



A Market Strategy for Olivette and the Olive Corridor

*Prepared for
The City of Olivette*

August 24, 2015

Process

Market Summary Review

Market Strategy Overview

Olivette Market Strategy: Big Picture

Olive Market Strategy: Area Specific

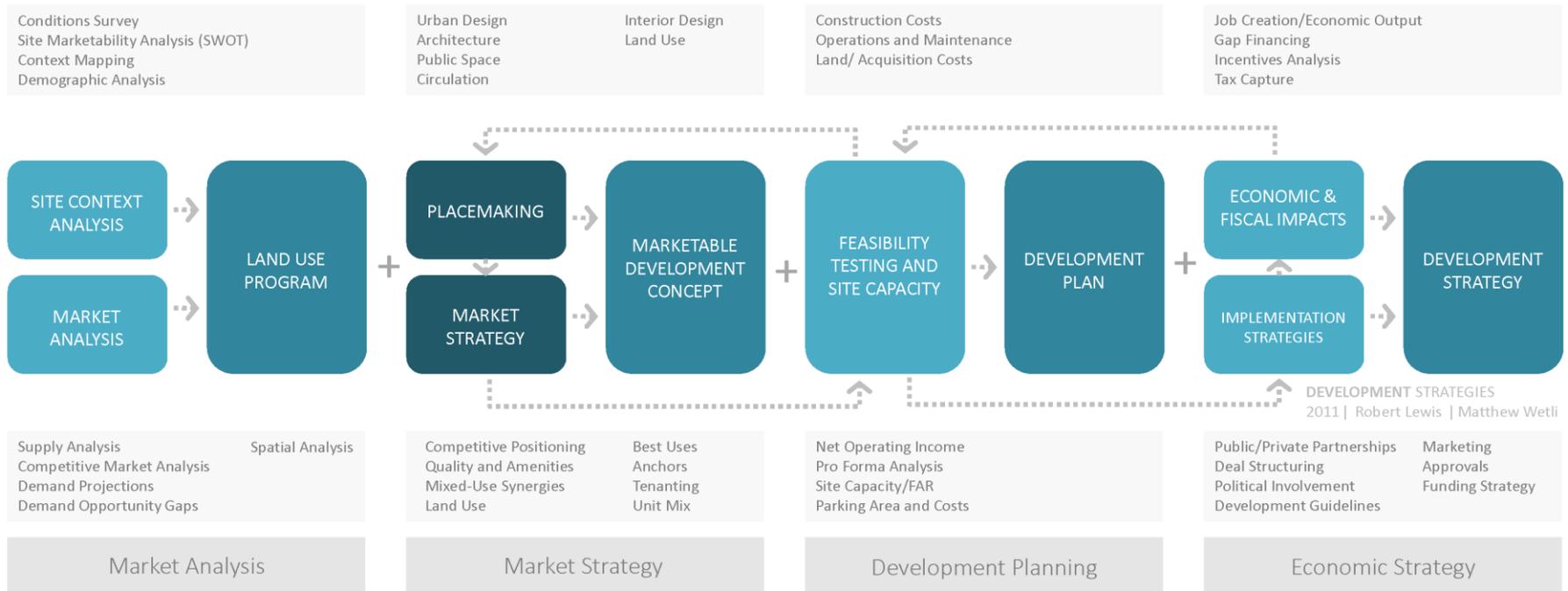
Next Steps

Timeline



Process: Development Plan

DEVELOPMENT PLANNING PROCESS ©



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Conclusions and Next Steps

Opportunity Sites

Municipal Site



Interchange Site



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**



Trends

The world is reordering itself economically and socially.

Demographics



72% non-family households by 2025[#]

Preferences



66% prefer attached or small lot housing*

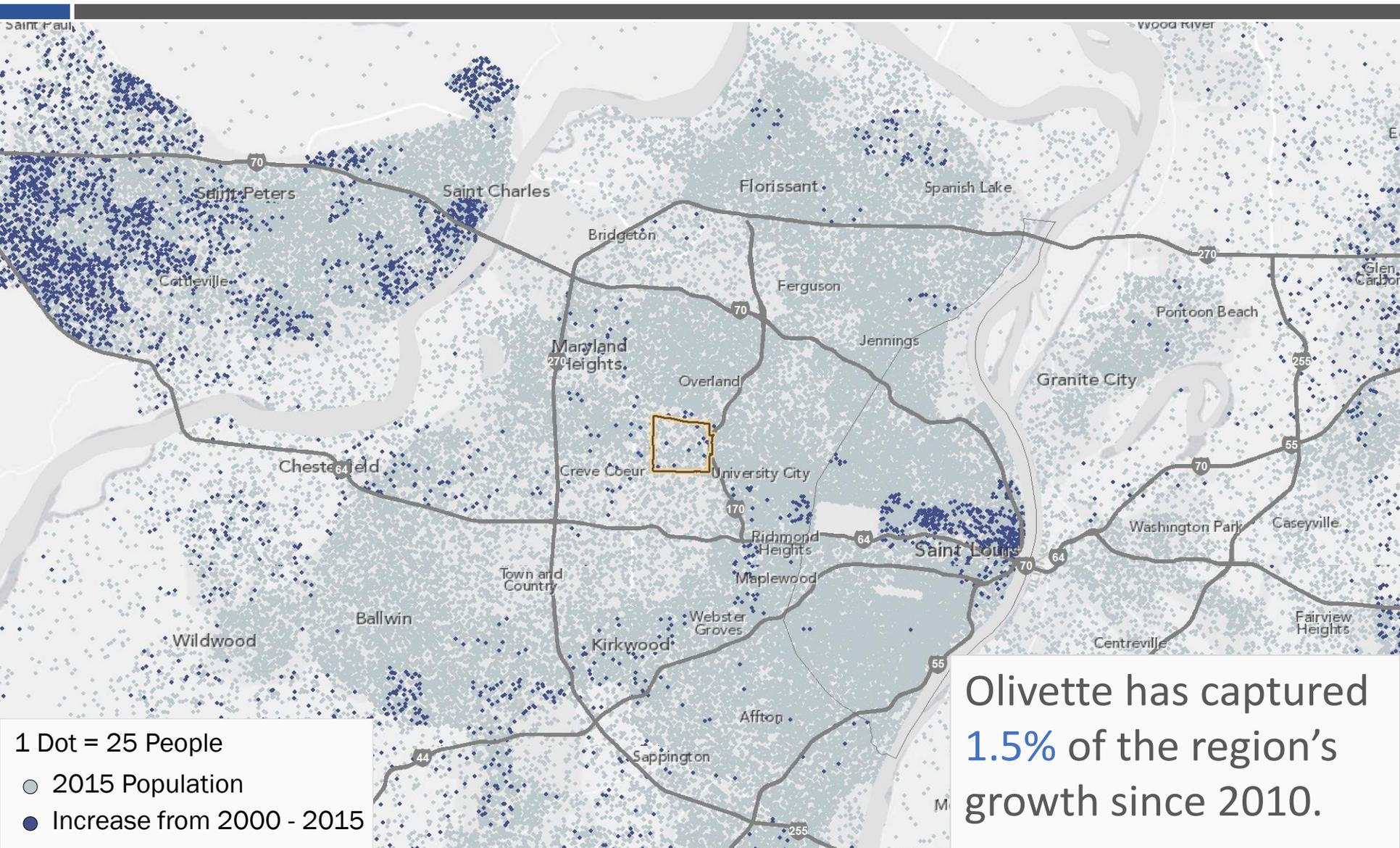
Internet Trends



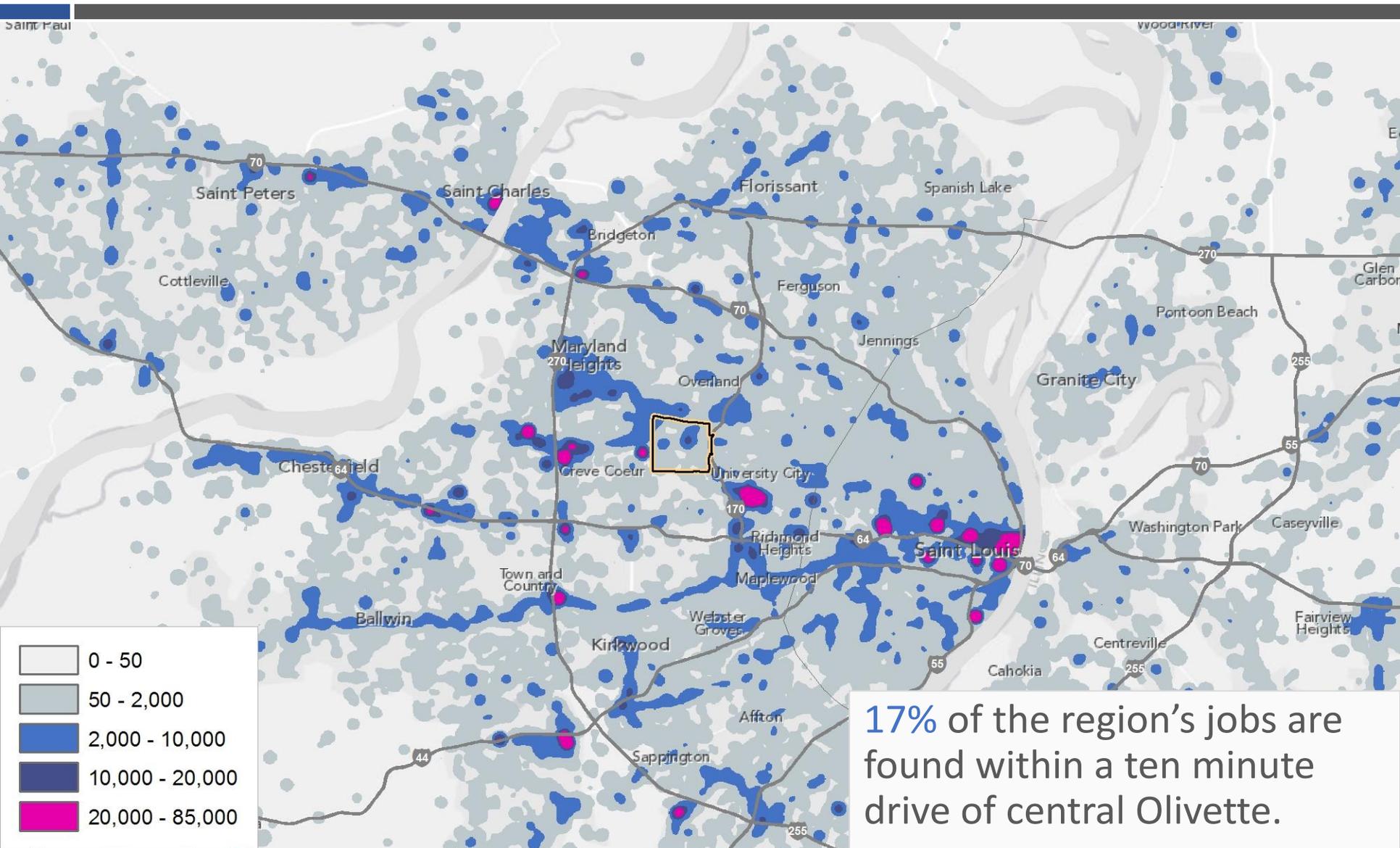
3,700% increase in web-base electronic sales[†]

Source: Census for 1960 and 2000, 2025 adapted from Martha Farnsworth Riche, How Changes in the Nation's Age and Household Structure Will Reshape Housing Demand in the 21st Century, HUD (2003).

Olivette Within the Region: Population Density & Growth



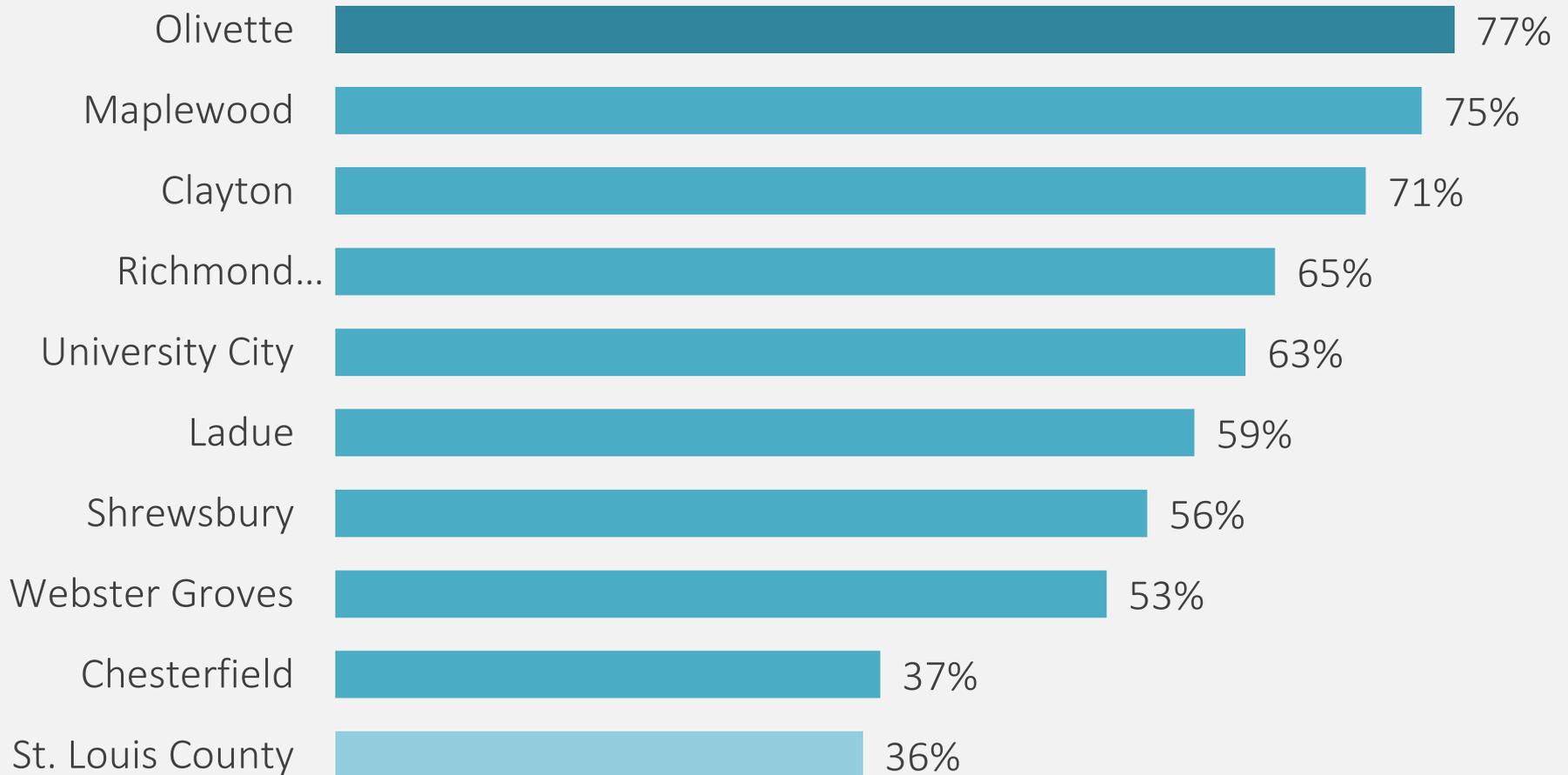
Olivette Within the Region: Employment Density



Market Evidence: Central County

Single Family Home Value Appreciation 1998-2013

Sources: Zillow, Development Strategies



Placemaking and Property Values



Mixed Use & Town Centers



Historic Main Streets



Parks

Walkable Neighborhoods



Greenways



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Placemaking and Value Creation



Quality of place can have a profound impact on local markets and economies.



Market Strategy: Placemaking and Value Creation



Mixed Use & Town Centers



Historic Main Streets



Parks

Walkable Neighborhoods



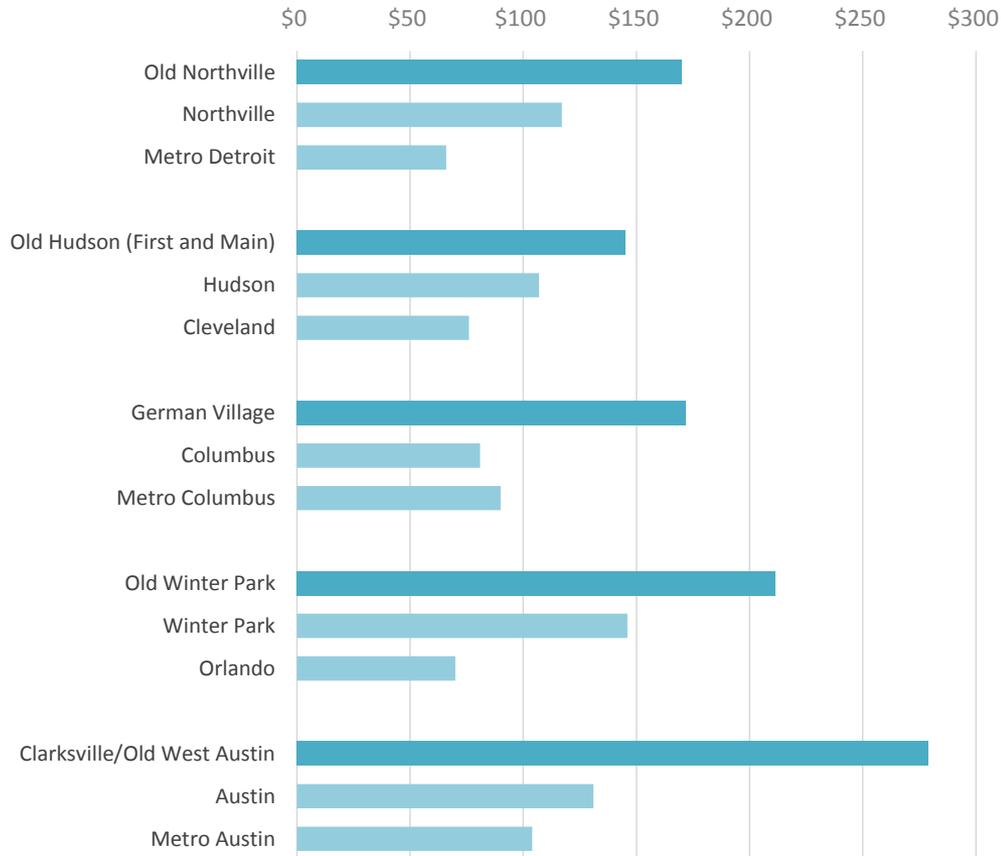
Greenways



Market Strategy: Place and Livability

Home Sale Prices, Per Square Foot Selected Communities

Sources: Zillow, DEVELOPMENT STRATEGIES 2011



Historic, walkable communities often have latent value.



Old Northville, Michigan



Old Hudson, Ohio

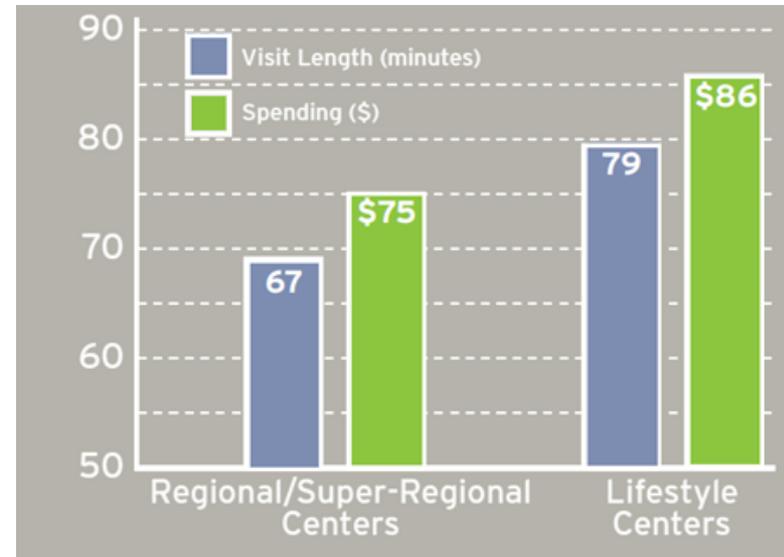
Market Strategy: Placemaking and Public Space



Property premiums for parks in new developments range from 2 to 50 percent, depending largely on urban design, park development, and access and visibility*

*Adapted from John L. Crompton's research, as well as Matthew Wetli's research at the Danter Company

Market Strategy: Placemaking and Retail



*Alexander Babbage 2009

Where the place is inviting, shoppers stay longer and spend more.*

Market Strategy: Placemaking and Retail

Public Space

- Park/Plaza
- Wide Sidewalks
- Street Trees
- Safe and Clean



Street Environment

- Defined Space
- Slow Traffic
- Low Speed Limit
- Two-Way Streets



Anchors

- Central Space
- Entertainment
- Leisure Uses



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STRATEGY

- Create a definable place/town center
- Leverage Central County demand for housing
- Expand options for broader range of life phases
- Target housing products to changing lifestyles
- Expand dining options
- Set a new precedent for development
- Improve walkability/livability
- Remove and replace blight
- Improve “front door” image



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Work with the Market: Differentiation

- 1) Work with the market: Differentiation
- 2) Target the Product
- 3) Create a defined center
- 4) Enhance the public realm
- 5) Curate the tenant mix
- 6) Create the place



Work with the Market: Differentiation

- Commercial Engine
- Town Center



Target the Product: Residential

2



RENTAL APARTMENTS

Avg. Rent Per Month	\$1,200 – \$1,650
Unit Sizes (Sq. Ft.)	725 – 1,100
Avg. Rent Per Sq. Ft.	\$1.50 – \$1.70
Units Per Acre	35-40
Target Market	Young and Mid-Career Professionals



Target the Product: Residential

2



FOR SALE CONDOS

Avg. Sale Price	\$350,000 – \$400,000
Unit Size (Sq. Ft.)	1,900
Avg. Price Per Sq. Ft.	\$180 – \$200
Units Per Acre	25 – 35
Target Market	Mid-Career Professionals and Retirees



Target the Product: Residential

2



FOR SALE TOWNHOUSES

Avg. Sale Price	\$450,000
Unit Size (Sq. Ft.)	2,300
Avg. Price Per Sq. Ft.	\$200
Units Per Acre	15 – 20
Target Market	Mid-Career Professionals and Retirees

Target the Product: Retail

2



INLINE TENANTS

Lease Rate Per Sq. Ft. \$22 – \$26

Parking Spaces 5/1,000 sq. ft. GLA

Bldg. Square Footage 50,000

Tenant Types Mid-Upscale Restaurants,
Coffee Shop



Target the Product: Retail

2



ANCHOR TENANTS

Lease Rate Per Sq. Ft.	\$18
Parking Spaces	5/1,000 sq. ft. GLA
Bldg. Square Footage	20,000 – 25,000
Tenant Types	Grocery Store, Upscale Chain Restaurant





OUTLOT/PAD TENANTS

Sale Price Per Sq. Ft. \$14 – \$16

Parking Spaces 10/1,000 sq. ft. GLA

Bldg. Square Footage 2,500 – 4,000

Tenant Types Fast Food



Target the Product: Office

2



CLASS A SPACE

Lease Rate Per Sq. Ft. \$24

Parking Spaces 6/1,000 sq. ft. GLA

Total Square Footage 50,000

Target Market Upscale Medical,
Corporate Owner-Occupied



Target the Product: Hotel

2



FULL SERVICE

Average Room Rate	\$140
Average Occupancy	70%
Target Market	Business Travel



Create a Defined Center

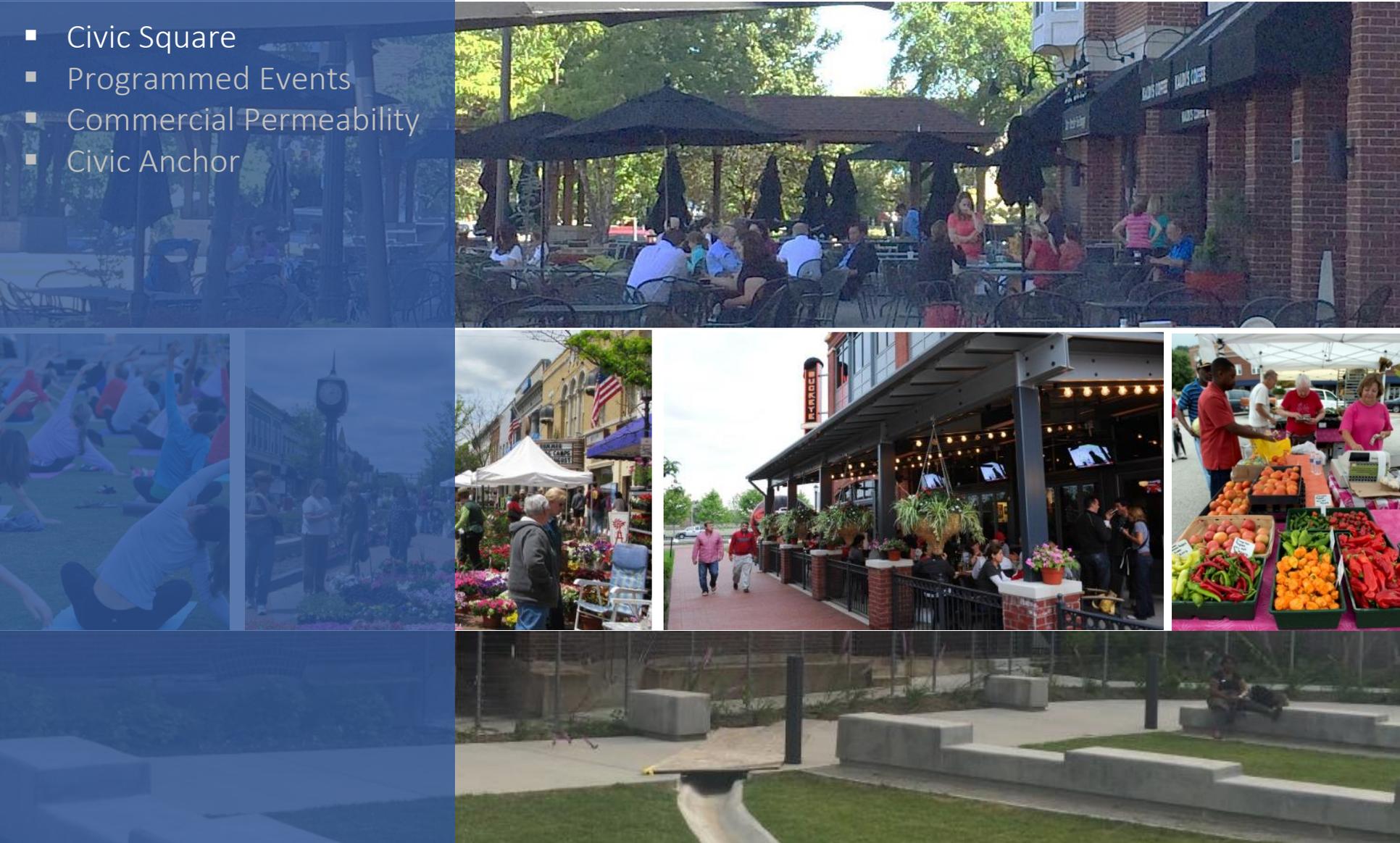
3

- Civic Square
- Programmed Events
- Commercial Permeability
- Civic Anchor



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Create a Defined Center

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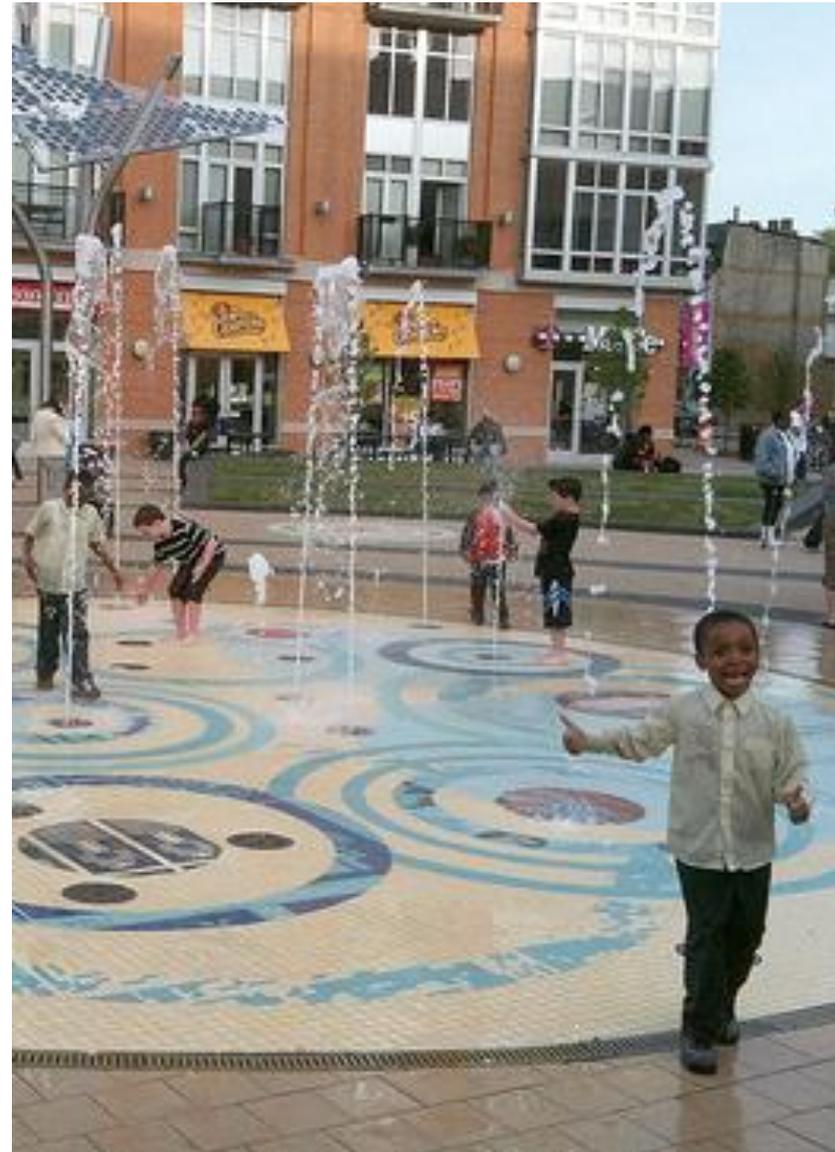
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Enhance the Public Realm/Street Environment

4

- Livability
- Walkability
- Streetscape
- Defined Space



Enhance the Public Realm/Street Environment

4

- Livability
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- Defined Space



Enhance the Public Realm/Street Environment

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Enhance the Public Realm/Street Environment

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- Livability
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Enhance the Public Realm/Street Environment

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- Livability
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Existing condition



Near-term goal



Enhance the Public Realm/Street Environment

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- Streetscape
- Defined Space



Existing condition

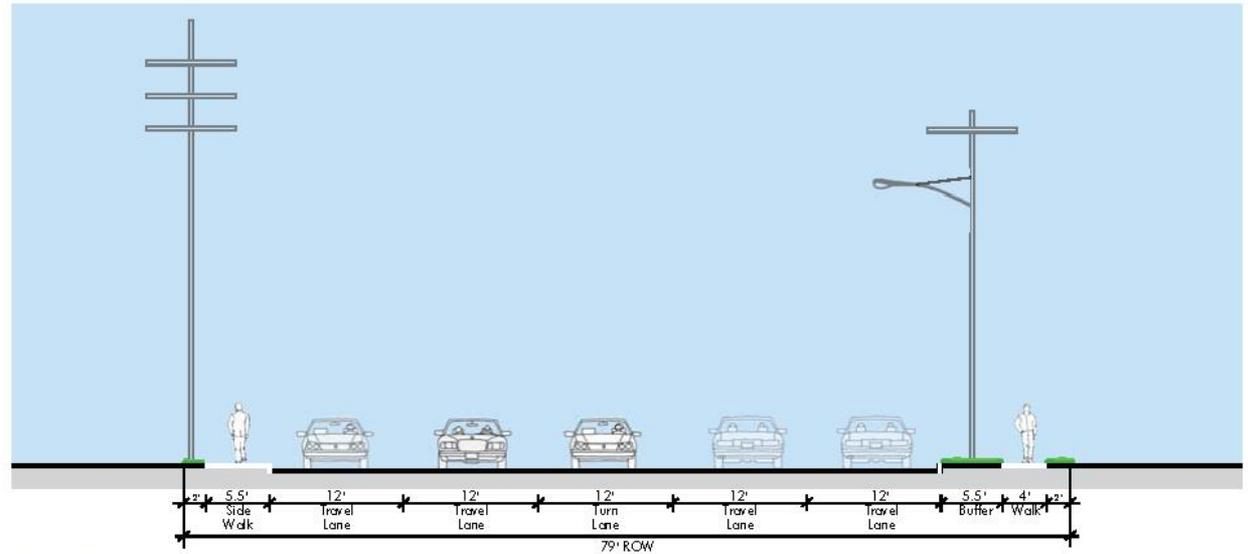


Near-term goal

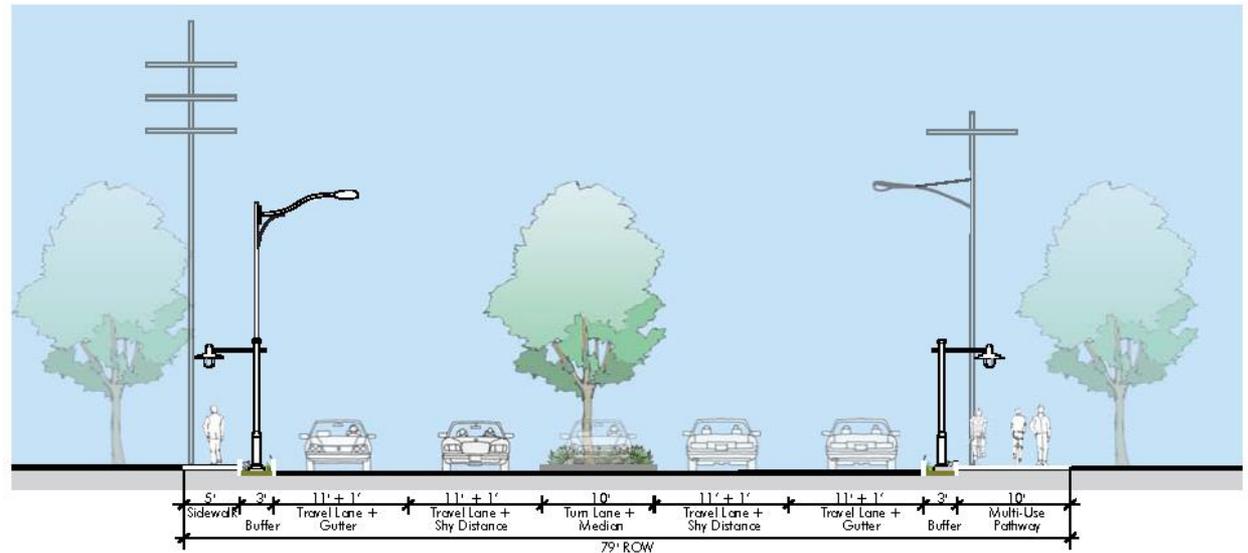


Enhance the Public Realm/Street Environment

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Green Boulevard Existing Section



Enhance the Public Realm/Street Environment

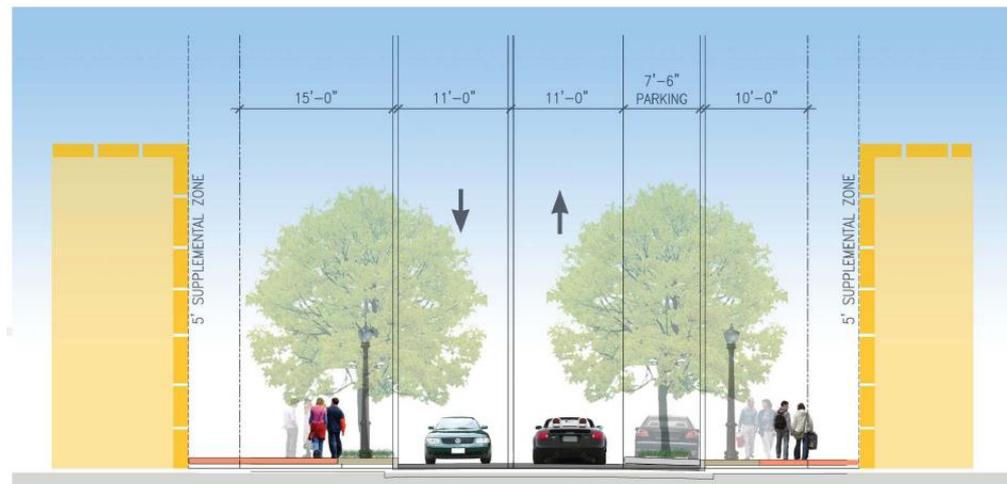
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Enhance the Public Realm/Street Environment

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Enhance the Public Realm/Street Environment

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Cultivate and Curate a Tenant Mix



No Subsidy

Market Demand

- Culver's
- Chick-fil-a
- Dunkin Donuts
- San Sai
- Frozen Yogurt
- Fast Casual Burgers/Smashburger
- Bar and Grill/Bar Louie
- Green Grocer/Lucky's



Requires Subsidy

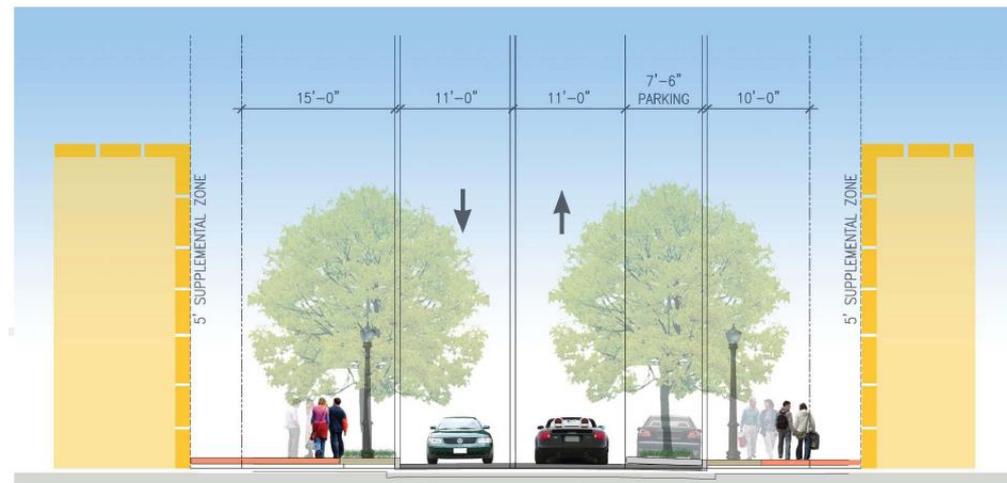
Market Strategy

- Local Coffee/Kaldi's
- Bakery
- Craft Ice Cream/Jeni's
- Micro Brewery
- Wine Bar/Robust

Create the Place

6

- Sense of Enclosure
- Height
- Materiality
- Urban Landscape
- Parking Orientation
- Setbacks
- Lot Depth
- On-Street Parking
- Façade Renovation
- Quality Suburban



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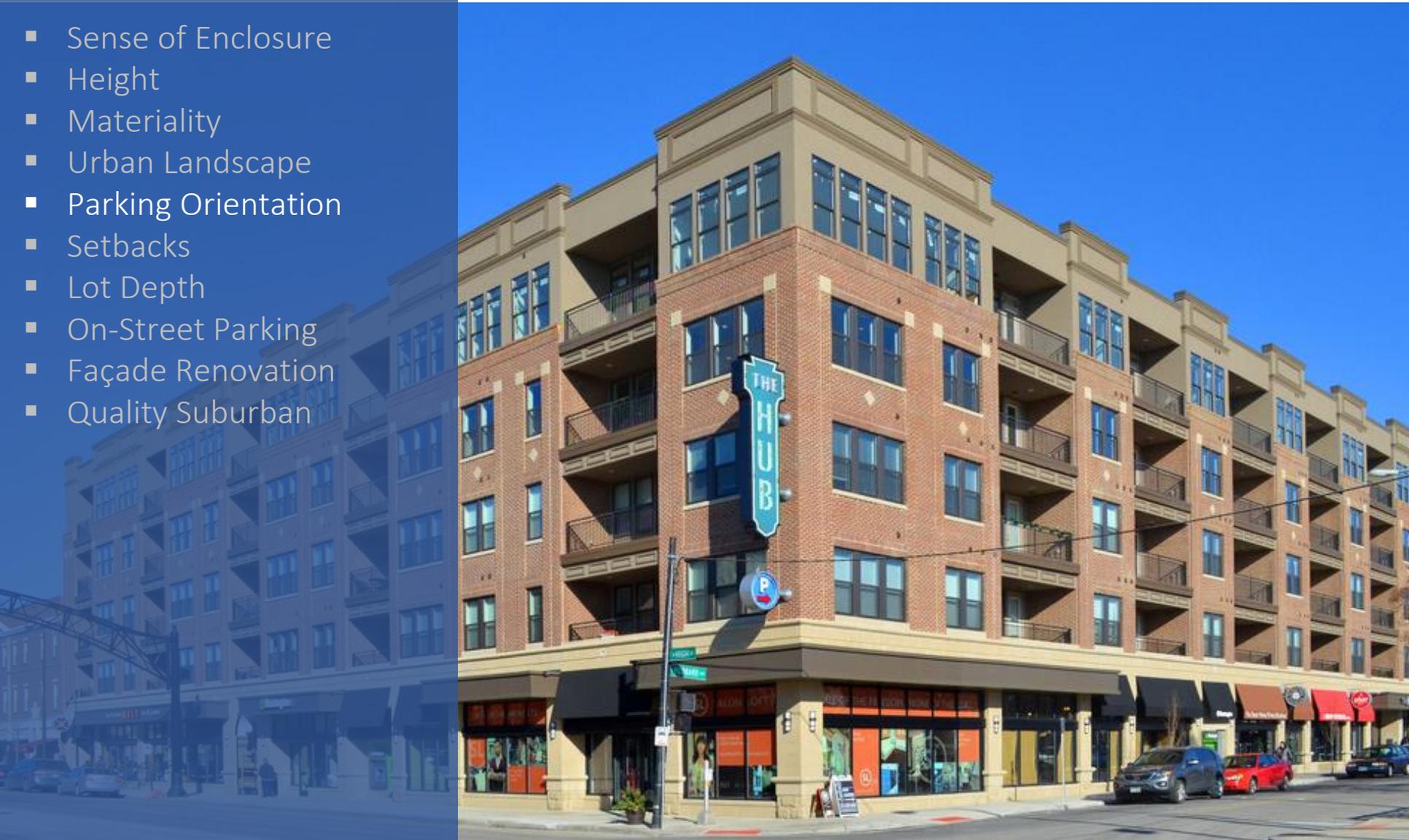
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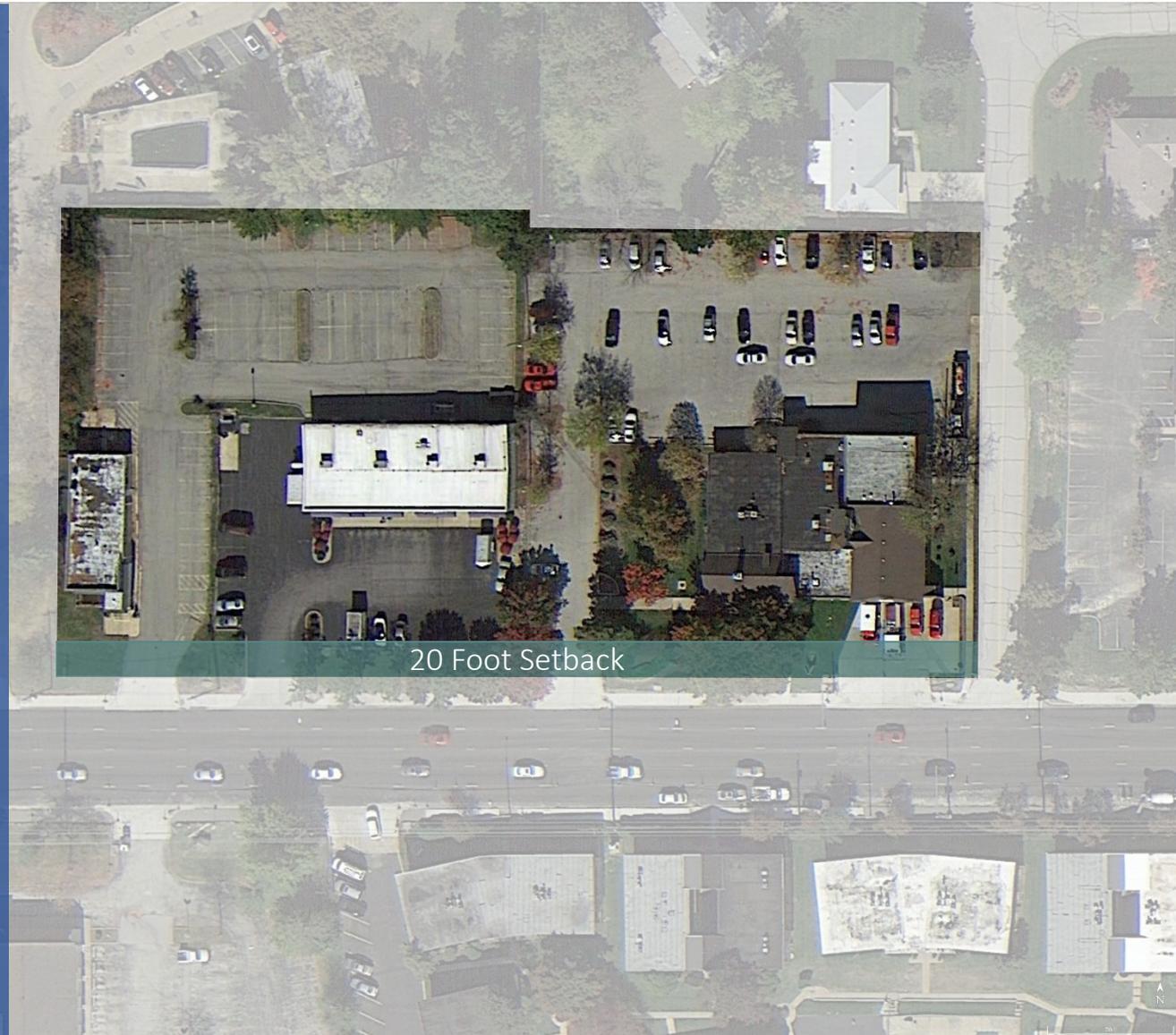
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- Setbacks
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- Façade Renovation
- Quality Suburban

Sprayberry Square, Atlanta



Cold Spring, New York



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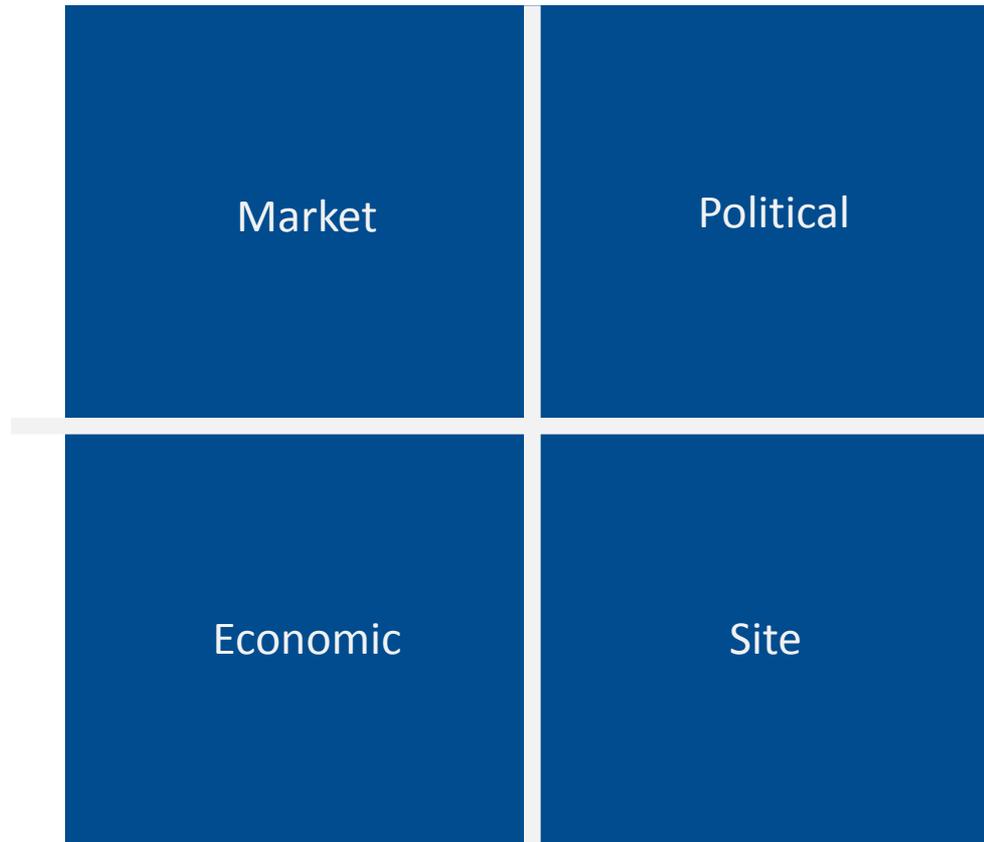
Olive Market Strategy: Area Specific

Next Steps

Next Steps



Concept: Feasibility



The Four Points of Feasibility