



## California Market Watch, August 17, 2009

# Changing Demographics make TODs a Success

The "State of the Nation's Housing 2009," by the Joint Center for Housing Studies at Harvard University, drew attention to how different demographics' desires will also change the new home market over the next 20 years. One growing market—dubbed the "echo boomers"—comprise just over one-third of the U.S. population. Their desire for easy access to entertainment and recreation, smaller house sizes in more dense communities, and more environmentally friendly products makes them a substantial market for transit-oriented development (TOD).

- California passes legislation that encourages TODs.** In California, two bills (Assembly Bill 32 and Senate Bill 375) have contributed to the increase in TOD popularity. Assembly Bill 32, otherwise known as the California Global Warming Solutions Act of 2006, establishes market and regulatory mechanisms for lowering greenhouse gas emissions in the state of California. Similarly, Senate Bill 375 mandates a reduction in vehicle miles traveled (VMT). Transit-oriented developments, which provide easy access to many amenities close to home and limit the amount of driving necessary, help to meet the emissions requirements mandated in the bills.

When California passed Proposition 1A in November 2008, the number of locations suitable for transit-oriented developments expanded. The high-speed rail planned to run between Sacramento and San Diego provides numerous opportunities for high-density, mixed-use development near its hubs. Developers hope to capitalize upon the high speed rail system by developing vibrant residential, commercial, and entertainment centers near the hubs that will serve both business commuters and those traveling for pleasure. In addition, with high speed rail estimated to reduce the number of automobiles on the road by millions, and eliminating some of the need to build additional freeways, TODs near planned high speed rail stops appear to be an environmentally conscious and cost-effective option.

- High demand anticipated for metropolitan areas.** Demand for transit-oriented development in the Los Angeles Metropolitan area alone, could grow by 554%, and the San Francisco Bay Area expects demand to grow by 103%. Transit-oriented developments, mixed-use residential, commercial, and retail developments, are generally located within ½ mile of a rail, subway, or bus terminal. Convenient access to mass transit, as well as traffic congestion and the difficulty of finding parking, make these developments increasingly attractive to buyers. Like infill projects, which make use of centrally located but underused land within a city to create new housing, transit-oriented developments take advantage of new homebuyers' desires to be close to it all: shopping, nightlife, and even parks.

### Top Ten Regions by Potential Demand for TOD

	Existing Stations	Planned Stations	2000 TOD Households	2030 Demand	% Change
<b>New York</b>	955	6	2,876,160	5,371,866	87%
<b>Los Angeles</b>	113	38	261,316	1,708,447	554%
<b>Chicago</b>	401	8	787,204	1,503,638	91%
<b>San Francisco</b>	286	49	409,497	832,418	103%
<b>Philadelphia</b>	370	34	506,058	809,058	60%
<b>Boston</b>	228	7	396,261	750,726	89%
<b>Washington, D.C.</b>	127	11	234,202	688,582	194%
<b>Portland</b>	108	29	72,410	279,891	297%
<b>Miami</b>	60	6	62,595	271,326	333%
<b>Dallas</b>	48	17	46,429	270,676	483%

SOURCE: Reconnecting America

### Newer Transit Oriented Developments in California:

- **EmeryStation, Emeryville:** EmeryStation is a 20 acre mixed-use TOD that was initiated by Amtrak. Located on a former brownfield, the site now contains approximately 150 lofts and townhouses, as well as senior housing.
- **Uptown District, San Diego:** The site of a former Sears store, Uptown has 320 residential units and 145,000 square feet of retail space. In 1991, Uptown was named Project of the Year by the National Association of Home Builders.
- **Ohlone-Chynoweth, San Jose:** The converted park-and-ride lot now features affordable housing, retail, and a daycare center as well as park-and-ride parking. \$5.2M of the project's costs was contributed by the city of San Jose.

## About Meyers Builder Advisors

[Meyers Builder Advisors](#) brings together a talented pool of consultants with a strong understanding of the homebuilding industry and the market dynamics that drive it. Combined, the team boasts over 100 years of market experience, with a wide range of services including site specific analysis, strategic workouts, due diligence, and forensic analysis. The group has advised on a wide range of residential product types throughout the United States and has successfully assisted a long list of builders, developers, and financial institutions.

### For more information, contact –

#### **Meyers Builder Advisors**

2712 E. Coast Highway, Suite 101

Corona Del Mar, California 92625

P: 949-640-0050

F: 949-640-0055

[www.builderadvisors.com](http://www.builderadvisors.com)

Jeffrey Meyers, Principal

M: 714-319-3888

Steve Smiley, Principal, Northern California

M: 510-612-5718

Michelle Wolkoy, Principal, Southern California

M: 714-357-6005

David Hudson, Director, Asset Management Group

M: 949-375-6059