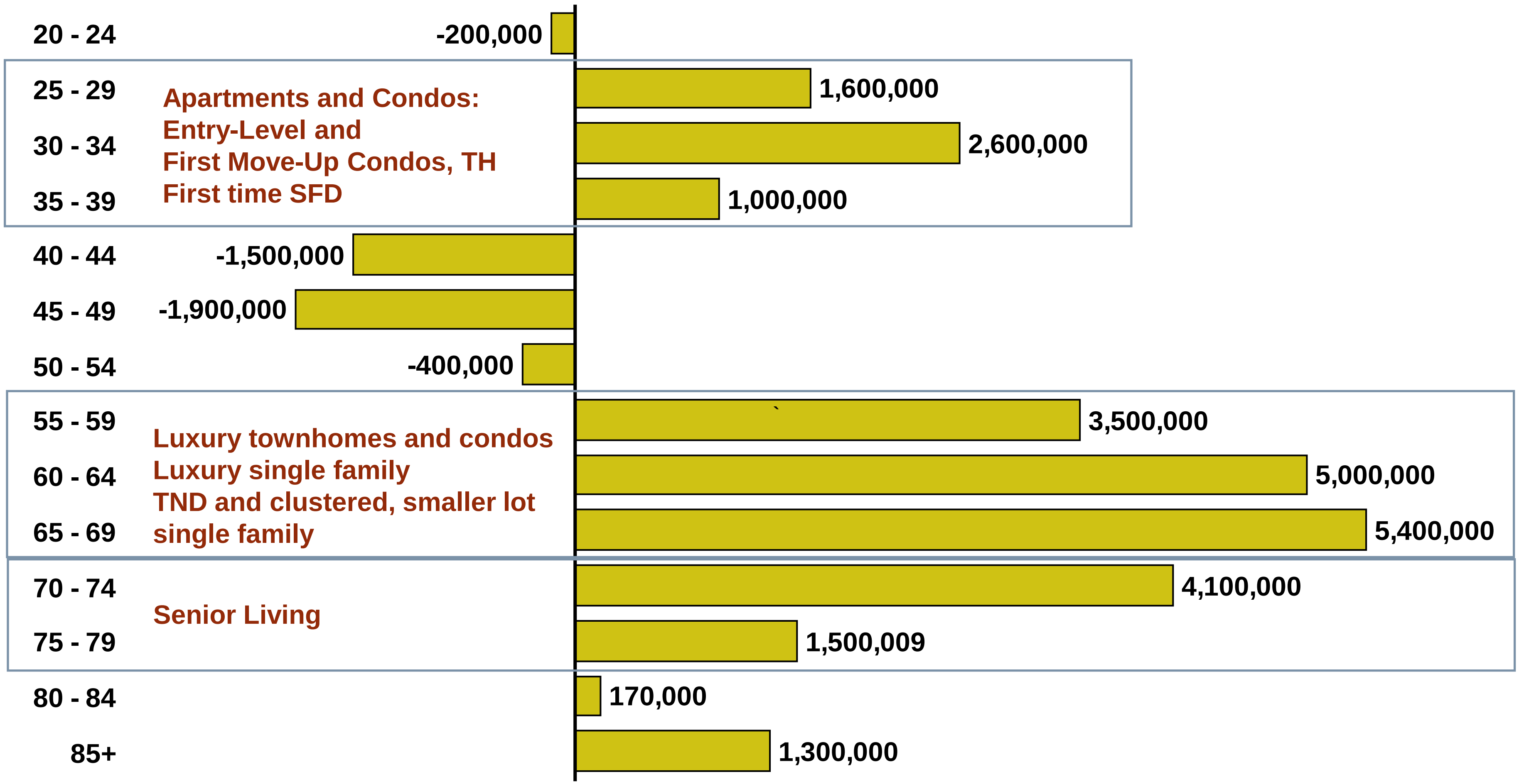
Approximately 20% of the HH growth between 2005 and 2015 is taking place within the rapidly densifying areas shown in the map to the left.

These households will drive demand for more urbane, walkable, transit-oriented environments.

Implications for the Built Environment

DEMOGRAPHIC SHIFTS AND HOUSING DEMAND
BUILT-IN DEMAND FOR HIGHER-DENSITY LIVING

Projected Total Population Growth Rate by Age
2010–2020



SOURCE: U.S. Census Bureau

IMPACT OF RISING COSTS
CONSUMERS WILL HAVE NO CHOICE BUT TO CHANGE

- **Cost of living has increased substantially since 2006**
  - Gasoline prices nearly 30% higher
  - Food prices nearly 20% higher

Effect on location preferences

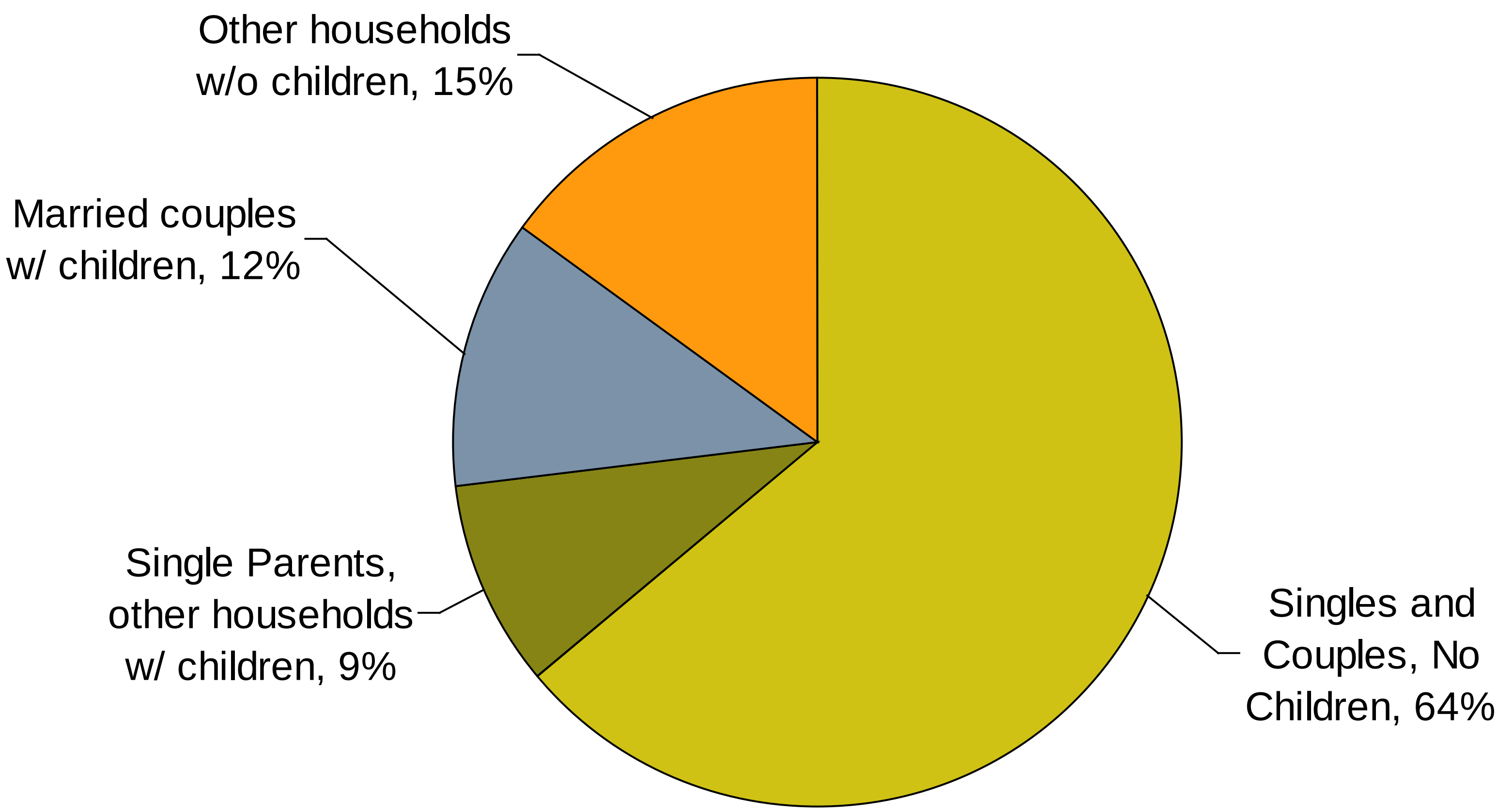
- Close-in and transit-accessible locations will be increasingly desirable
- Outer suburban/exurban locations at risk

Effect on housing affordability

- Typical household budget in 2006:
  - 29% Housing
  - 14% Transportation
    - 4% Gasoline
  - 11% Food and beverage
    - 6% Food at home (groceries)
- Increases in gas and grocery prices above equivalent to 7.5% of housing budget
- Smaller units may be in greater demand to meet tighter housing budgets

EVEN MORE TRANSIT-ORIENTED DEVELOPMENT
BULK OF DEMAND FROM SMALLER HOUSEHOLDS

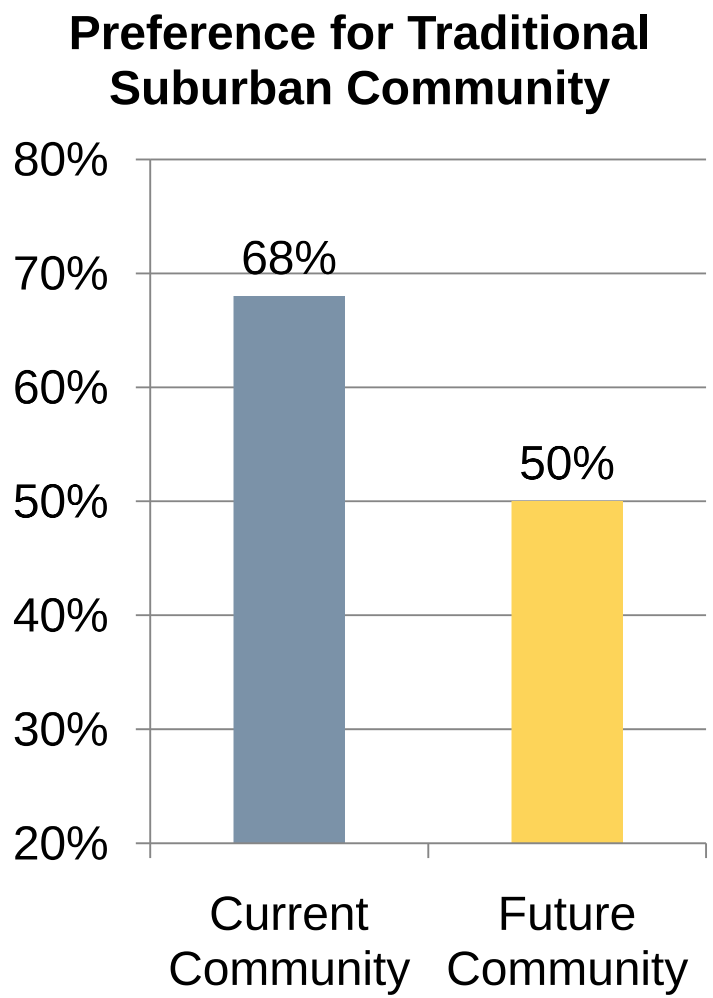
Estimated Future Demand for Transit-Oriented Development

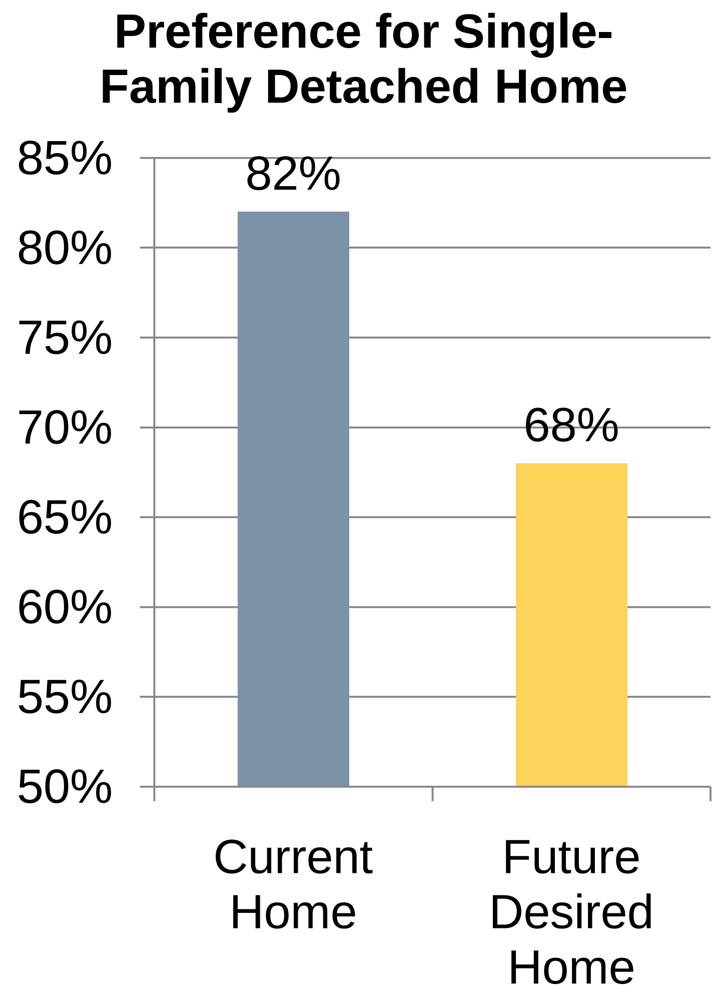


SOURCE: Center for Transit-Oriented Development, 2006

PARADIGM SHIFT IN CONSUMER PREFERENCES

PENT-UP DEMAND FOR HIGHER-DENSITY, WALKABLE ENVIRONS

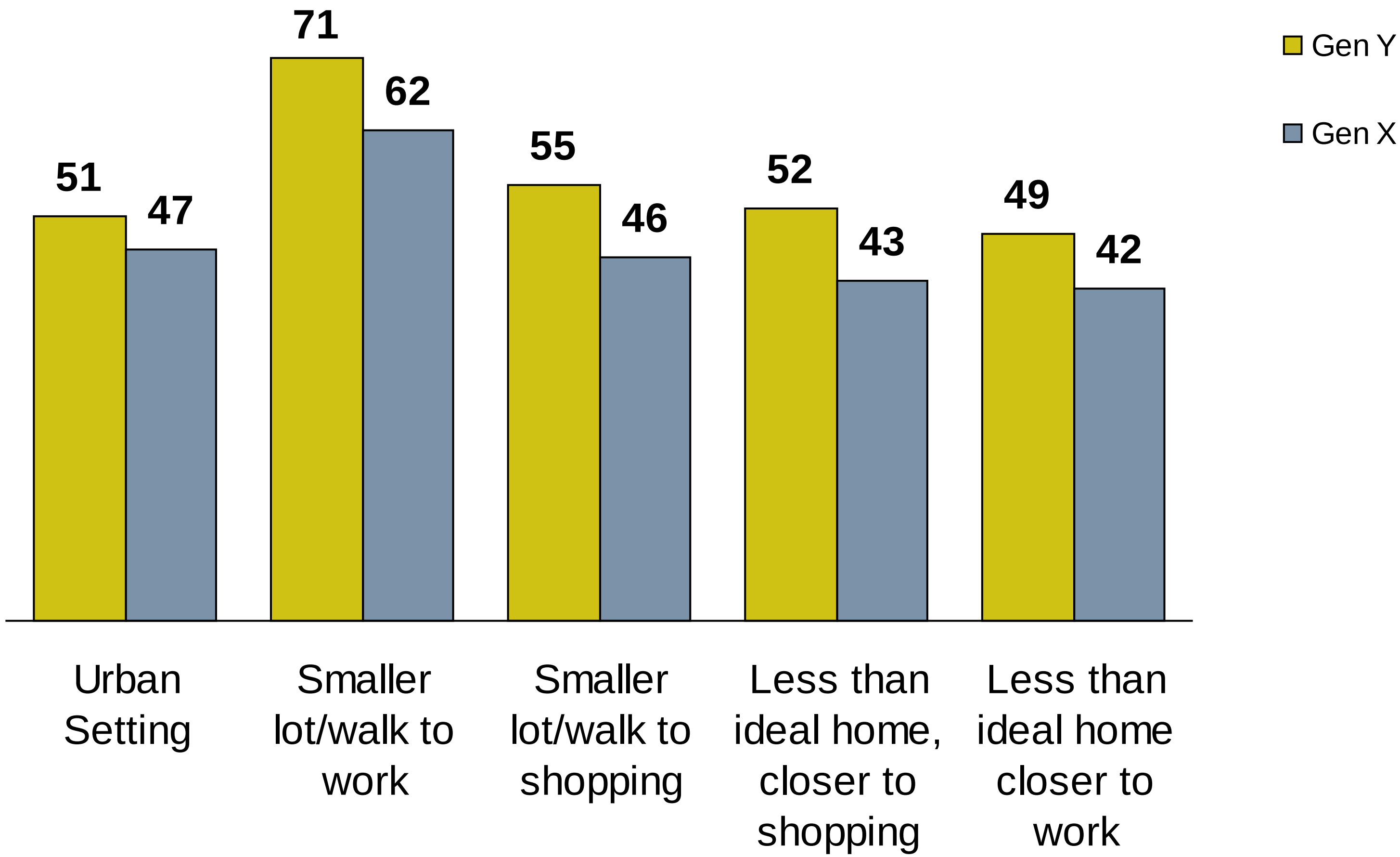




SOURCE: RCLCO Consumer Research

GEN X AND GEN Y SHOWING PREFERENCE FOR LOCATIONS THAT OFFER WALKABILITY

Generational Tradeoffs (%)



SOURCE: RCLCO consumer research

GEN Y WILL PAY FOR WALKABLE, MIXED-USE
CHALLENGE IS PROVIDING PRODUCT THEY CAN AFFORD

- Driven by convenience, connectivity, and a healthy work-life balance to maintain relationships
- **1/3 will pay more** to walk to shops, work, and entertainment
- 2/3 say that living in a walkable community is important
- More than 1/2 of Gen Y would trade lot size for proximity to shopping or to work
- Even among families with children, one-third or more are willing to trade lot size and “ideal” homes for walkable, diverse communities

SOURCE: RCLCO Consumer Research

NEW TRANSIT INCREASES PROPERTY VALUES
PORTLAND, OR

Portland Streetcar Property Value Change 1997-2003

Legend

- ● Streetcar Stop
- Streetcar Line
- MAX Light Rail

Percent Change 97-03

- < 0
- 0 - 50
- 50 - 100
- 100 - 150
- 150 - 200
- 200 - 250
- 250 - 300
- 300 - 350
- 350 - 400
- 400+

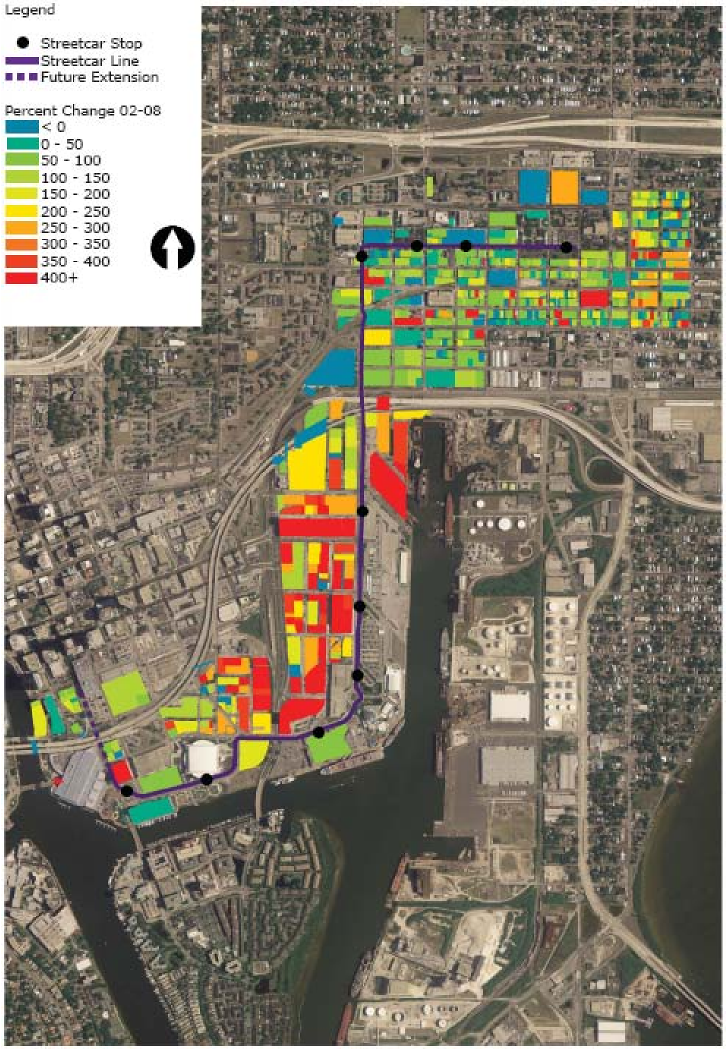
Original cost - $54M

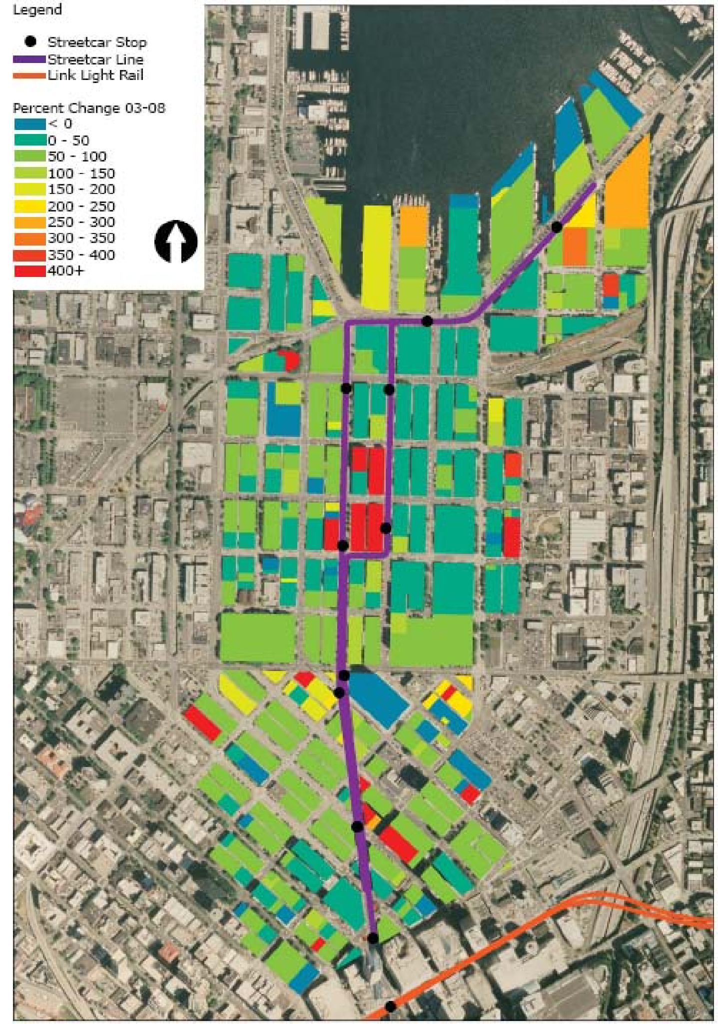
Catalyzed Investment - $3.8B

Multiplier – 74X

SOURCE: RCLCO, Reconnecting America

NEW TRANSIT INCREASES PROPERTY VALUES
SEATTLE, WA AND TAMPA, FL



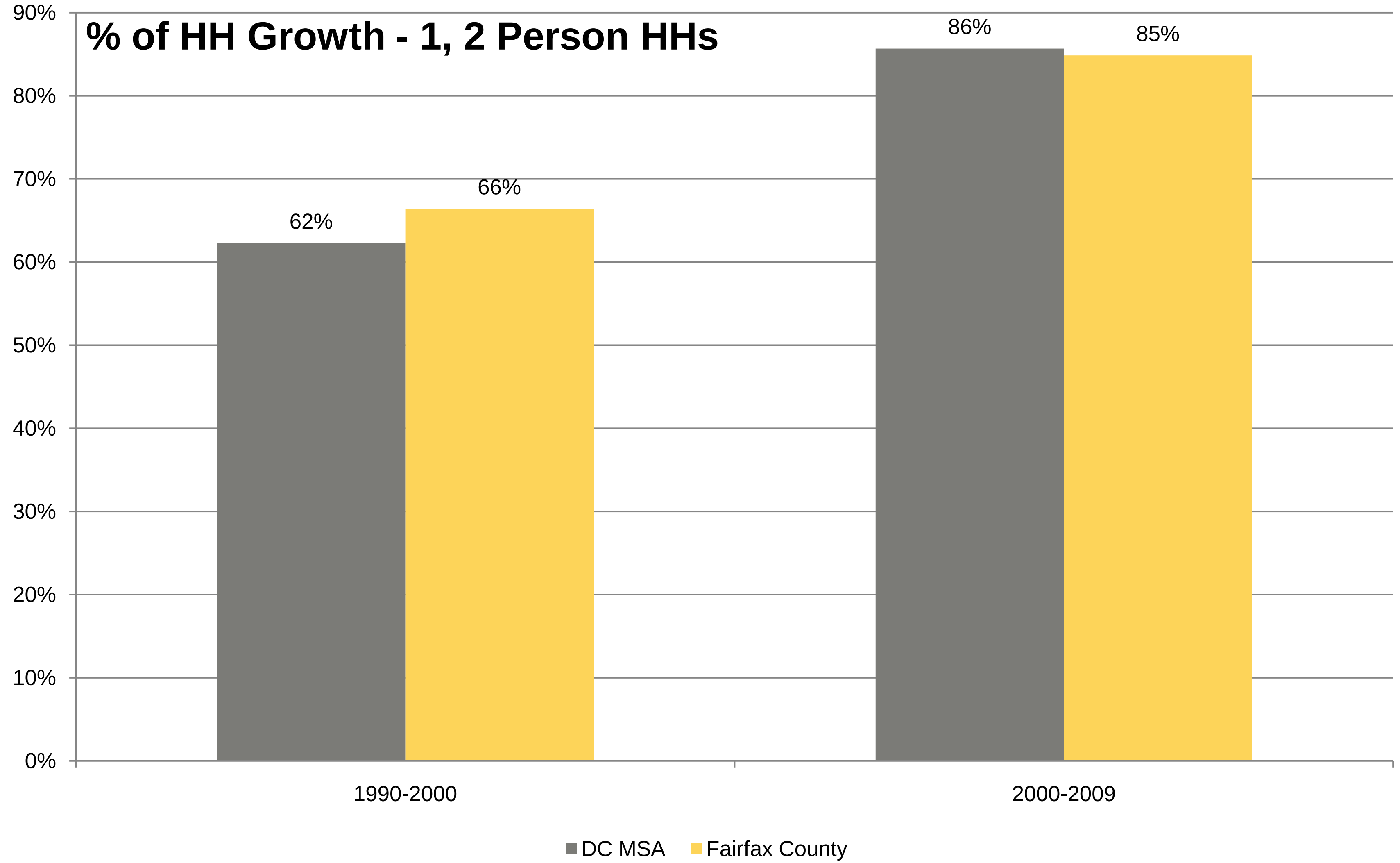


SOURCE: RCLCO, Reconnecting America

Implications for Fairfax – Parting Thoughts

MAINTAINING A COMPETITIVE EDGE?

FAIRFAX COUNTY GROWTH MIRRORS REGION … BUT



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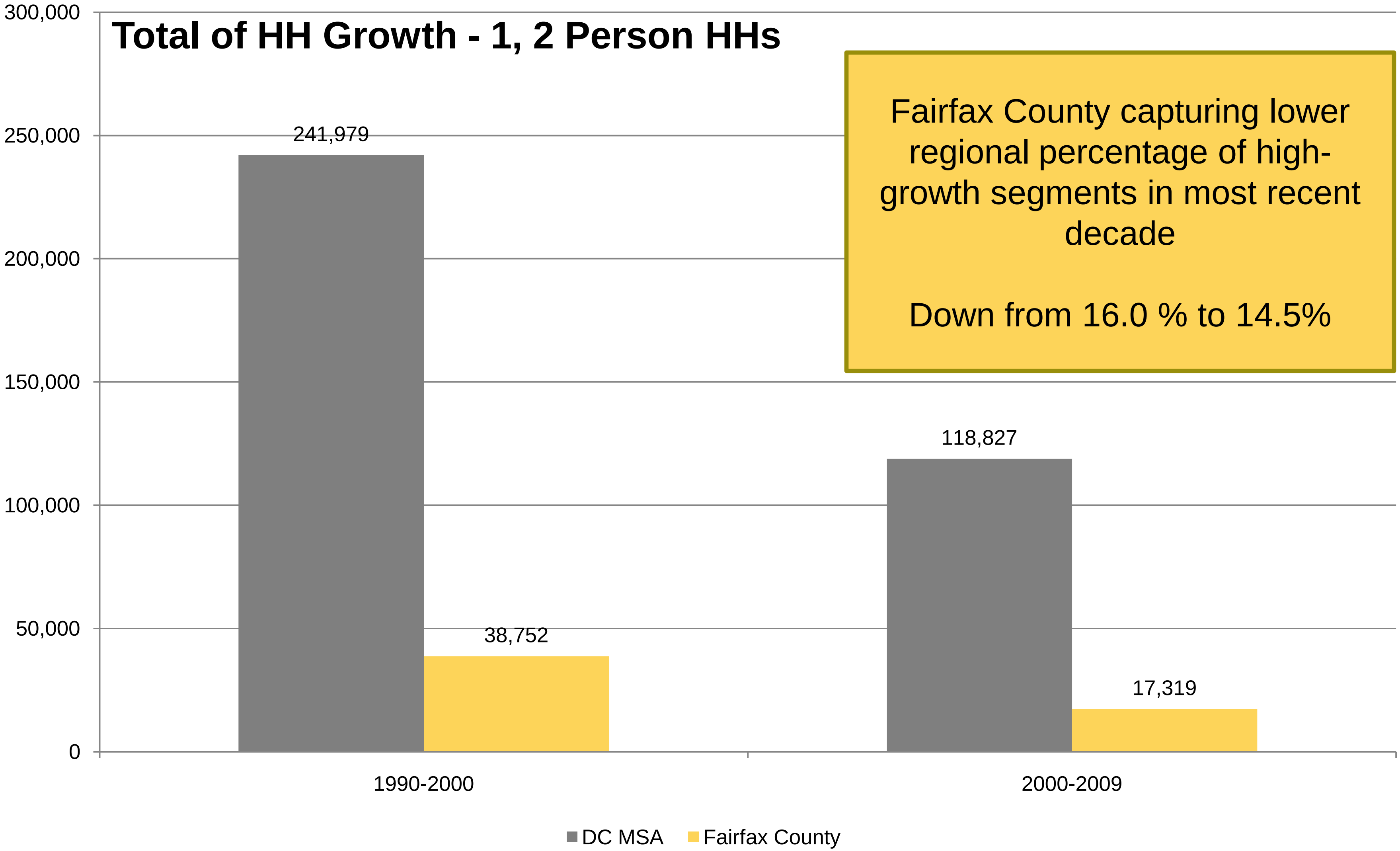

FEDERAL GOV'T EMBRACING TRANSIT
LOWER COMMUTE COSTS, LOWER ENERGY COSTS

- Federal Gov't has seen the light – they now understand the linkages between land use, transportation, and housing
- Executive Order 13514 mandates "sustainable locations" for GSA buildings
- In the Washington Metropolitan area, the U.S. General Service Agency (GSA) has made proximity to transit a requirement of all future federal government buildings located within WMATA's service jurisdiction

DC/MD/VA METRO AREA
½ MILE FROM METRO STATION DATA

Station	Population	Households	Median Income	Businesses	Employees
Addison Road|Seat Pleasant	2,427	779	$69,914	82	605
Anacostia	8,130	2,616	$24,553	188	2,499
Archives-Navy Mem'l	3,237	1,990	$57,444	2,928	85,084
Arlington|Cemetery	2,392	1,334	$78,972	65	1,037
Ballston-MU	15,473	8,837	$95,075	970	25,011
Benning Road	8,581	3,778	$37,554	156	1,723
Bethesda	7,273	4,220	$82,108	2,872	39,897
Braddock Road	8,394	3,856	$100,948	985	9,593
Branch Ave	1,208	390	$68,418	76	2,159
Brookland-CUA	6,073	1,826	$50,799	318	3,389
Capitol Heights	1,344	530	$57,847	34	208
Capitol South	6,638	3,903	$72,410	745	13,334
Cheverly	13,969	4,460	$48,779	318	3,279
Clarendon	11,173	5,718	$112,820	999	11,525
Cleveland Park	8,055	5,380	$83,963	306	3,679
College Park-U of Md	2,476	869	$58,359	762	6,615
Columbia Heights	34,897	5,380	$44,008	168	1,514
Congress Heights	7,372	2,086	$24,509	96	3,085
Court House	17,768	10,041	$89,384	1,119	15,996
Crystal City	10,237	6,157	$87,439	869	16,804
Deanwood	5,785	2,142	$42,643	110	2,606
Dunn Loring|Merrifield	4,543	1,953	$84,655	346	6,419
Dupont Circle	18,508	12,870	$76,409	6,374	86,665
East Falls Church	4,212	1,676	$148,382	172	1,319
Eastern Market	12,688	6,850	$87,826	1,023	11,330
Farragut West	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Federal Center SW	4,749	[illegible]	$51,889	592	21,561
Federal Triangle	1,887	[illegible]	$59,419	2,459	67,779
Foggy Bottom|GWU	13,794	7,210	[illegible]	4,266	87,605
Forest Glen	4,853	[illegible]	[illegible]	170	[illegible]
Fort Totten	7,156	[illegible]	[illegible]	81	[illegible]
Franconia-Springfield	1,228	635	[illegible]	96	1,491
Friendship Heights	[illegible]	[illegible]	[illegible]	1,154	19,807
Gallery Pl-Chinatown	9,044	4,932	$33,155	4,140	106,452
Georgia Ave|Petworth	17,819	6,172	$44,884	519	4,821
Glenmont	3,973	1,330	$69,306	52	420
Greenbelt	12,198	608	$54,201	658	9,231
Grosvenor-Strathmore	4,725	2,977	$76,779	91	853
Huntington	2,719	1,194	$89,307	131	2,198
Judiciary Sq	7,798	4,137	$31,998	3,430	95,805
King Street	5,871	3,109	$116,468	1,098	11,494
Landover	4,434	1,550	$42,899	124	2,260
Largo Town Center	1,759	908	$49,279	415	5,658
L'Enfant Plaza	2,646	1,705	$52,971	735	30,238
McPherson Sq	12,507	7,105	$45,355	7,638	138,465
Medical Center	1,346	416	$120,890	330	3,311
Metro Center	2,950	2,065	$51,682	5,093	117,666
Minnesota Ave	9,249	4,056	$35,069	169	2,348
Morgan Boulevard	4,247	1,285	$63,796	71	1,251
Mt Vernon Sq - 7th St|Conventi	20,390	10,039	$42,116	3,034	55,055
Navy Yard	4,755	2,359	$36,894	292	9,447
Naylor Road	6,801	3,080	$44,225	62	404
New Carrollton	502	165	$50,873	170	3,571
New York Ave	7,468	2,750	$43,713	604	11,010
Pentagon	1,991	1,334	$78,972	309	6,596
Pentagon City	10,240	6,272	$80,359	456	8,845
Potomac Ave	8,926	3,987	$59,919	529	5,597
Prince George's Plaza	4,265	1,604	$55,790	387	4,260
Rhode Island Ave	7,460	3,078	$37,304	314	5,043
Rockville	4,997	2,168	$63,674	982	8,926
Ronald Reagan Washington Na	4,275	2,579	$91,455	514	9,511
Rosslyn	8,871	5,452	$72,113	1,300	25,127
Shady Grove	1,786	855	$109,458	196	3,015
Shaw-Howard Univ	17,558	6,884	$46,624	924	11,337
Silver Spring	13,306	7,608	$58,150	1,587	[illegible]
Smithsonian	-	-	-	446	[illegible]
Southern Ave	5,686	2,162	$41,897	107	[illegible]
Stadium|Armory	9,583	3,367	$50,882	145	1,609
Suitland	3,815	1,438	$55,956	88	498
Takoma	5,534	2,365	$79,164	363	2,995
Tenleytown-AU	5,023	2,216	$129,726	399	4,855
Twinbrook	4,860	2,113	$68,507	552	12,394
U St/African-Amer Civil |War Me	21,888	10,215	$53,638	1,143	12,372
Union Station	8,742	3,630	$53,530	1,271	27,539
Van Dorn Street	887	363	$88,347	[illegible]	2,351
Van Ness-UDC	8,145	5,003	$96,747	[illegible]	4,957
Vienna|Fairfax-GMU	6,019	2,287	$93,301	133	1,888
Virginia|Square-GMU	12,605	6,953	$97,141	811	16,048
Waterfront|SEU	12,640	7,428	$48,428	514	17,442
West Falls Church|VT/UVA	2,320	1,065	$121,194	179	1,438
West Hyattsville	8,200	3,147	$46,675	156	889
Wheaton	6,132	2,269	$66,813	759	6,575
White Flint	3,478	1,942	$90,346	855	15,256
Woodley Park-Zoo|Adams Morg	12,347	7,970	$90,292	567	7,297
TOTAL	**650,201**	**302,669**		**96,071**	**1,775,706**
AVERAGE	**7,560**	**3,519**	**$67,687**	**1,117**	**20,648**

Line	Station	Population	Households	Median Income	Businesses	Employees
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SOURCE: RCLCO, CLARITAS

VIRGINIA
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	Virginia|Square-GMU	12,605	6,953	$97,141	811	16,048
	West Falls Church|VT/UVA	2,320	1,065	$121,194	179	1,438
	TOTAL	**134,446**	**72,368**		**10,993**	**180,026**
	AVERAGE	**6,722**	**3,618**	**$96,348**	**550**	**9,001**

Fairfax County Stations Average – 1,768 HH, 219 Businesses, 3,248 Employees
Fairfax County Stations Average – 50%, 40%, 36%, Respectively, of VA Averages

SOURCE: RCLCO, CLARITAS

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INTENSE COMPETITION FOR JOBS, HOUSEHOLDS

Over the next 25 years, the DC region will add 1.25 million new jobs and 1.5 million new residents

- *Jurisdictions that provide urban, transit-oriented places will capture these jobs and households first*
- *Households are moving with their feet – to places across the USA – that provide these types of environments*

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