A Market Summary for Olivette and the Olive Corridor

Prepared for
The City of Olivette

August 3, 2015

DEVELOPMENTSTRATEGIES®

Process

Context and Trends

Market Analysis: Residential

Market Analysis: Retail

Market Analysis: Office

Market Analysis: Hotel

Conclusions and Next Steps

Timeline

JUNE

Kick-off & Context Analysis

- Stakeholder Interviews
- Marketability Analysis
- 〉 EDC Kick-off

JULY

Real Estate Market Analysis

- Supply & Demand Analysis
- 〉 EDC Presentation

AUGUST

Market Strategy

- Targeted Housing/ Development Products
- Placemaking Recommendations
- Anchors and Amenities
- 〉 EDC Presentation

SEPTEMBER

Development Planning and Strategy

- Catalyst Sites
- Development Densities
- Feasibility Testing
- Funding Strategies
- 〉 EDC Presentation

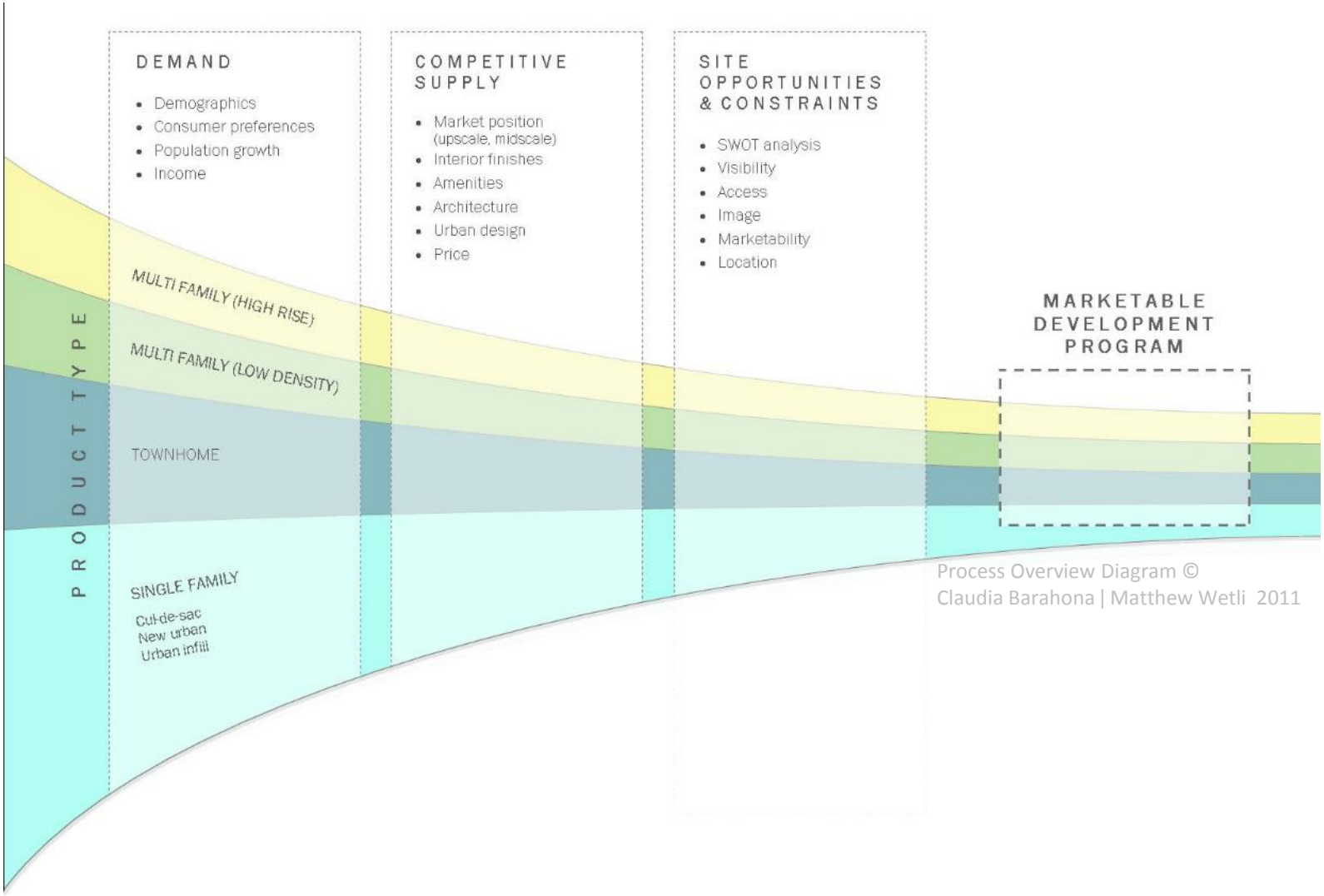
OCTOBER

Document Development & Presentation

- Document development
- Revise based on feedback
- 〉 Council Presentation

Process: Development Plan

Process: Market Analysis



Process Overview Diagram © Claudia Barahona | Matthew Wetli 2011

Process

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Conclusions and Next Steps

Opportunity Sites

Trends

The world is reordering itself economically and socially.

Demographics

72% non-family households by 2025#

Preferences

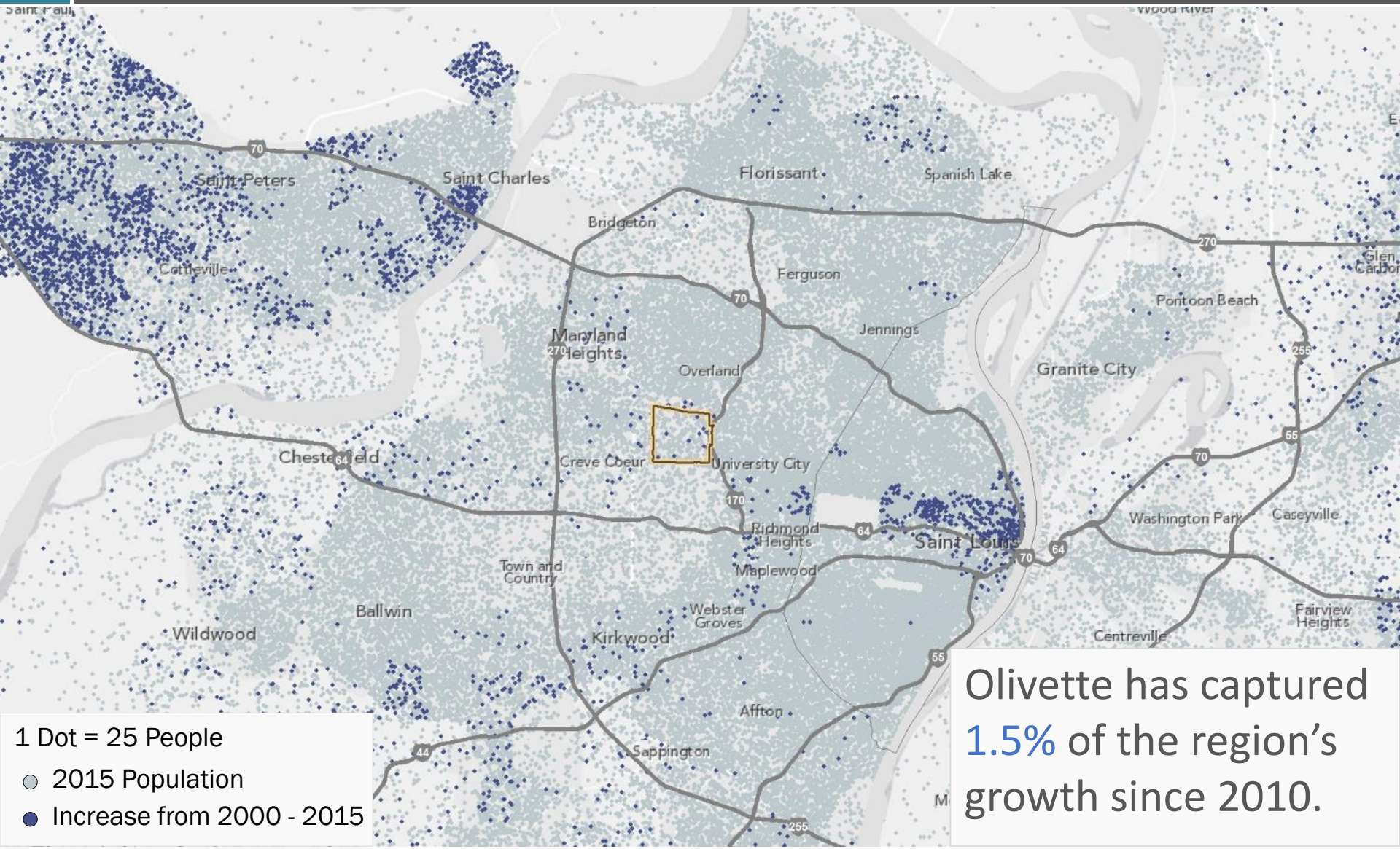
66% prefer attached or small lot housing*

Internet Trends

3,700% increase in web-base electronic sales†

Martha Farnsworth Riche
* If it puts them closer to work, mix of uses, etc. National Association of Realtors
† 1999-2010 Census

Olivette Within the Region: Population Density & Growth

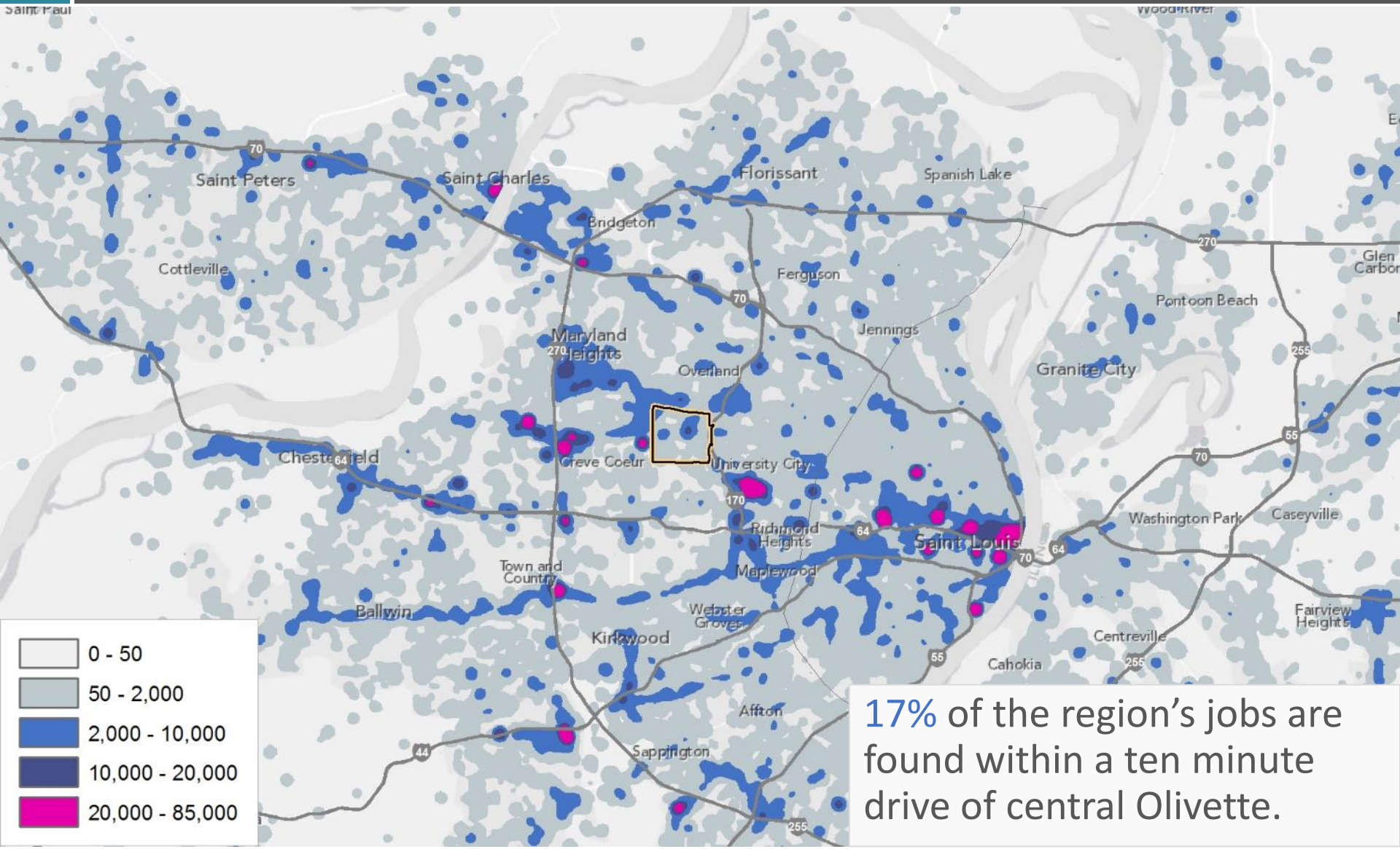


1 Dot = 25 People

- 2015 Population
- Increase from 2000 - 2015

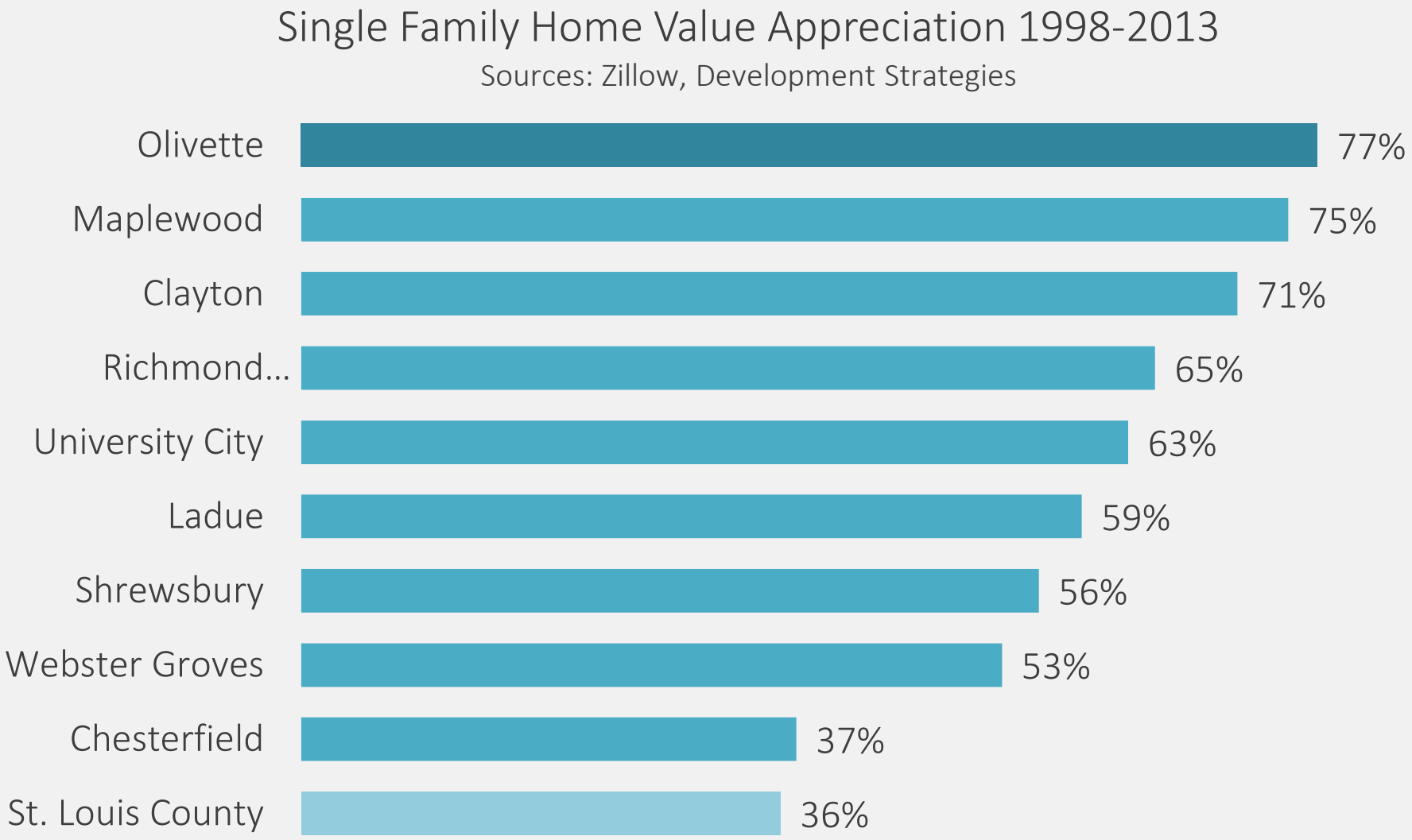
Olivette has captured 1.5% of the region's growth since 2010.

Olivette Within the Region: Employment Density



17% of the region's jobs are found within a ten minute drive of central Olivette.

Market Evidence: Central County



Placemaking and Property Values

Mixed Use & Town Centers

Historic Main Streets

Parks

Walkable Neighborhoods

Greenways

Stakeholders

Local Developers & Property Owners

Greg Yawitz
Christian Andrade
Courtney Ruder
Gary Sudin
Daniel Wolk
Bruce Mills

Business Owners

Aliana Ilyashov
Qui Tran
Edward Lindner
Don Klackner
Dave Book
Jodi Marley
Michael Johnson
George Burford

Citizens and Institutions

Commission members
Neighborhood representatives
Danforth Center

Process

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Market Analysis: Residential

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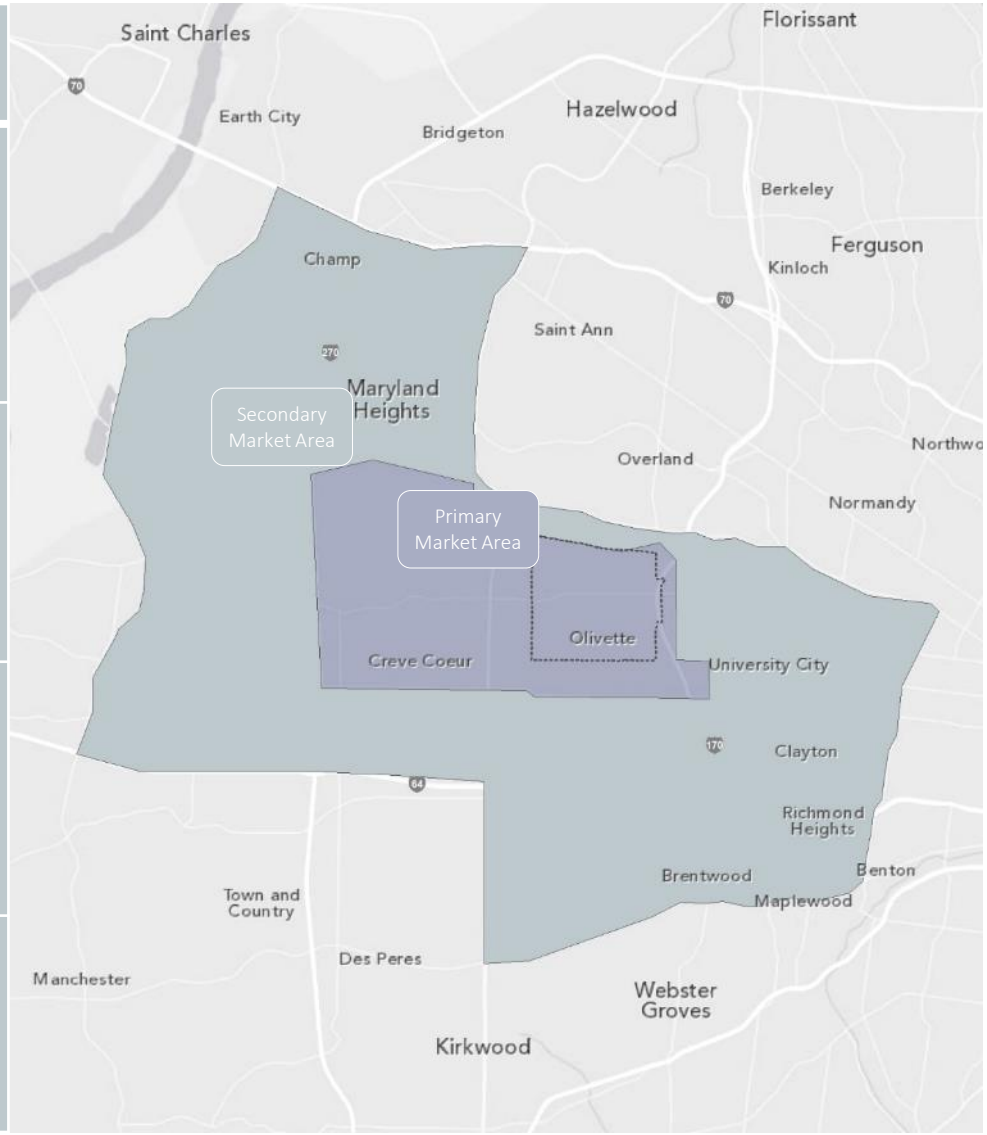
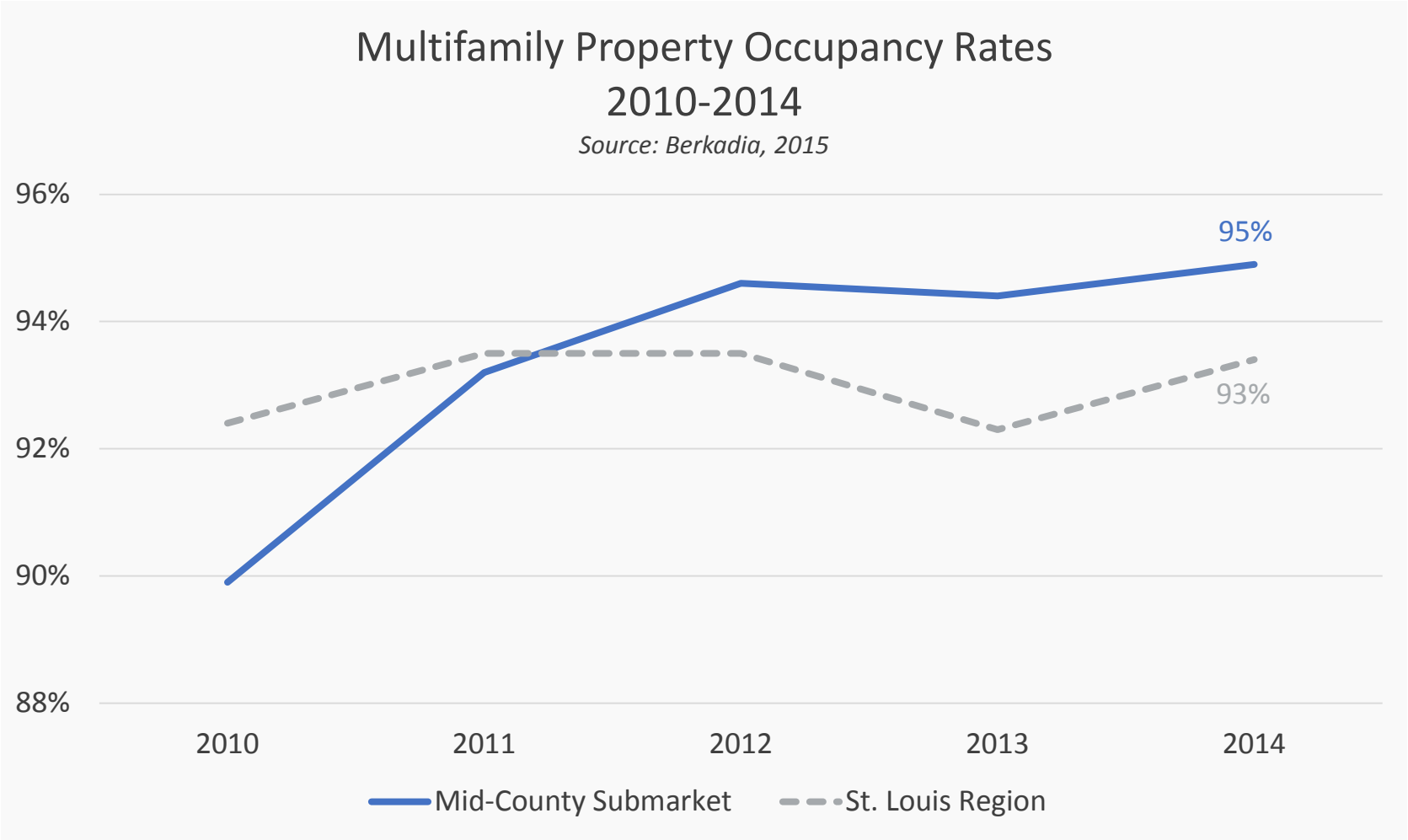
Conclusions and Next Steps

Residential Demand – Market Areas

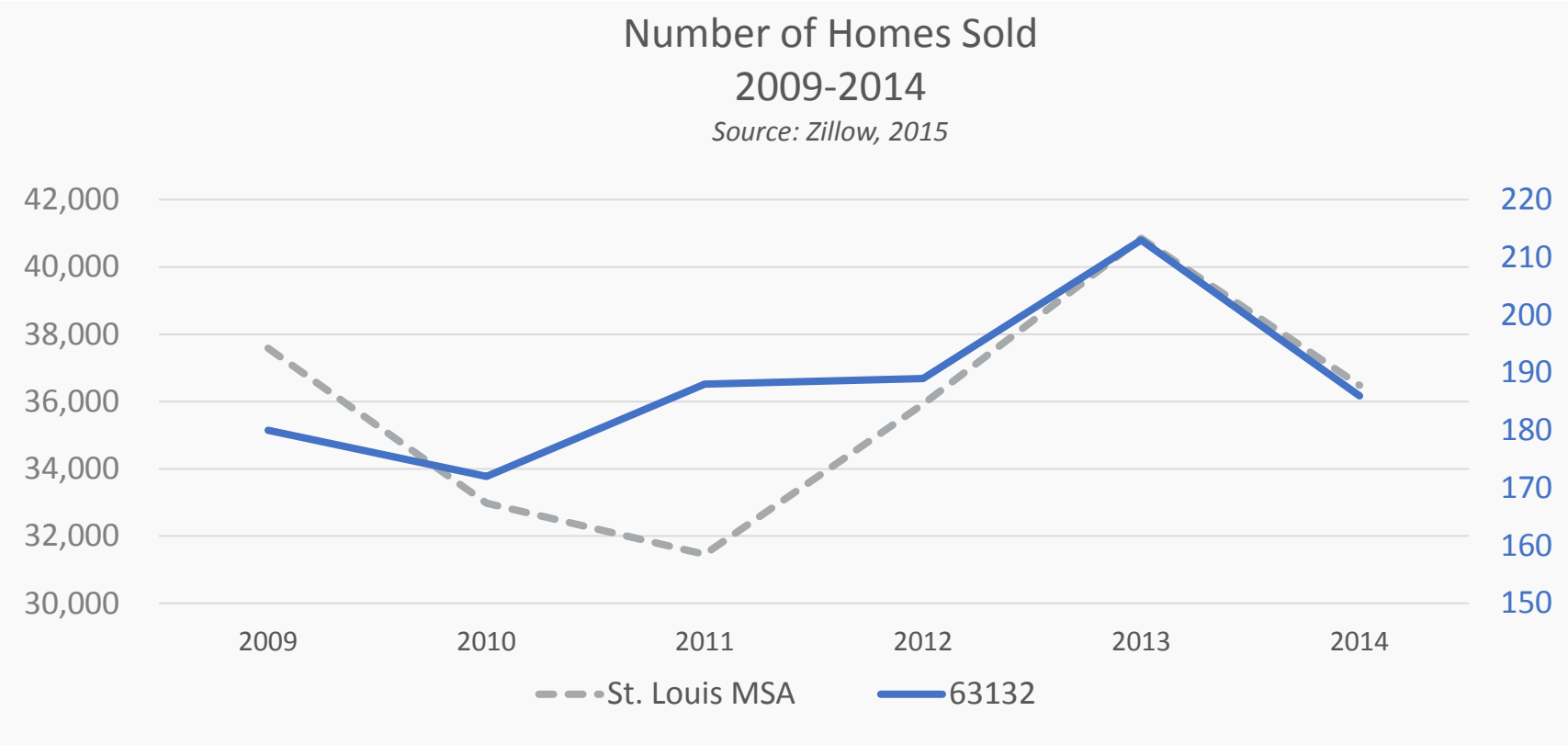
	Primary Market Area	Secondary Market Area
Cities	Olivette, Creve Coeur, Ladue, Maryland Heights, University City	Maryland Heights, Creve Coeur, University City, Clayton, Richmond Heights
Population	33,800	137,000
Median Household Income	$64,000	$62,000
Median Home Value	$279,000	$251,000



Residential Supply – Rental Occupancy Trends



Residential Supply – Recovery in the For-Sale Market



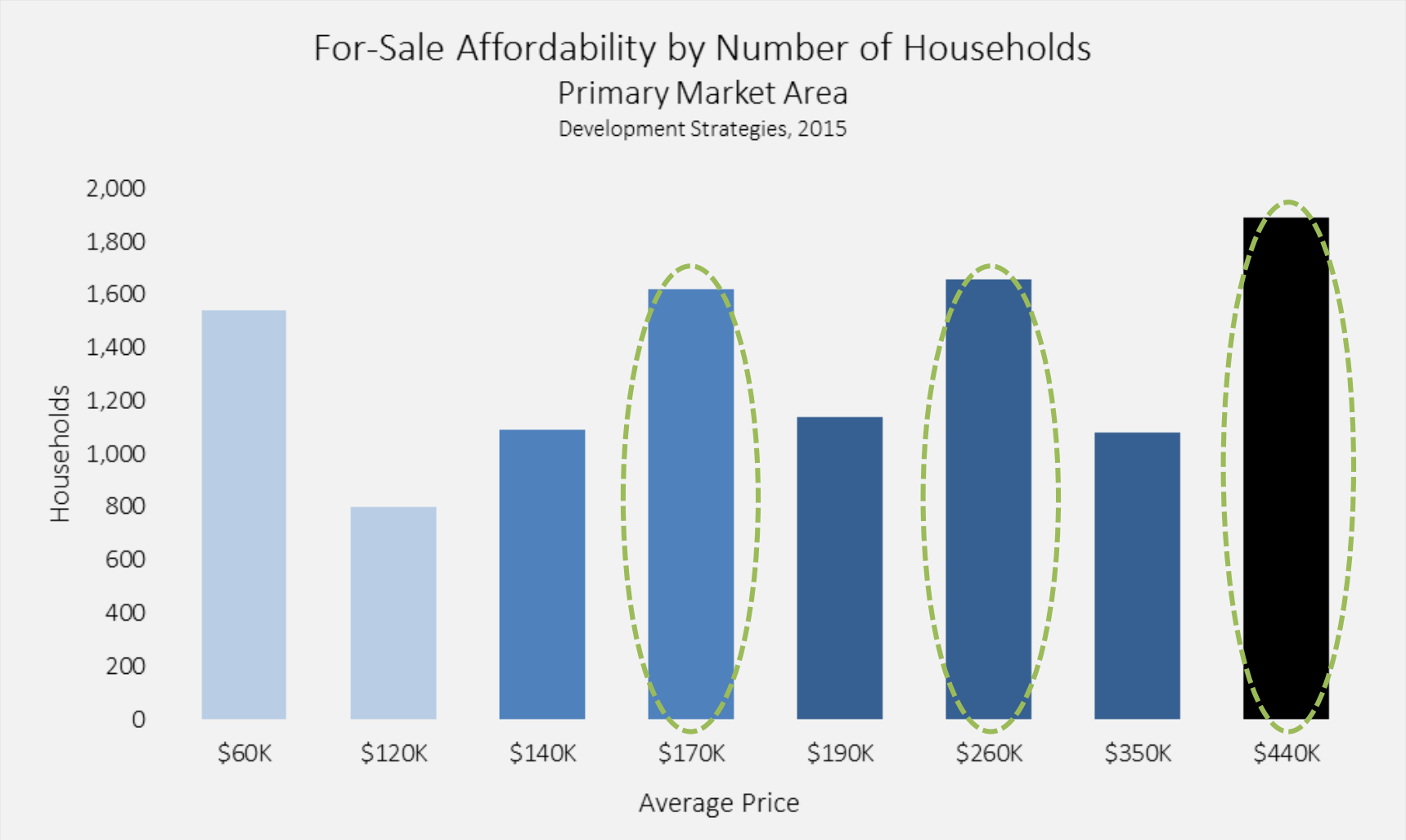
The median home sale price in Olivette increased by

35%

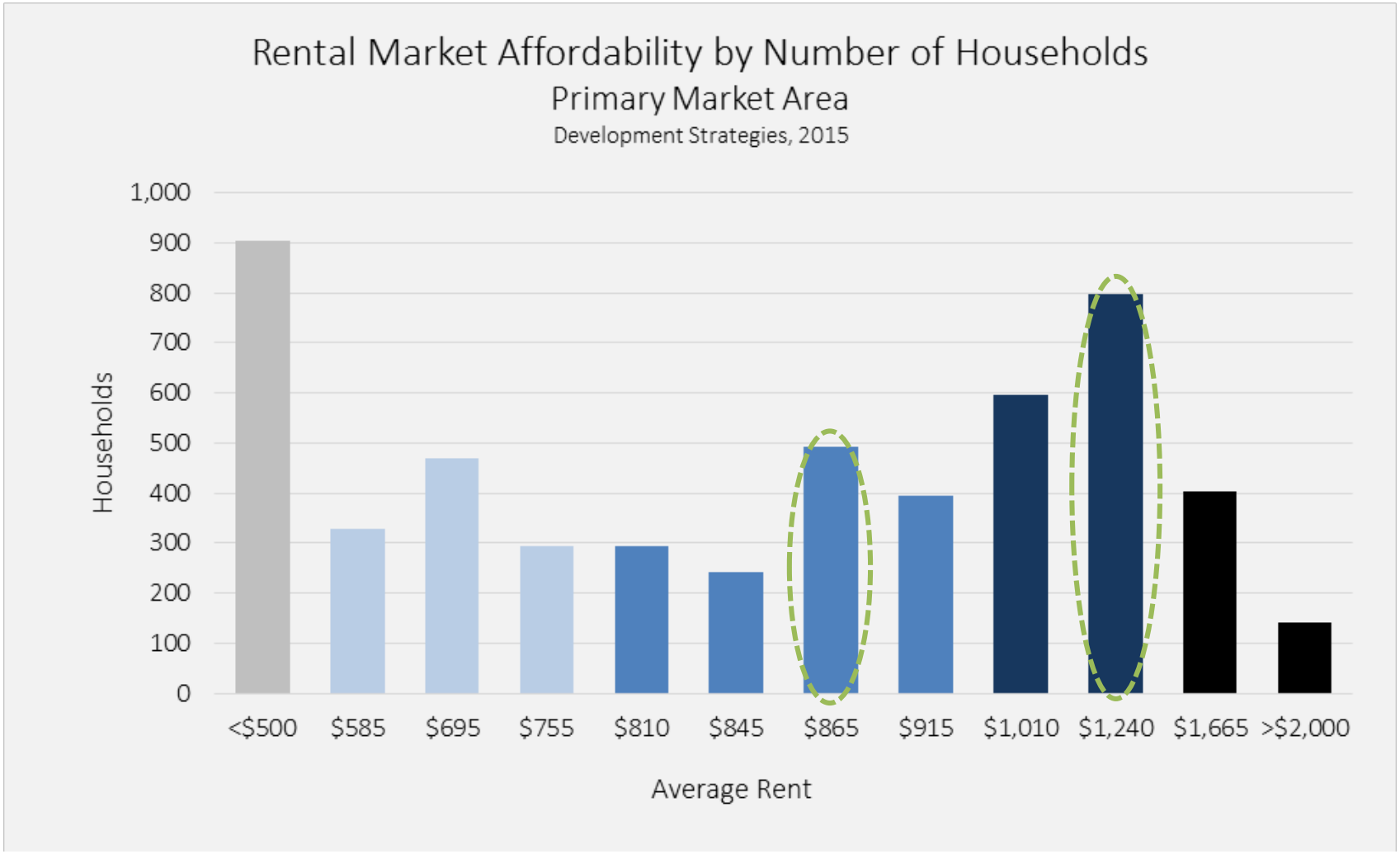
from 2009 to 2014

(as compared to 5% in the St. Louis MSA)

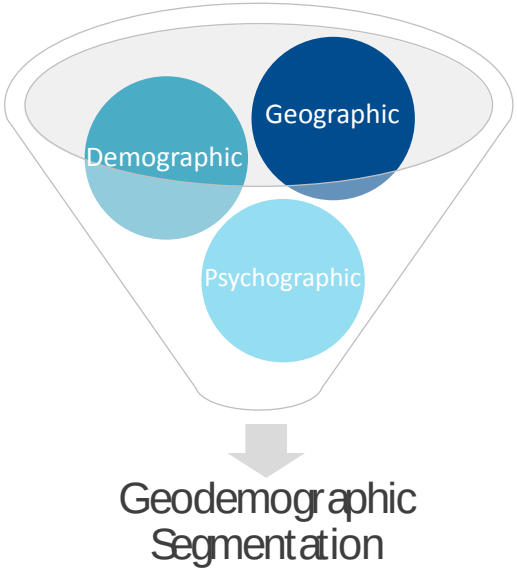
Residential Demand: For Sale Affordability



Residential Demand: Rental Affordability

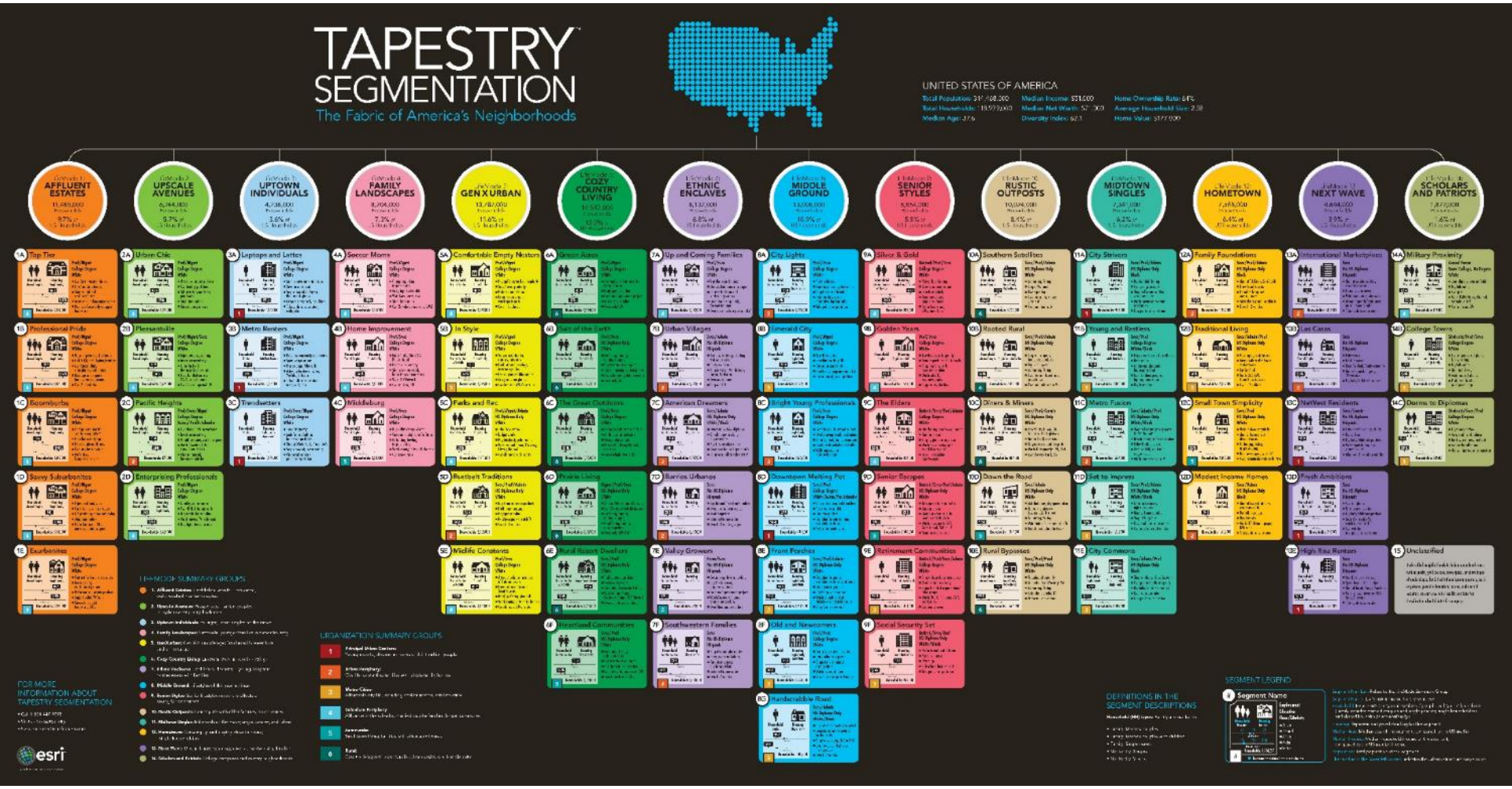


Residential Demand: Market Segmentation



Psychographic	Demographic	Geographic
• Attitudes • Values • Culture • Buying Patterns	• Age • Gender • Income • Home Value • Ethnicity • Family Type • Education	• Market Areas • Cities • Counties • MSA's • Neighborhoods • Census Tracts

Residential Demand: Market Segmentation



Residential Demand: Existing Market Segments

Current Market Segments

City of Olivette

Tapestry Group/Segment	Median HH Income	% Owner	Average HH Size	Predominant Household Type	Proportion of Olivette Households
Top Tier	$157,000	91%	2.8	Couples w/ older or no children	31.1%
Family Foundations	$40,000	67%	2.7	Families	20.4%
Exurbanites	$98,000	85%	2.5	Couples w/ older or no children	13.9%
In Style	$66,000	69%	2.3	Singles, Couples w/ no children	13.7%
Front Porches	$39,000	48%	2.6	Singles, Single Parents	12.6%
Savvy Suburbanites	$104,000	91%	2.8	Couples w/ older or no children	8.3%

Source: ESRI Business Analyst 2014. Data presented are national figures.

Residential Demand: Target Market Segments

Potential Market Segments

Olivette Market Areas

Tapestry Group/Segment	Median HH Income	% Owner	Average HH Size	Predominant Household Type
Urban Professionals				
Laptops and Lattes	$93,000	38%	1.9	Singles, Couples, Roommates
Urban Chic	$98,000	66%	2.4	Couples, Singles, Families
Bright Young Professionals	$50,000	44%	2.4	Singles, Couples
Displaced Urbanites				
In Style	$66,000	69%	2.3	Singles, Couples w/ no children
Comfortable Empty Nesters	$68,000	87%	2.5	Couples w/ older or no children
Savvy Suburbanites	$104,000	91%	2.8	Couples w/ older or no children

Source: ESRI Business Analyst 2014. Data presented are national figures.

Residential Demand: Target Market Segments

URBAN PROFESSIONALS

Laptops and Lattes

Median Household Income
$93,000

Average Age
37

Percentage of Ownership
62%

Average Household Size
1.9

Predominant Household Type
Singles, Roommates

DISPLACED URBANITES

In Style

Median Household Income
$65,000

Average Age
40

Percentage of Ownership
70%

Average Household Size
2.0

Predominant Household Type
Couples

DISPLACED URBANITES

Savvy Suburbanites

Median Household Income
$104,000

Average Age
44

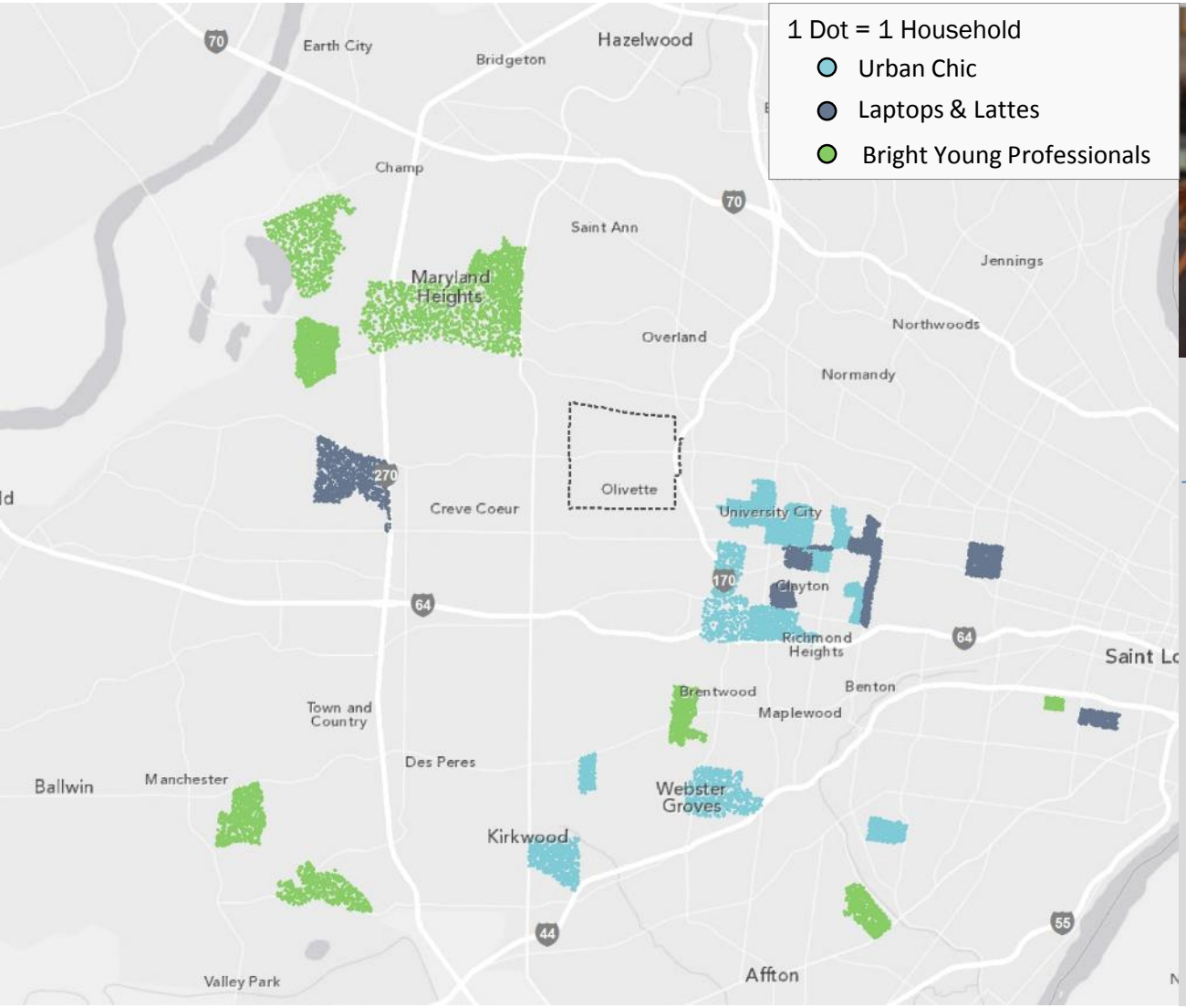
Percentage of Ownership
91%

Average Household Size
2.8

Predominant Household Type
Couples

Source: ESRI Business Analyst 2014. Data Presented are national figures.

Residential Demand: Urban Professionals



URBAN PROFESSIONALS
Laptops and Lattes

Median Household Income
$93,000

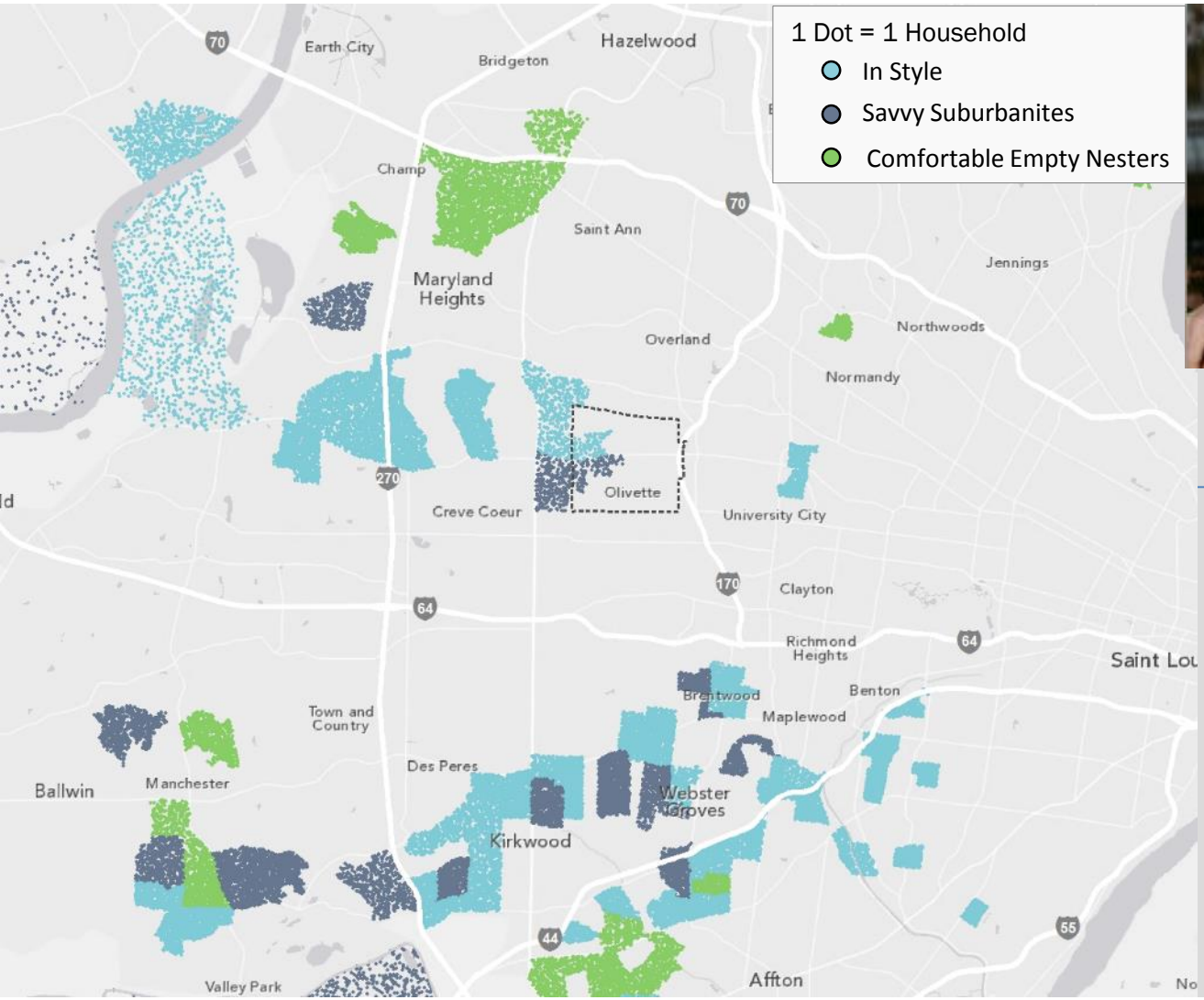
Average Age
37

Percentage of Ownership
62%

Average Household Size
1.9

Predominant Household Type
Singles, Roommates

Residential Demand: Displaced Urbanites



DISPLACED URBANITES
In Style

Median Household Income
$65,000

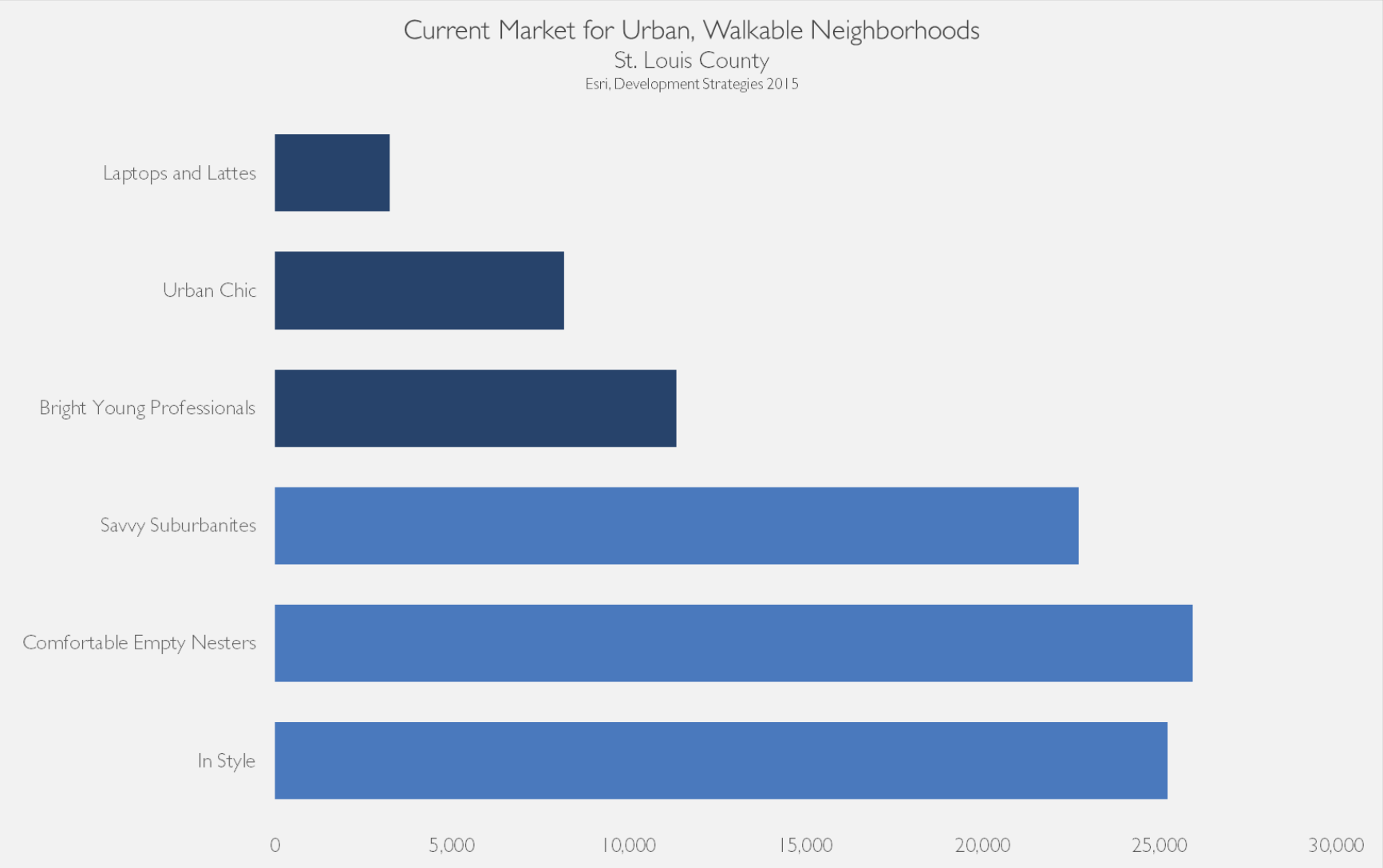
Average Age
40

Percentage of Ownership
70%

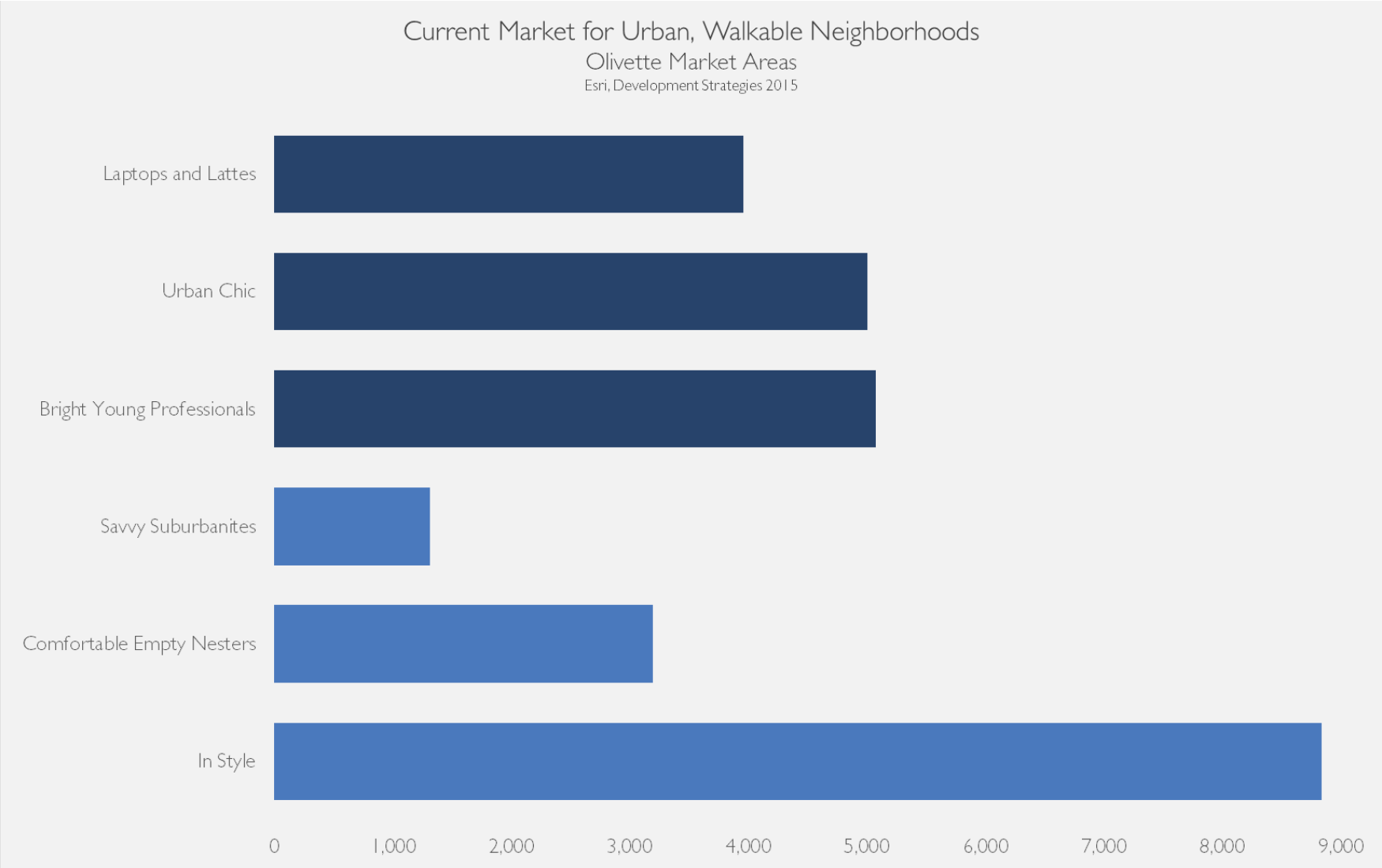
Average Household Size
2.0

Predominant Household Type
Couples

Residential Demand: Existing Regional Demand



Residential Demand: Existing Market Demand

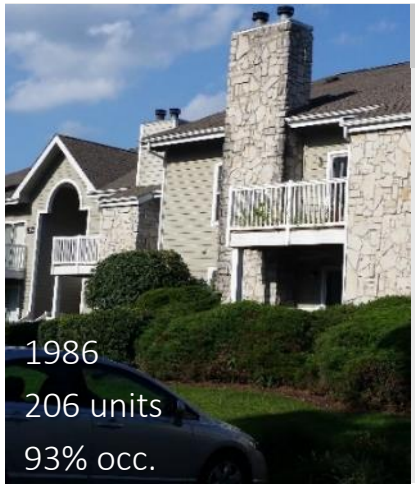


Residential Supply – Local Rental Properties

Eden Rock Apartments

550 Sq. Ft. - 1 Bedroom
850 Sq. Ft. - 2 Bedrooms
1,020 Sq. Ft. - 3 Bedrooms

Avg. Rent/SF
$1.20 - 1 Bedroom
$0.98 - 2 Bedrooms
$0.93 - 3 Bedrooms



Bonhomme Village Apts.

715 Sq. Ft. - 1 Bedroom
995 Sq. Ft. - 2 Bedrooms

Avg. Rent/SF
$1.35 - 1 Bedroom
$1.22 - 2 Bedrooms

Olive Pointe Apartments

660 Sq. Ft. - 1 Bedroom
925 Sq. Ft. - 2 Bedrooms
1,050 Sq. Ft. - 3 Bedrooms

Avg. Rent/SF
$0.98 - 1 Bedroom
$0.84 - 2 Bedrooms
$0.90 - 3 Bedrooms

Olivette Terrace

750 Sq. Ft. - 2 Bedrooms

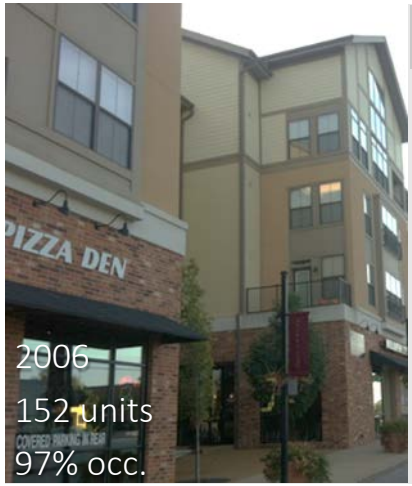
Avg. Rent/SF
$0.91 - 2 Bedrooms

Residential Supply – New Rental Construction

Vanguard Crossing

750 Sq. Ft. - 1 Bedroom
1,240 Sq. Ft. - 2 Bedrooms
1,400 Sq. Ft. - 3 Bedrooms

Avg. Rent/SF
$1.98 - 1 Bedroom
$1.84 - 2 Bedrooms
$1.93 - 3 Bedrooms



Kings Landing

1,060 Sq. Ft. - 1 Bedroom
1,200 Sq. Ft. - 2 Bedrooms
1,740 Sq. Ft. - 3 Bedrooms

Avg. Rent/SF
$1.36 - 1 Bedroom
$1.23 - 2 Bedrooms
$1.20 - 3 Bedrooms

Streets of St. Charles

560 Sq. Ft. - Studio
760 Sq. Ft. - 1 Bedroom
1,180 Sq. Ft. - 2 Bedrooms

Avg. Rent/SF
$1.67 - Studio
$1.61 - 1 Bedroom
$1.40 - 2 Bedrooms

Clayton on the Park

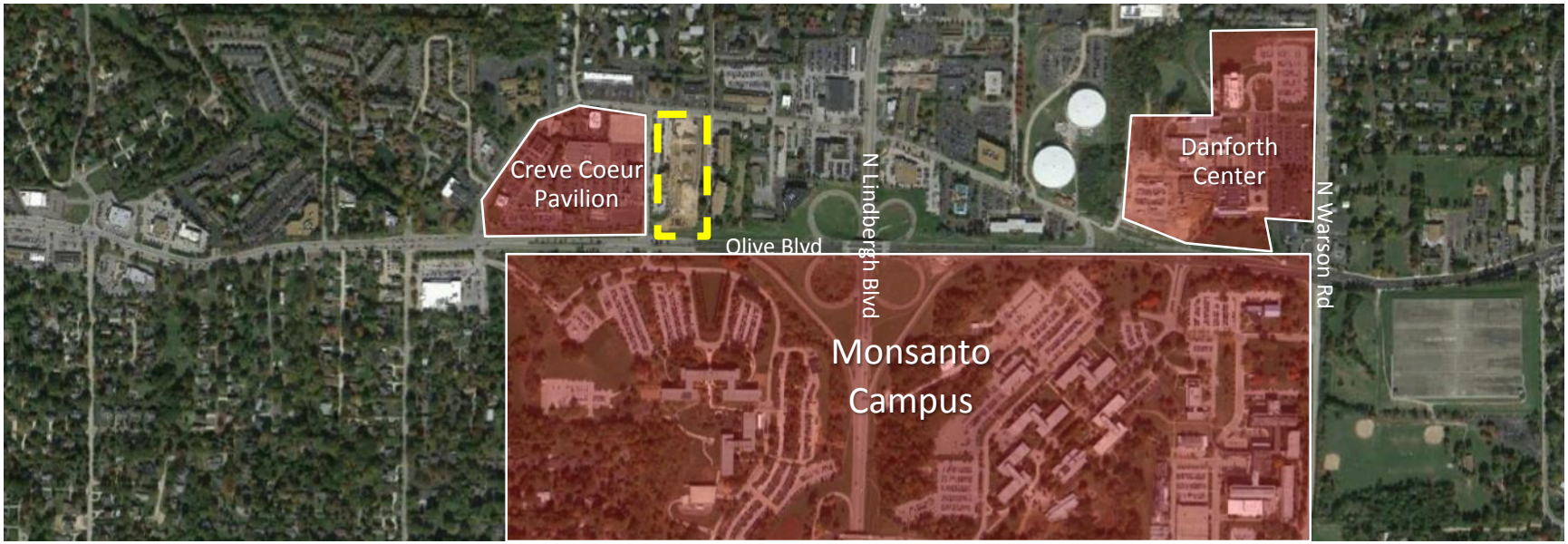
905 Sq. Ft. - 1 Bedroom
1,415 Sq. Ft. - 2 Bedrooms
1,580 Sq. Ft. - 3 Bedrooms

Avg. Rent/SF
$2.44 - 1 Bedroom
$2.93 - 2 Bedrooms
$2.85 - 3 Bedrooms

Residential Supply – New Rental Construction

Vanguard Heights

- Under construction
- 174 one, two, three bedroom units
- Leasing end of 2015



Residential Supply – For Sale Condos

Claymont Place

1,950 Sq. Ft – 2 Bedrooms

Avg. Sale Price/SF
$200 – 2 Bedrooms

University City School District

315-335 Meramec

2,200 Sq. Ft – 2 Bedrooms
2,900 Sq. Ft. – 3 Bedrooms

Avg. Sale Price/SF
$220 – 2 Bedrooms
$240 – 3 Bedrooms

Clayton School District

1151 Mill Crossing

1,450 Sq. Ft – 2 Bedrooms

Avg. Sale Price/SF
$180 – 2 Bedrooms

City Place Condos

2,100 Sq. Ft – 2 Bedrooms

Avg. Sale Price/SF
$130 – 2 Bedrooms

Process

Context and Trends

Market Analysis: Residential

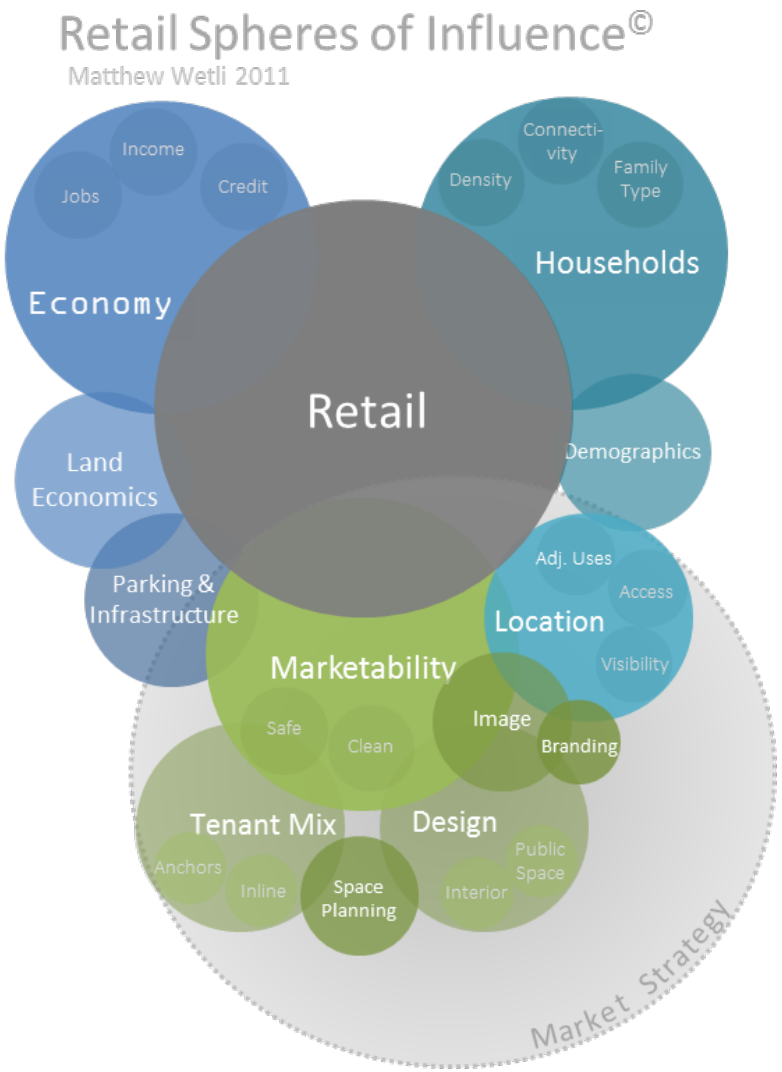
Market Analysis: Retail

Market Analysis: Office

Market Analysis: Hotel

Conclusions and Next Steps

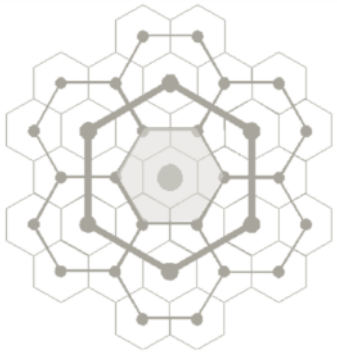
Retail Marketability Overview



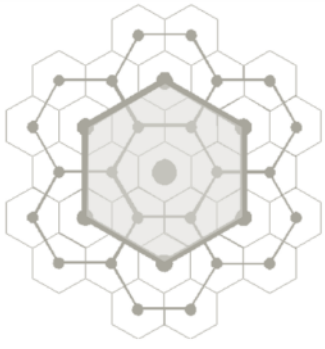
Market Analysis: Retail Demand

Neighborhood

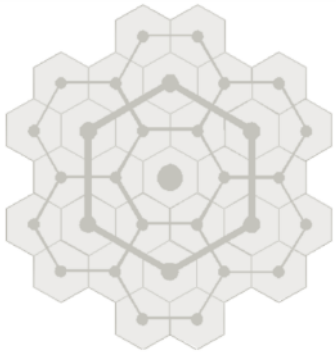
Community



Regional



Super Regional



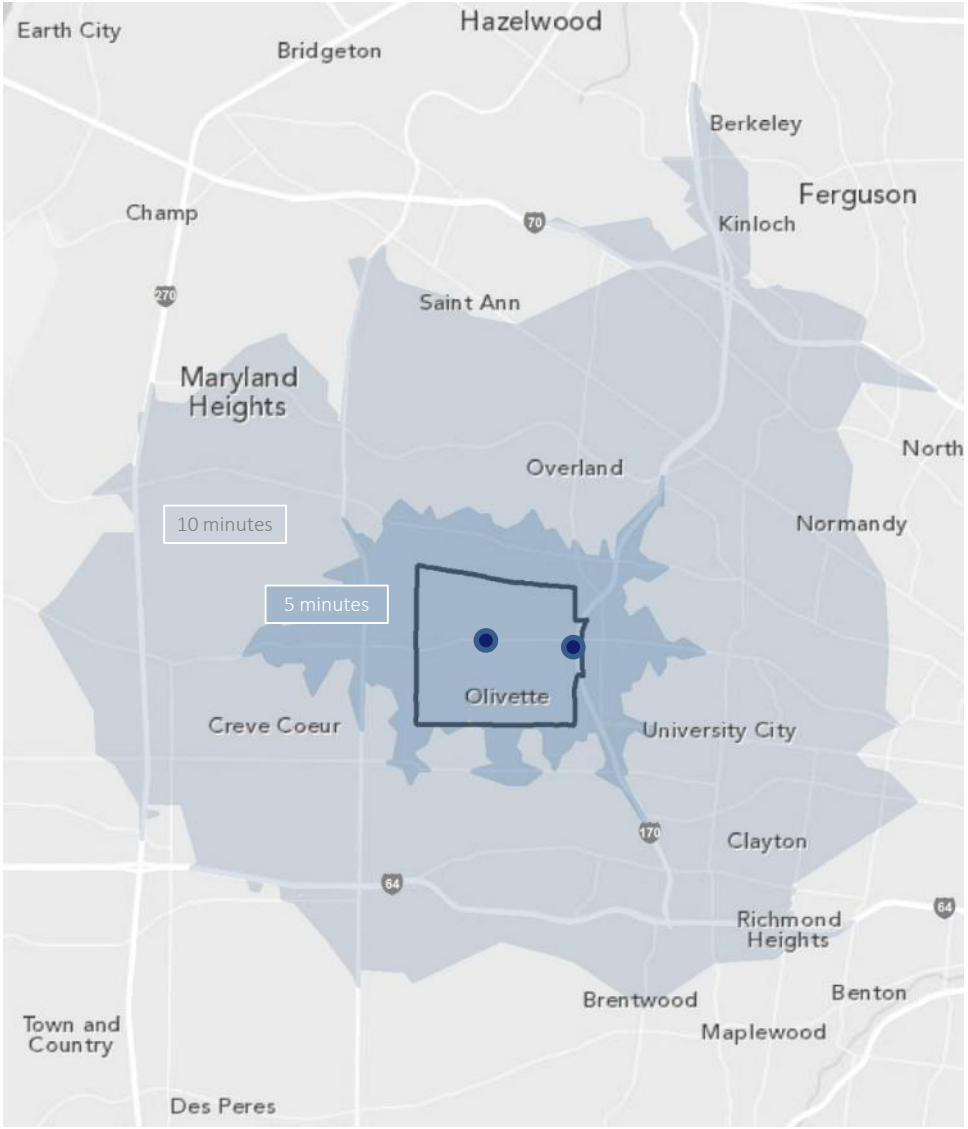
General Characteristics of Shopping Centers

Type of Center	*Typical Anchor*	*Gross Leasable Area (s.f.)*	*Population Support*	*Trade Area Radius (miles)*	*Drive Time (minutes)*
Neighborhood	Drugstore/Supermarket	30,000-100,000	3,000-40,000	1.5	5-10
Community	Junior Dept. Store	100,000-450,000	40,000-150,000	3-5	10-20
Regional	1-2 Full-line Dept. Stores	300,000-900,000	>150,000	8	20
Super Regional	3-4 Full-line Dept. Stores	500,000-2 Million	>300,000	12	30

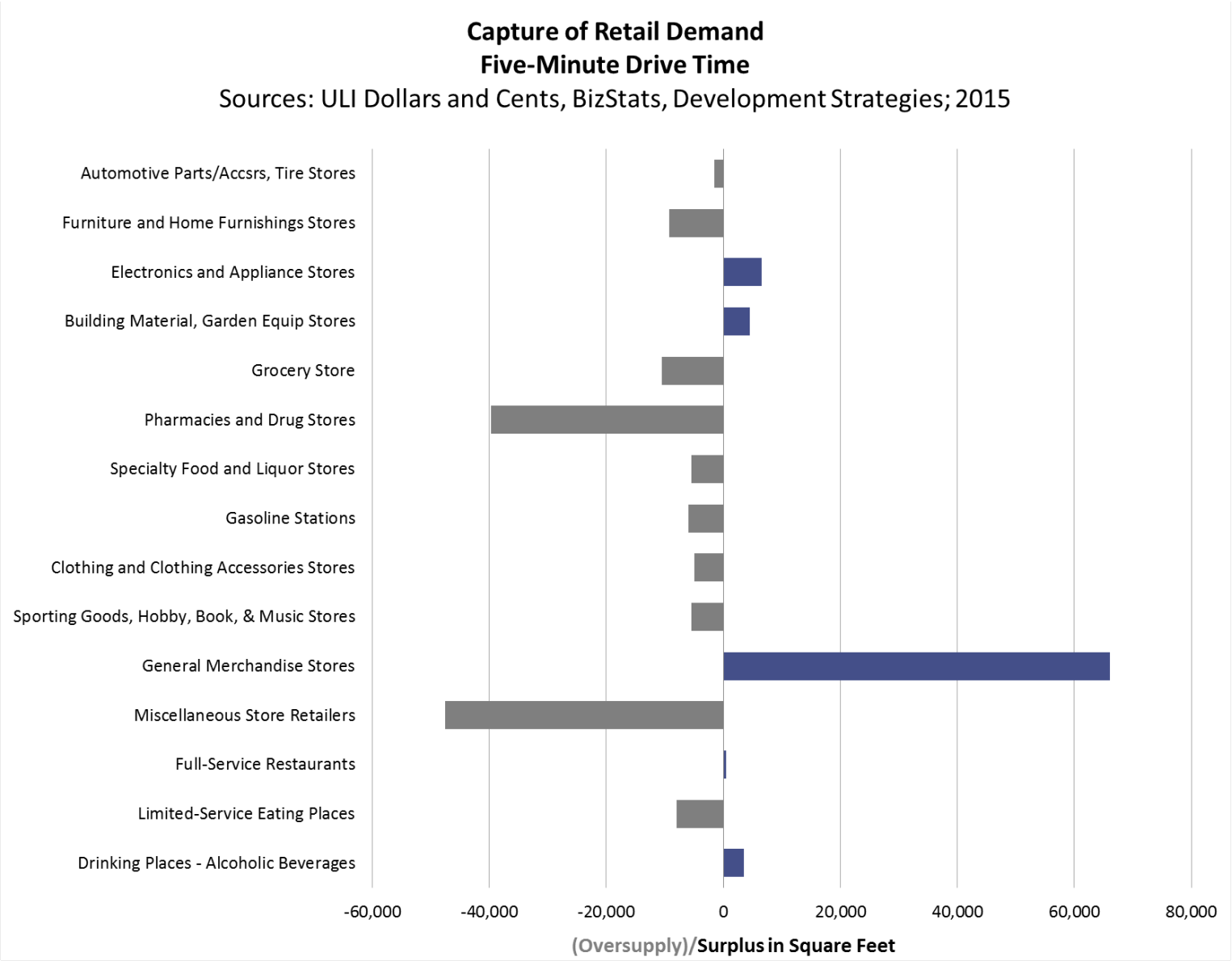
Source: Urban Land Institute

Retail Demand – Market Areas

- Local Market Area (five minute drive time)
  - Serving daily needs (i.e. grocery store, pharmacy)
- Community Market Area (ten minute drive time)
  - Serving common needs (i.e. big box retailer, hardware store, local chain restaurant)



Retail Demand – Demand Gap Analysis



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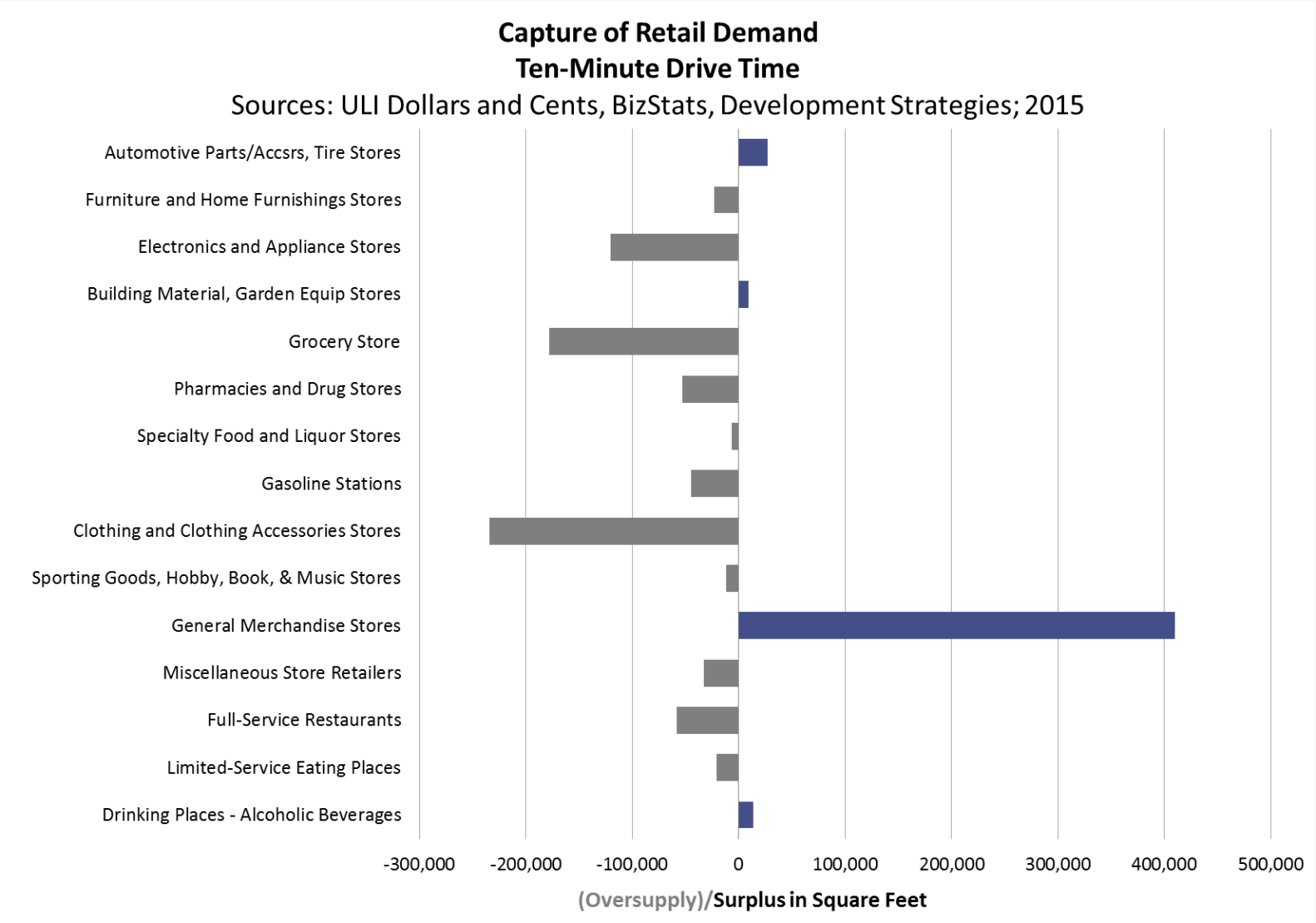
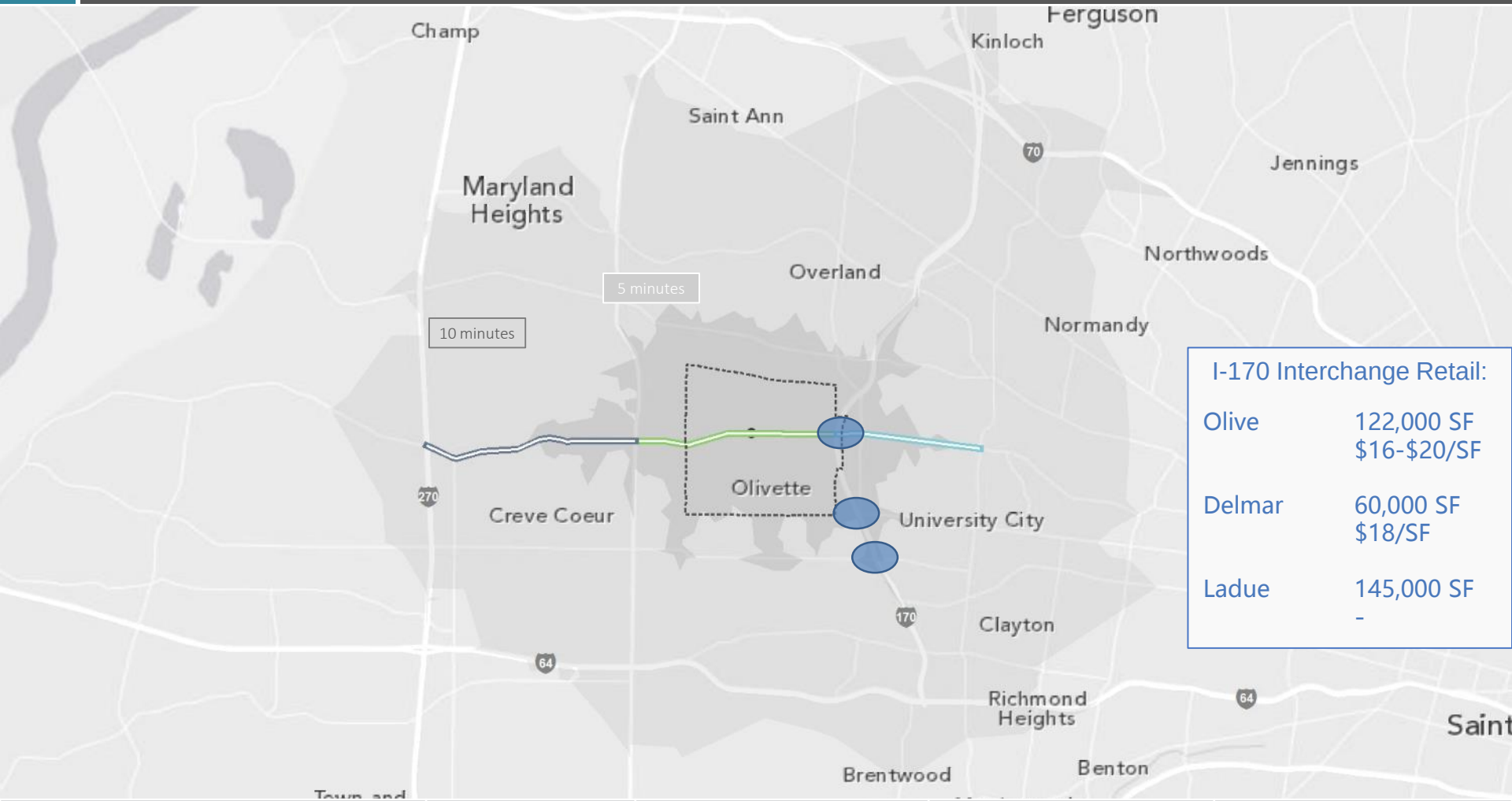


Retail Supply – Selected Corridors and Interchanges



	Average Year Built	Existing Square Feet ('000s)	Occupancy Rate	Avg. Weighted Rents/Sq. Ft.
Olive I-270 to Lindbergh (Creve Coeur)	1986	1,107	97%	$18 - $24
Olive Lindbergh to I-170 (Olivette)	1977	407	91%	$14 - $21
Olive I-170 to Hanley (U. City)	1969	498	86%	$5 - $16

Retail Supply – Selected Retail Centers (Class A)

PRICE CROSSING

Year Built	2006
Square Feet	27,000
Occupancy	91%
Asking Rent/SF	$26 (NNN)
Major Tenants	Sugarfire Smoke House, Starbucks

CITY PLACE RETAIL

Year Built	1988 (expanded 2002)
Square Feet	75,000
Occupancy	100%
Weighted Rent/SF	$20 (NNN)
Major Tenants	Potbelly, Title Boxing, Crown Optical, Cutco Cutlery

Retail Supply – Selected Retail Centers (Class B)

OLIVETTE PLAZA

Year Built	1985
Square Feet	23,000
Occupancy	95%
Asking Rent/SF	$12 (NNN) - Anchor $15 (NNN) - Inline
Major Tenants	Family Dollar

OLIVETTE CENTER

Year Built	1957 (Renovated 1999)
Square Feet	80,000
Occupancy	92%
Asking Rent/SF	$14-$16 (NNN)
Major Tenants	Party City, Tuesday Morning

Process

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Conclusions and Next Steps

Office Demand

Projected 10 Year Office Demand by Occupation Category

CLASS A
5.27M SQ. FT.

CLASS B - CONVENTIONAL
4.97M SQ. FT.

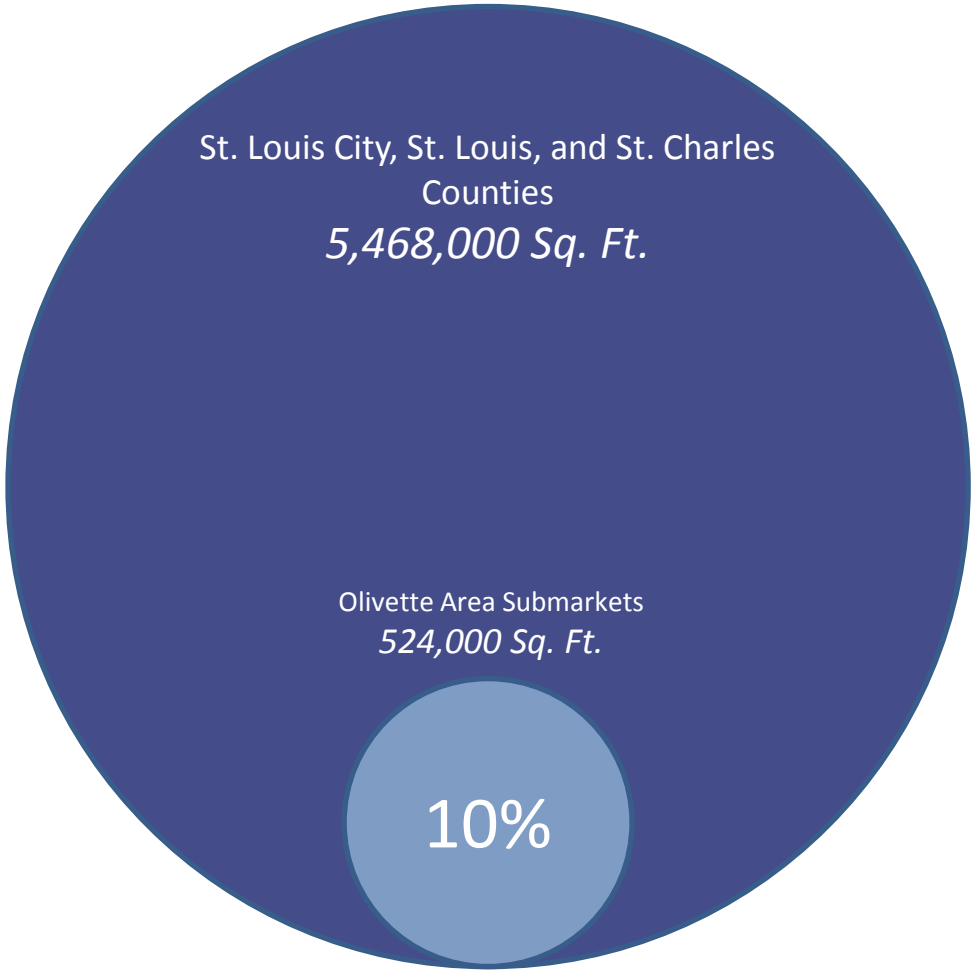
CLASS B - MEDICAL
3.75M SQ. FT.

Saint Louis WIA Region
Source: MERIC, CoStar, Development Strategies, 2015

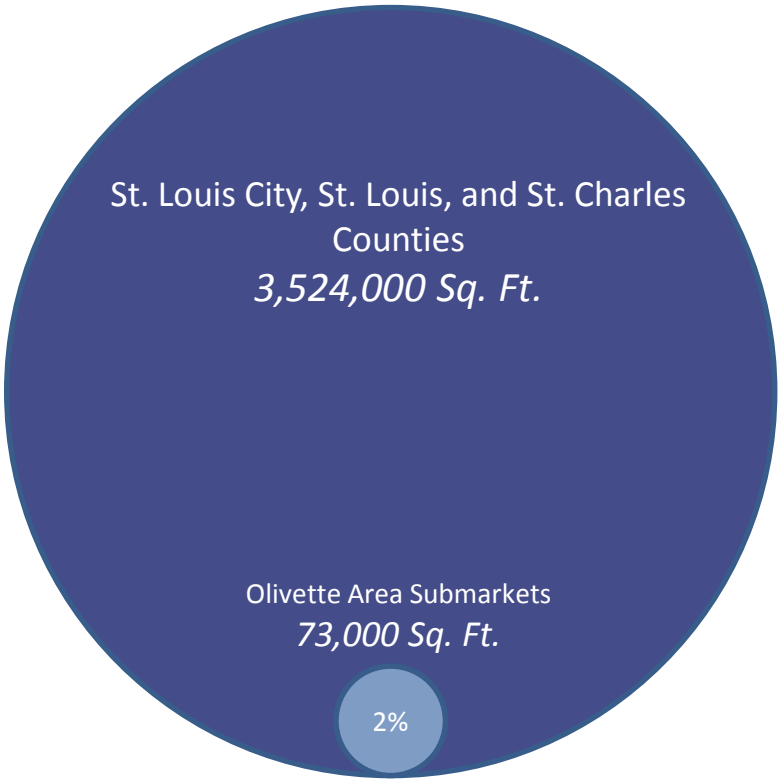
Office Supply

New Office Construction (since 2005)

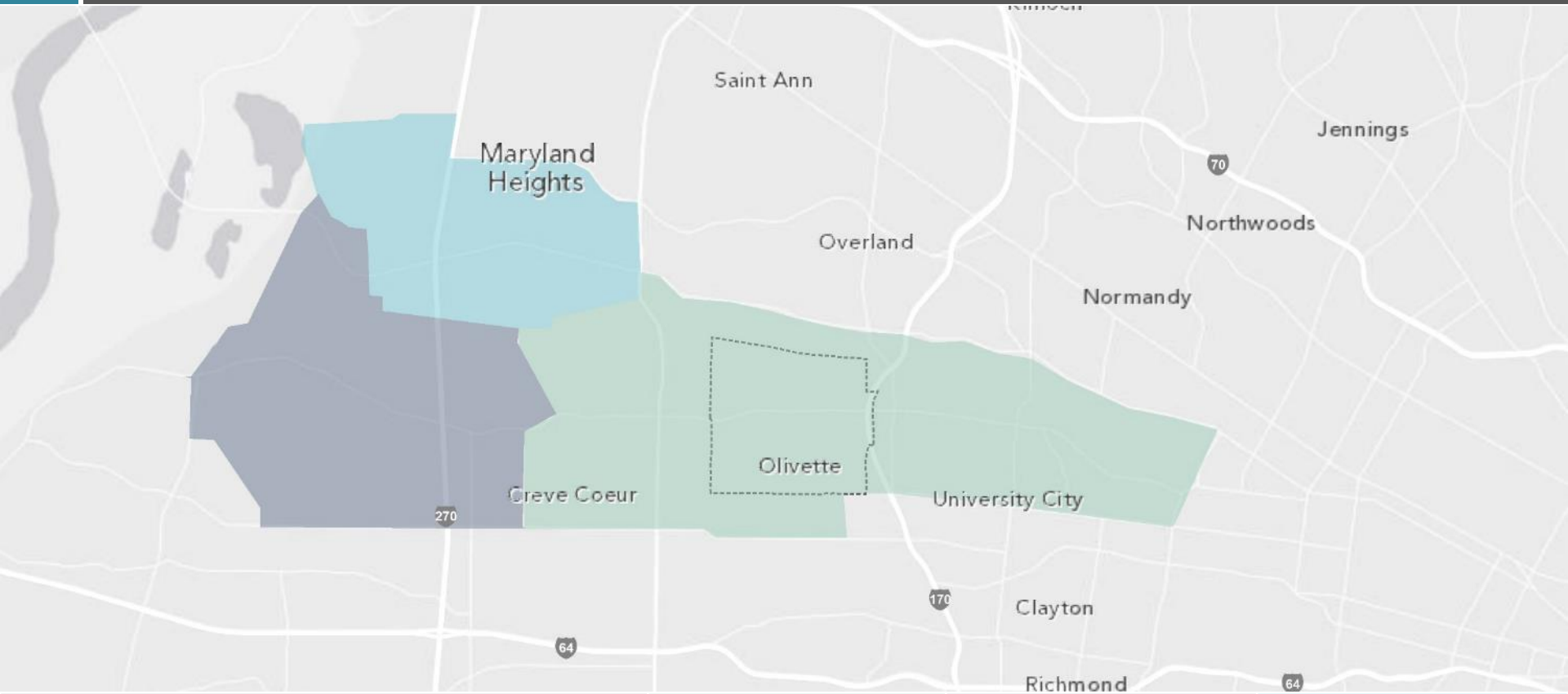
Class A



Class B



Office Supply – Submarkets



Office Analysis		Olive Boulevard	Creve Coeur	Maryland Heights
Class A	Average Lease Rate	$24.00	$28.00	$21.00
	Occupancy	84%	61%	69%
Class B	Average Lease Rate	$18.00	$16.50	$16.00
	Occupancy	69%	44%	64%

Office Supply – Class A Development

CITY PLACE FIVE AND SIX

Year Built	2007
Square Feet	300,000
Occupancy	100%
Asking Rent/SF	$29
Major Tenants	RockTenn

SUMMIT AT CREVE COEUR

Year Built	2001
Square Feet	25,000
Occupancy	56%
Asking Rent/SF	$20
Major Tenants	STL Clinical Trials

Office Supply – Interchange Corporate Office

CLAYCO CORPORATE HEADQUARTERS

Year Built	1995
Square Feet	85,000

ALBERICI CONSTRUCTION

Year Built	2004
Square Feet	108,000

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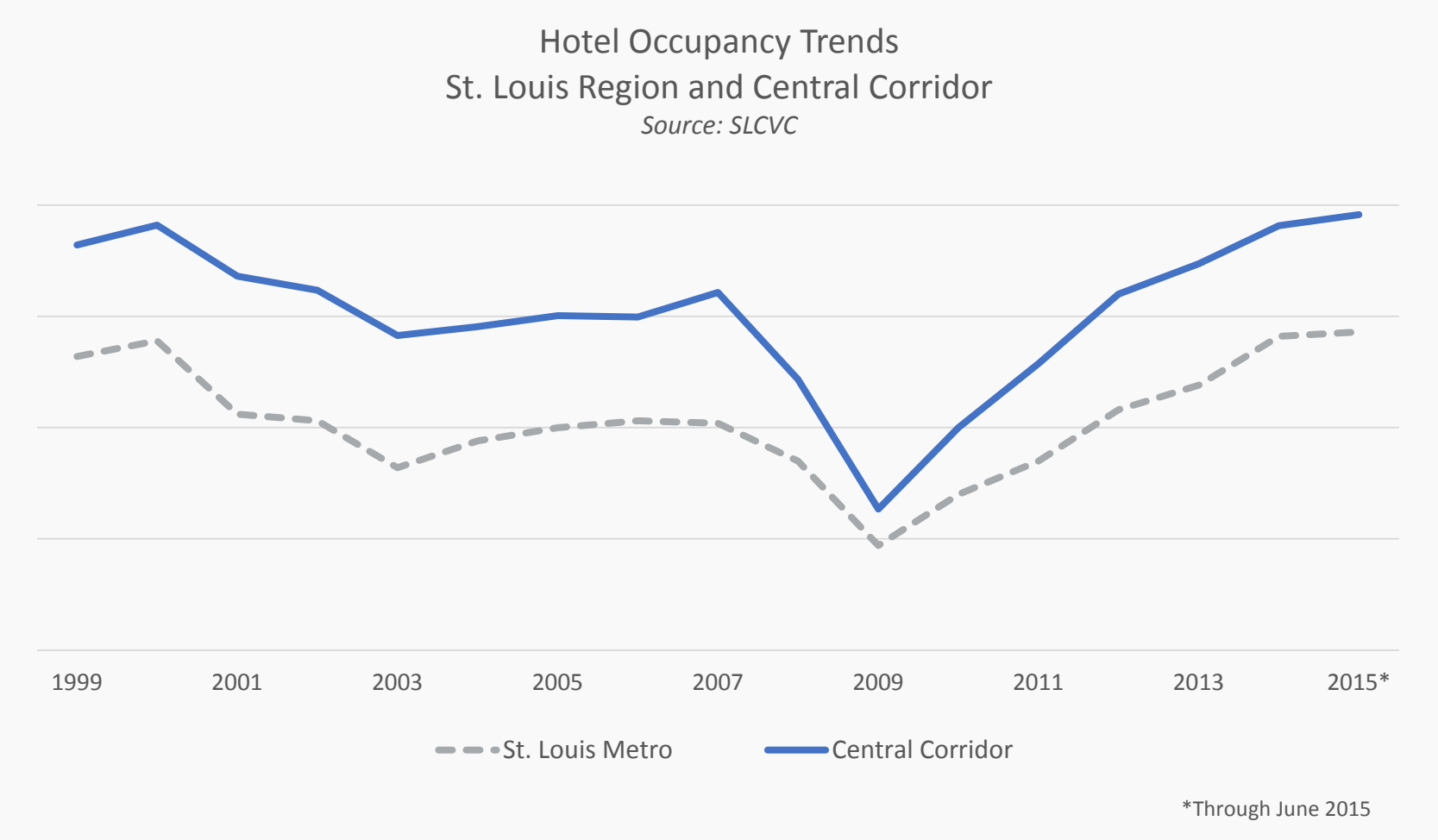
Hotel Demand



Recent & Upcoming Hotel Construction

Recent developments

Drury Inn & Suites

2014
Brentwood

210 rooms
3 stars
$140/night

Homewood Suites

2014
Richmond Heights

158 rooms
3 stars
$160/night

Upcoming developments

Staybridge Suites

2016
Maryland Heights

124 rooms
4 stars

Homewood Suites

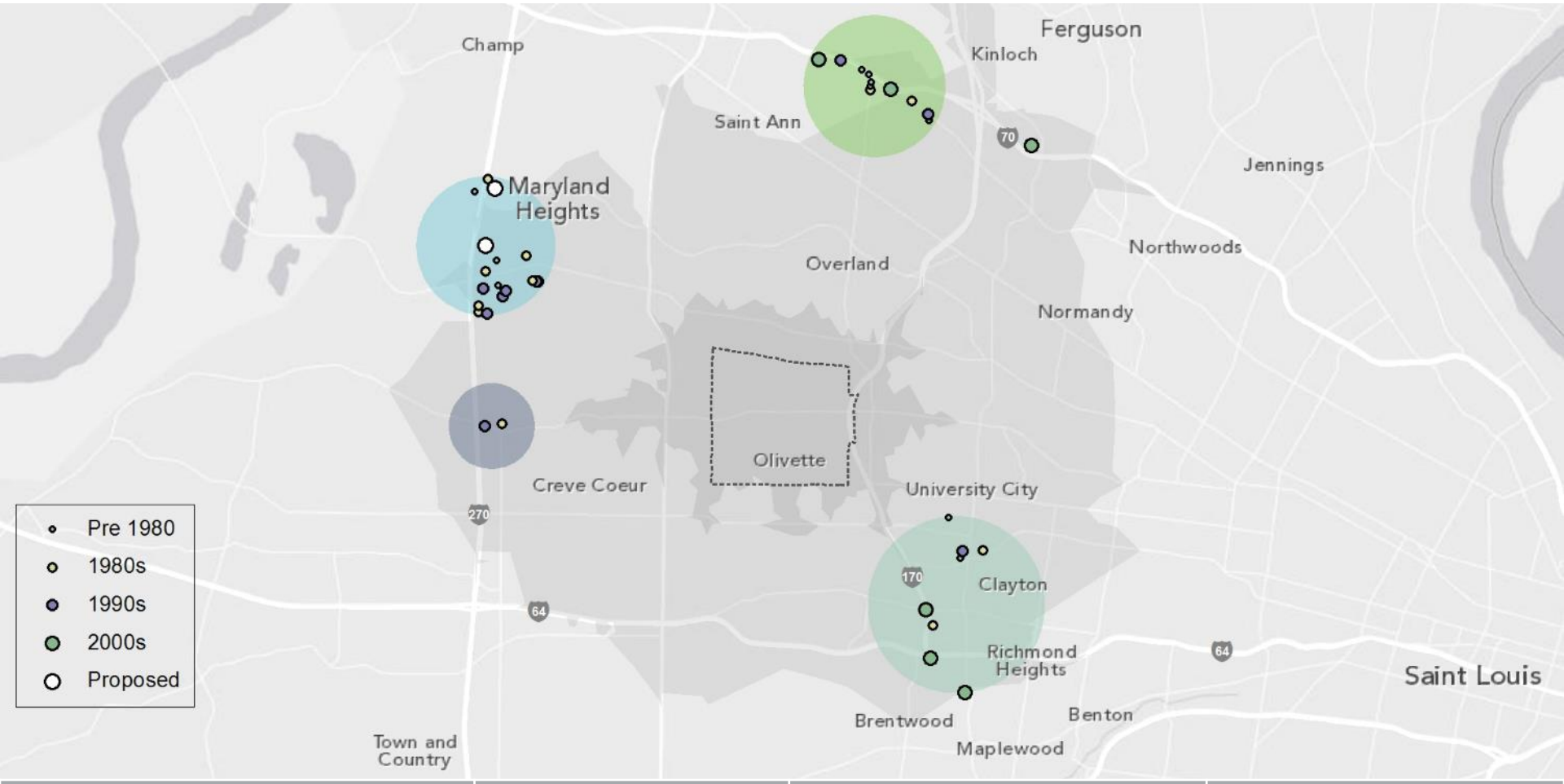
Will replace

existing Quality Inn

2016
Maryland Heights

121 rooms
3 stars

Hotel Supply



Hotel Analysis	Average Year Built	Total Number of Rooms	Avg. Room Rate
Airport	1985	2,725	$101
Maryland Heights	1987	2,487	$96
Creve Coeur	1993	340	$125
Clayton/Galleria	1992	1,549	$161

Process

Context and Trends

Market Analysis: Residential

Market Analysis: Retail

Market Analysis: Office

Market Analysis: Hotel

Conclusions and Next Steps

Conclusions - Residential

- Market for new, upscale rental units and townhomes is hot in central St. Louis County
  - Affluent young professional and retiree demographics looking for denser housing formats with good access to amenities
  - Average rents of $1.50-$1.80 per square foot for new construction
- Municipal site very competitive for upscale housing
- Next steps – determine how much of the market can be captured by new housing in Olivette

Conclusions - Retail

- Most retail needs are met within a five minute drive
  - Retail gap analysis shows potential support for additional 80,000 square feet of retail
- Interchange site is a marketable location with higher achievable rents
  - Municipal site would benefit from strategically-tenanted retail
- Next steps – potential tenanting strategy

Conclusions – Office and Hotel

Office

- Class A office doing well in mid-county, but there is not a strong market in St. Louis region overall
  - Seven times more Class A space added to mid-county area in past ten years than Class B space
- Interchange site offers excellent visibility and access from highway
  - Municipal site not a strong Class A location

Hotel

- Demand for hotel rooms in central corridor is strong
  - 800 rooms have been added to the corridor market since 2004
- Works well as part of mixed-use development, likely at Interchange site

Next Steps

JUNE

Kick-off & Context Analysis

- Stakeholder Interviews
- Marketability Analysis
- 〉 EDC Kick-off

JULY

Real Estate Market Analysis

- Supply & Demand Analysis
- 〉 EDC Presentation

AUGUST

Market Strategy

- Targeted Housing/ Development Products
- Placemaking Recommendations
- Anchors and Amenities
- 〉 EDC Presentation

SEPTEMBER

Development Planning and Strategy

- Catalyst Sites
- Development Densities
- Feasibility Testing
- Funding Strategies
- 〉 EDC Presentation

OCTOBER

Document Development & Presentation

- Document development
- Revise based on feedback
- 〉 Council Presentation