



# A Market Study for Olivette and the Olive Corridor

*Prepared for  
The City of Olivette*

December 1, 2015

**DEVELOPMENTSTRATEGIES®**

*Process and Schedule*

*1*

*Trends and Opportunity*

*2*

*Market Analysis*

*3*

*Market Strategy*

*4*

*Development Planning and Feasibility Testing*

*5*

*Fiscal Impact and Funding Strategy*

*6*

*Conclusions and Recommendations*

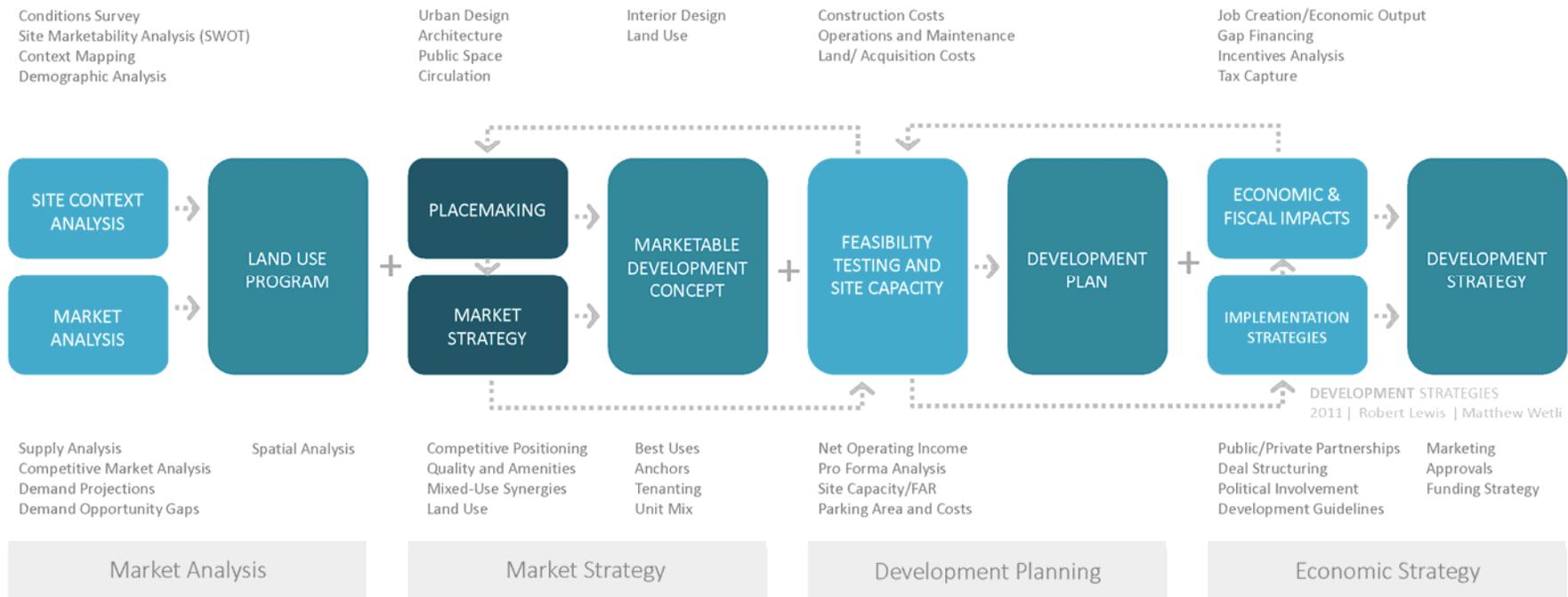
*7*

# Timeline



# Process: Development Plan

## DEVELOPMENT PLANNING PROCESS ©



*Process and Schedule*

*1*

*Trends and Opportunity*

*2*

*Market Analysis*

*3*

*Market Strategy*

*4*

*Development Planning and Feasibility Testing*

*5*

*Fiscal Impact and Funding Strategy*

*6*

*Conclusions and Recommendations*

*7*

# Trends

The world is reordering itself economically and socially.

## Demographics



72% non-family households by 2025<sup>#</sup>

## Preferences



66% prefer attached or small lot housing<sup>\*</sup>

## Internet Trends



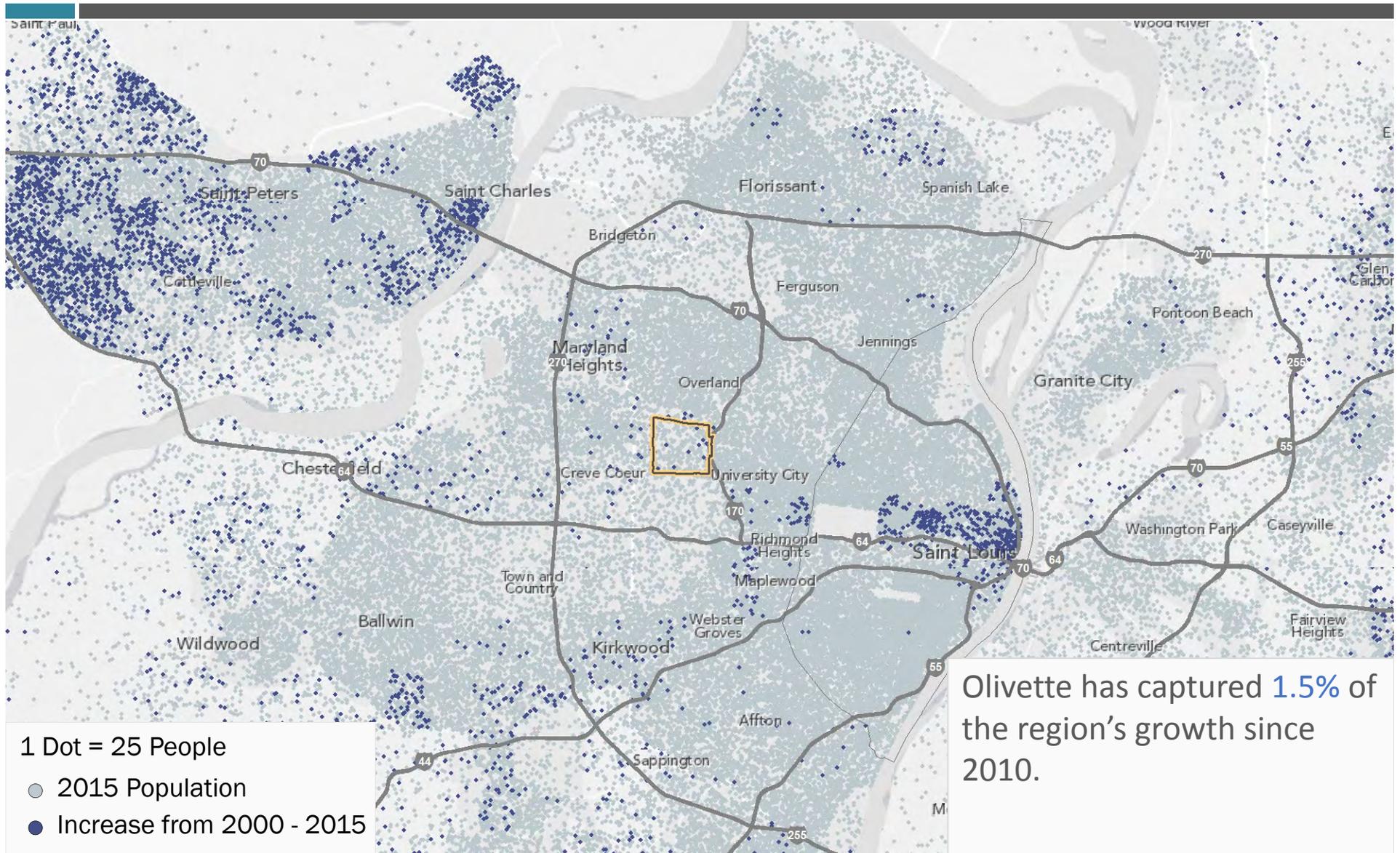
3,700% increase in web-base electronic sales<sup>†</sup>

<sup>#</sup> Martha Farnsworth Riche

<sup>\*</sup> If it puts them closer to work, mix of uses, etc. National Association of Realtors

<sup>†</sup> 1999-2010 Census

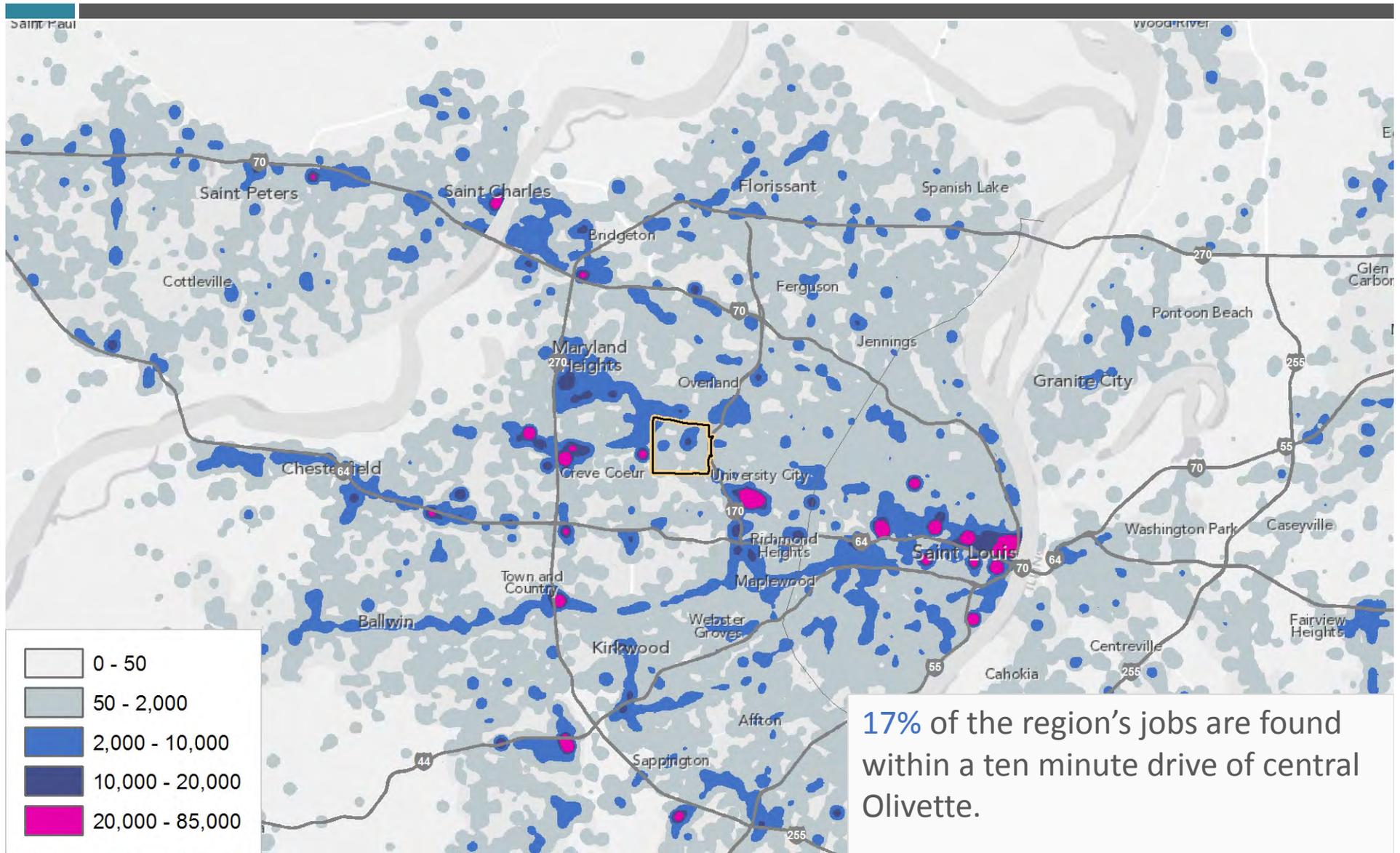
# Olivette Within the Region: Population Density & Growth



- 1 Dot = 25 People
- 2015 Population
- Increase from 2000 - 2015

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

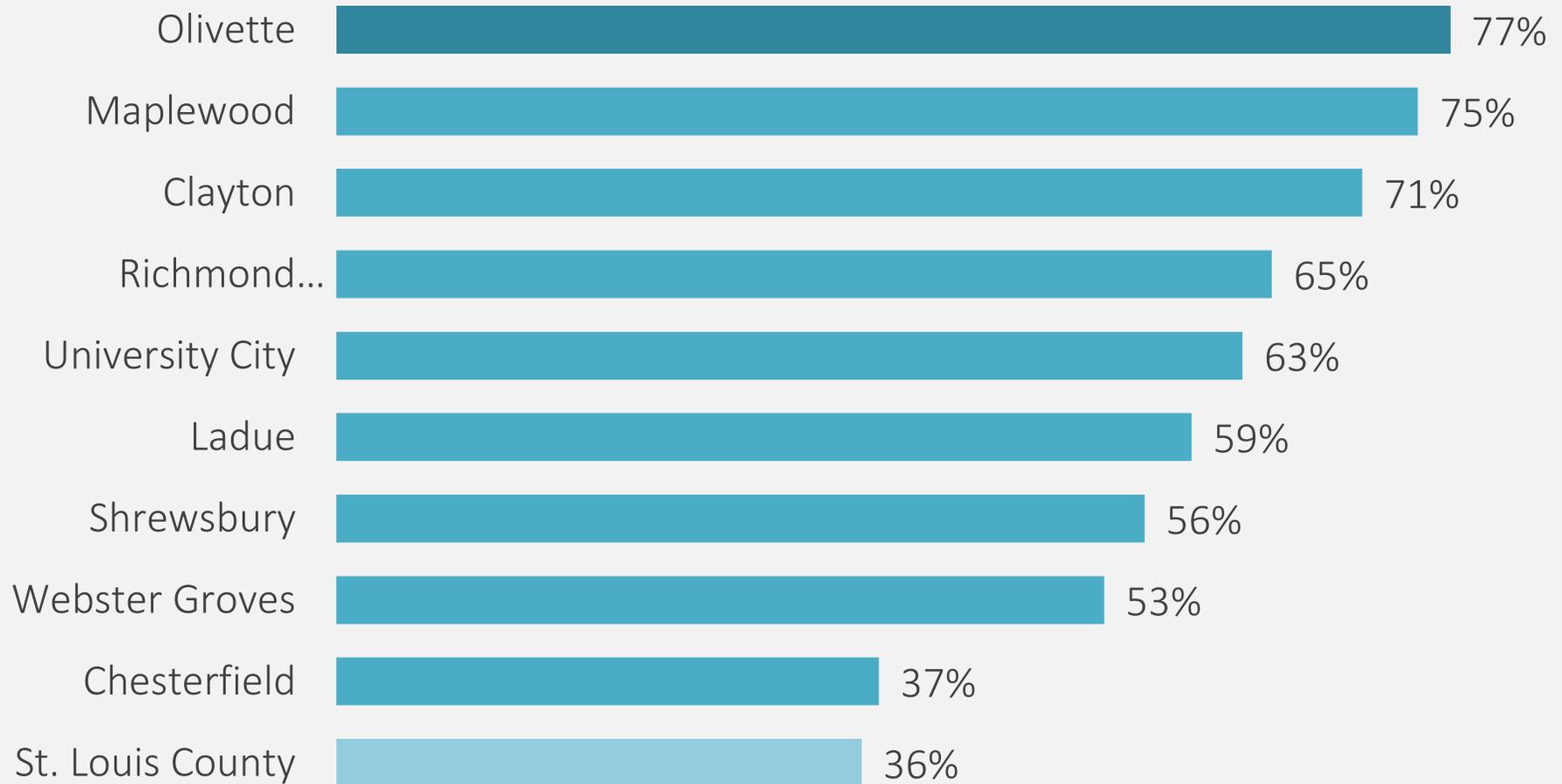
# Olivette Within the Region: Employment Density



# Market Evidence: Central County

## Single Family Home Value Appreciation 1998-2013

Sources: Zillow, Development Strategies



# Placemaking and Property Values



# Opportunity Sites



# 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 and Schedule*

*1*

*Trends and Opportunity*

*2*

*Market Analysis*

*3*

*Market Strategy*

*4*

*Development Planning and Feasibility Testing*

*5*

*Fiscal Impact and Funding Strategy*

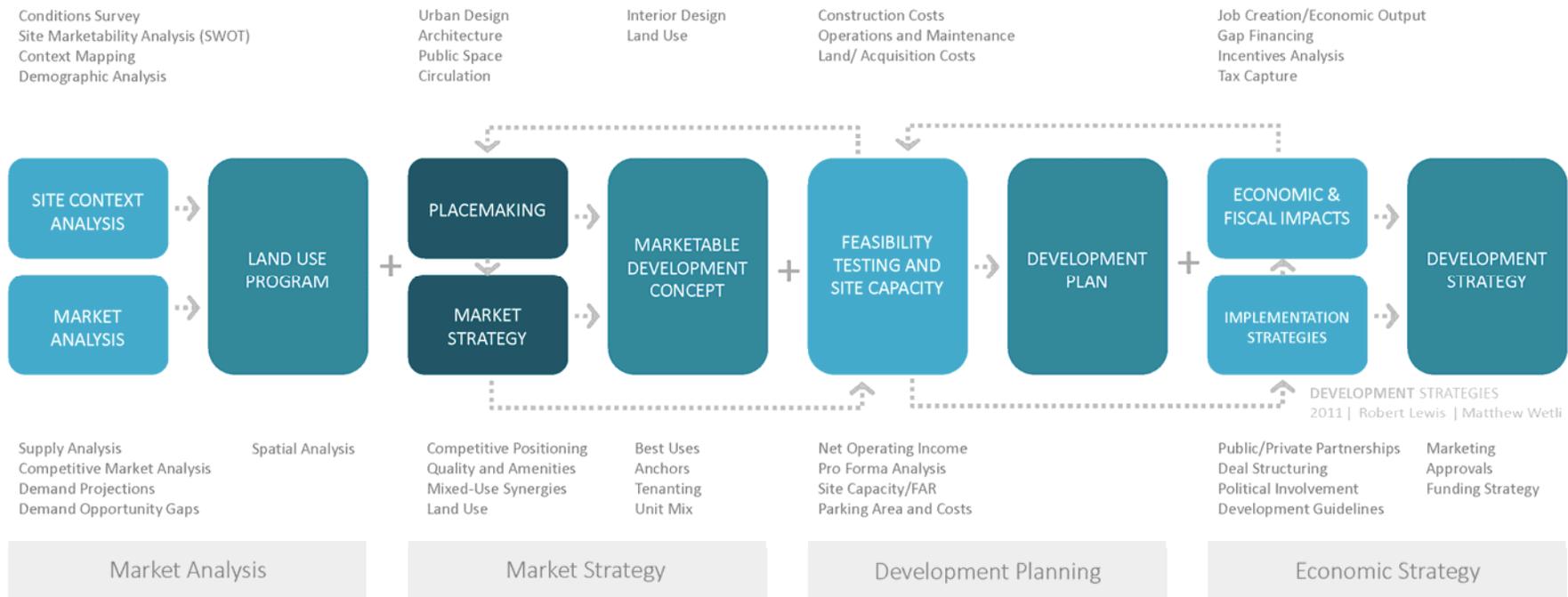
*6*

*Conclusions and Recommendations*

*7*

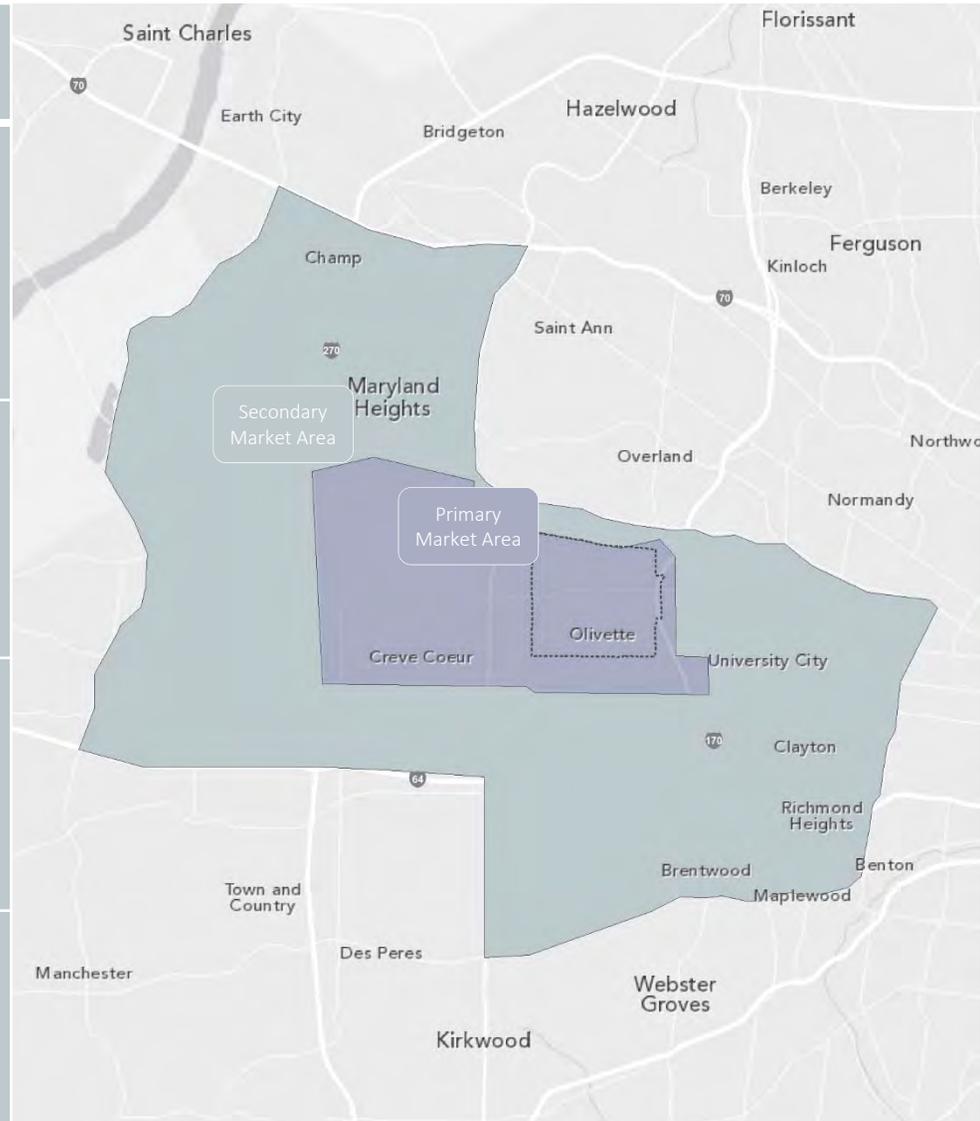
# Process: Development Plan

## DEVELOPMENT PLANNING PROCESS ©

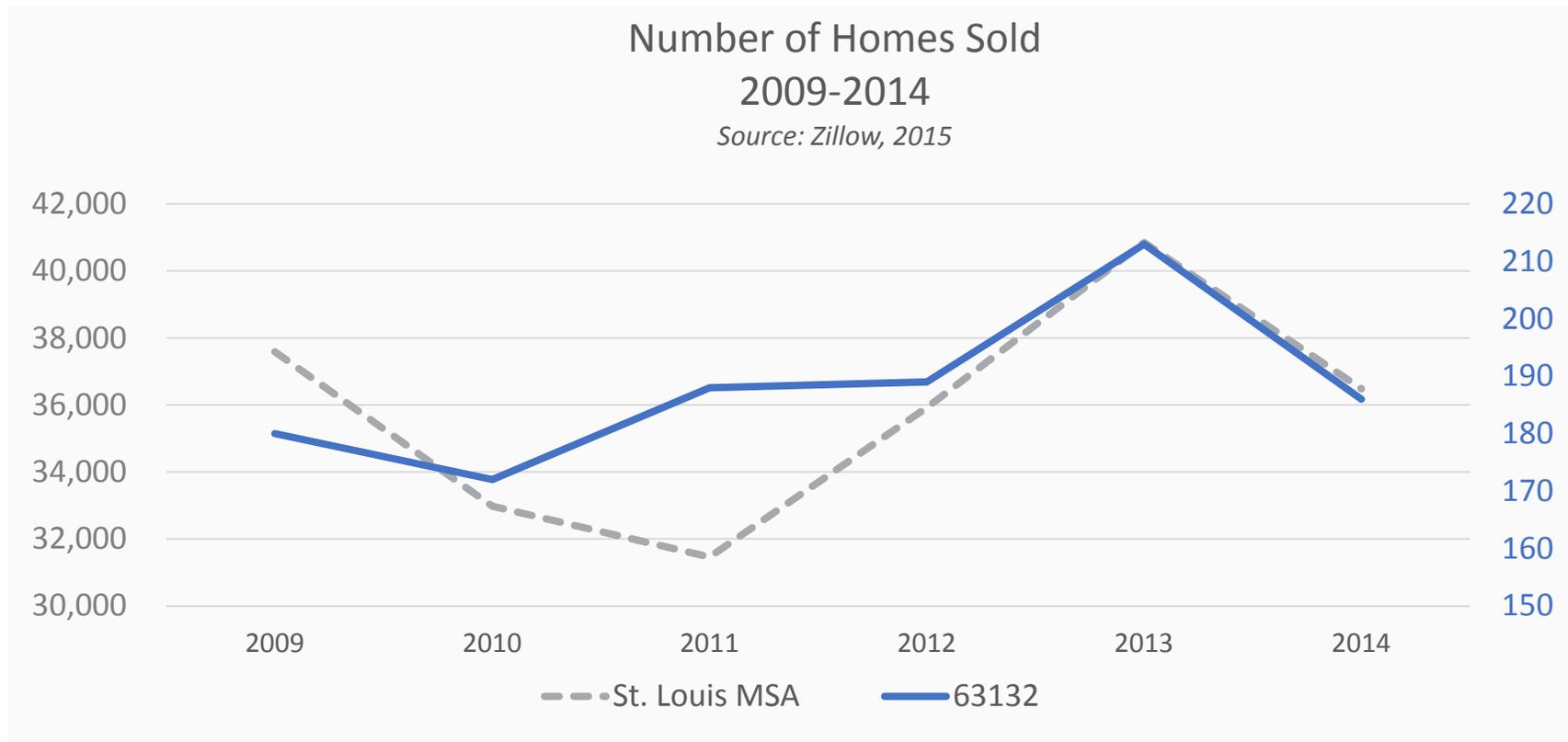


# Residential Demand – Market Areas

	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 – Recovery in the For-Sale Market



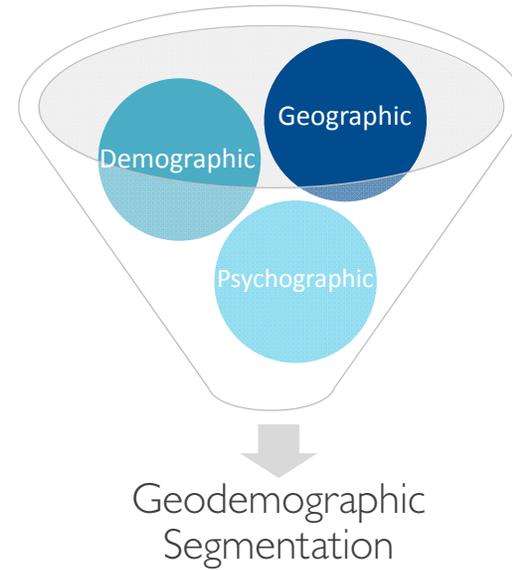
The median home sale price in Olivette increased by

**35%**

from 2009 to 2014

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

# Residential Demand: Market Segmentation



## Psychographic

- Attitudes
- Values
- Culture
- Buying Patterns

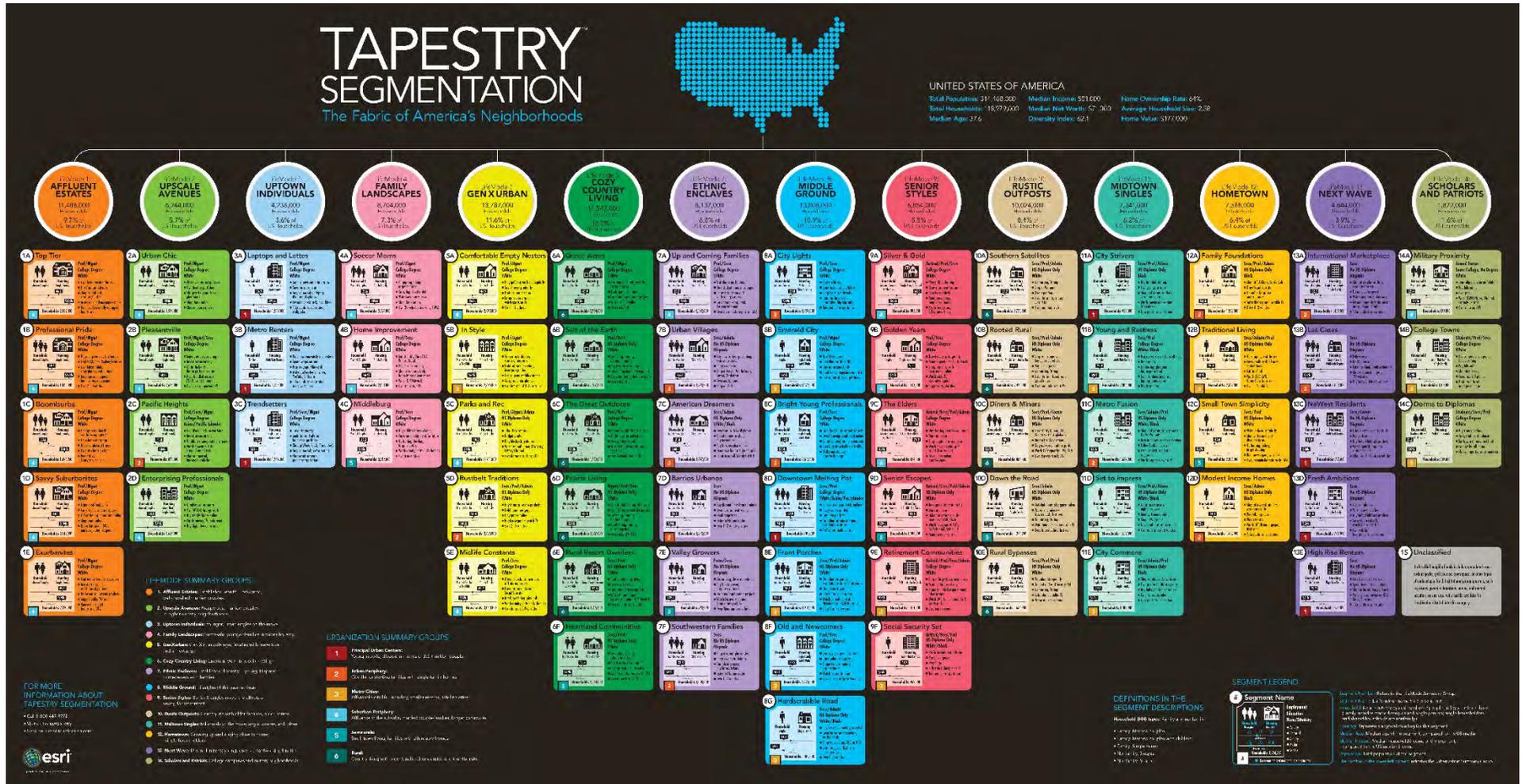
## Demographic

- Age
- Gender
- Income
- Home Value
- Ethnicity
- Family Type
- Education

## Geographic

- Market Areas
- Cities
- Counties
- MSA's
- Neighborhoods
- Census Tracts

# Residential Demand: Market Segmentation



# 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

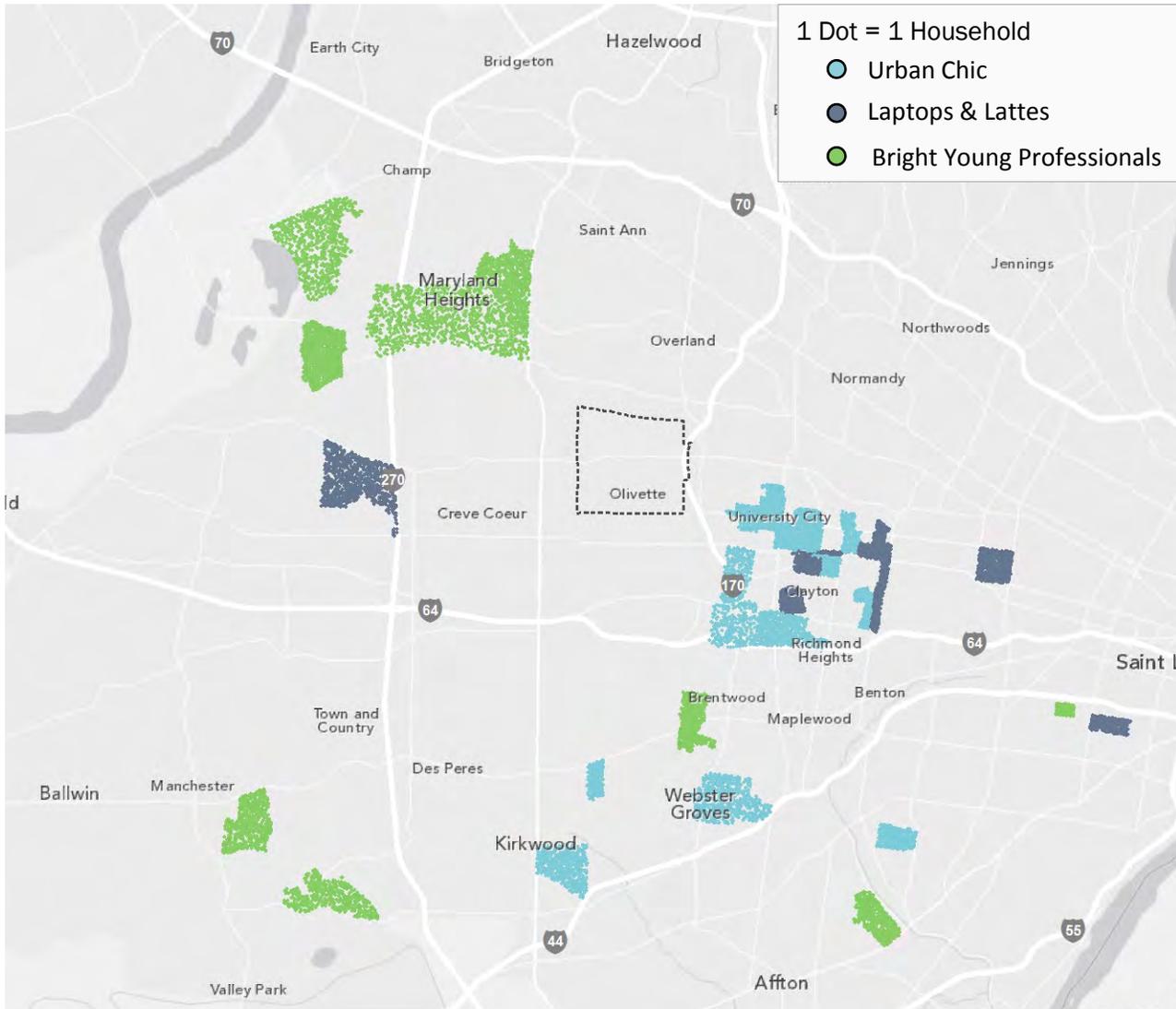
Average Age  
44

Percentage of Ownership  
91%

Average Household Size  
2.8

Predominant Household Type  
Couples

# Residential Demand: Urban Professionals



## URBAN PROFESSIONALS Laptops and Lattes

Median Household Income  
\$93,000

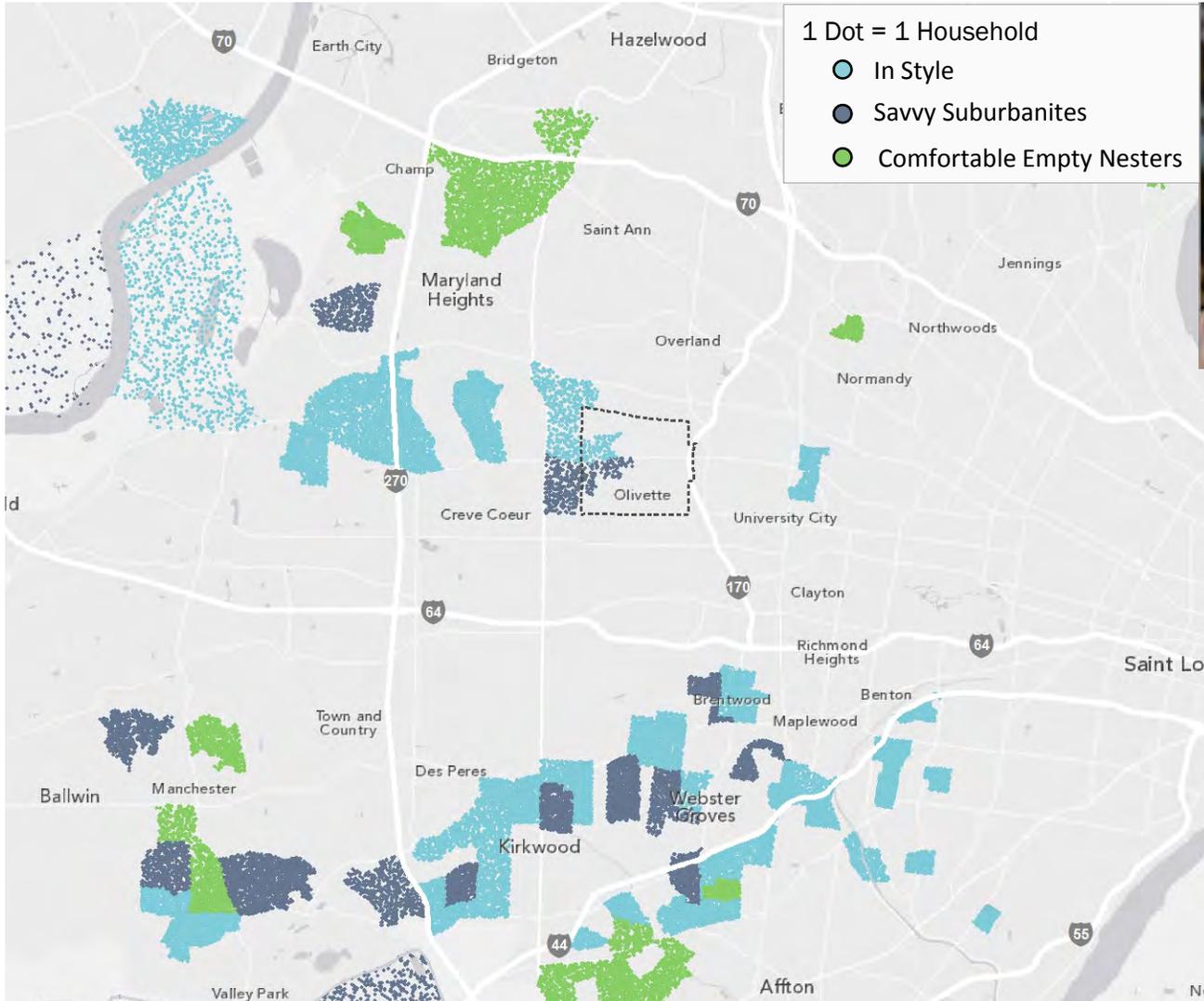
Average Age  
37

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

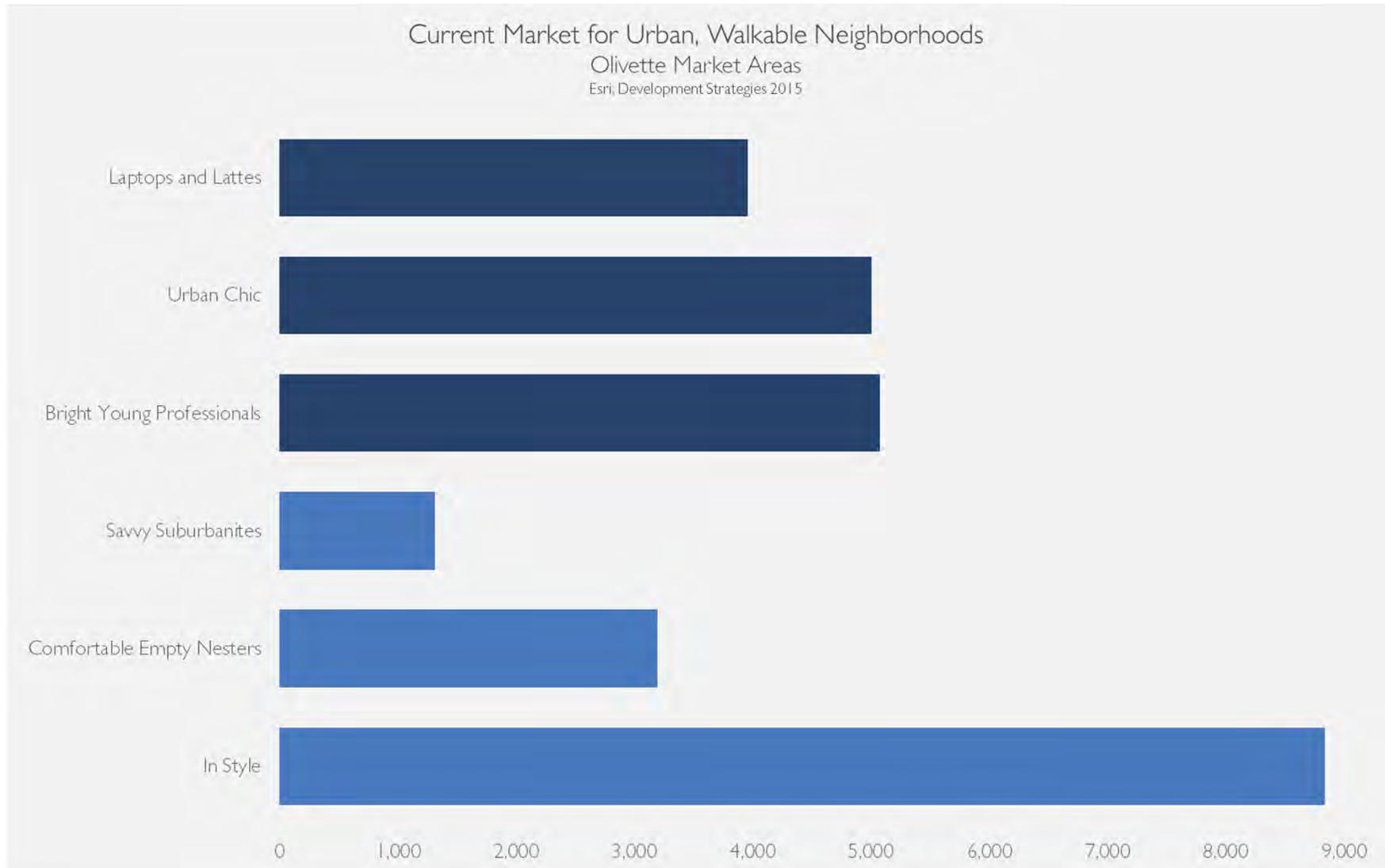
Average Age  
40

Percentage of Ownership  
70%

Average Household Size  
2.0

Predominant Household Type  
Couples

# Residential Demand: Existing Market Demand



# 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

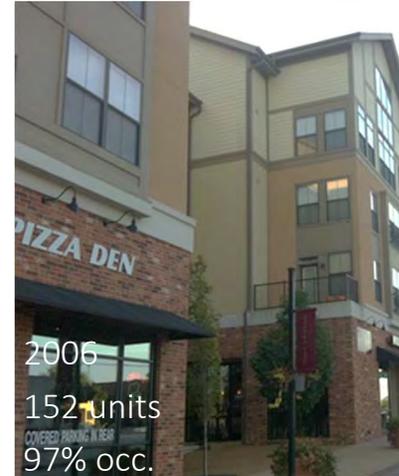


## Kings Landing

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 – 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

2008  
18 Units



## City Place Condos

2,100 Sq. Ft – 2 Bedrooms

Avg. Sale Price/SF  
\$130 – 2 Bedrooms

2005  
22 units



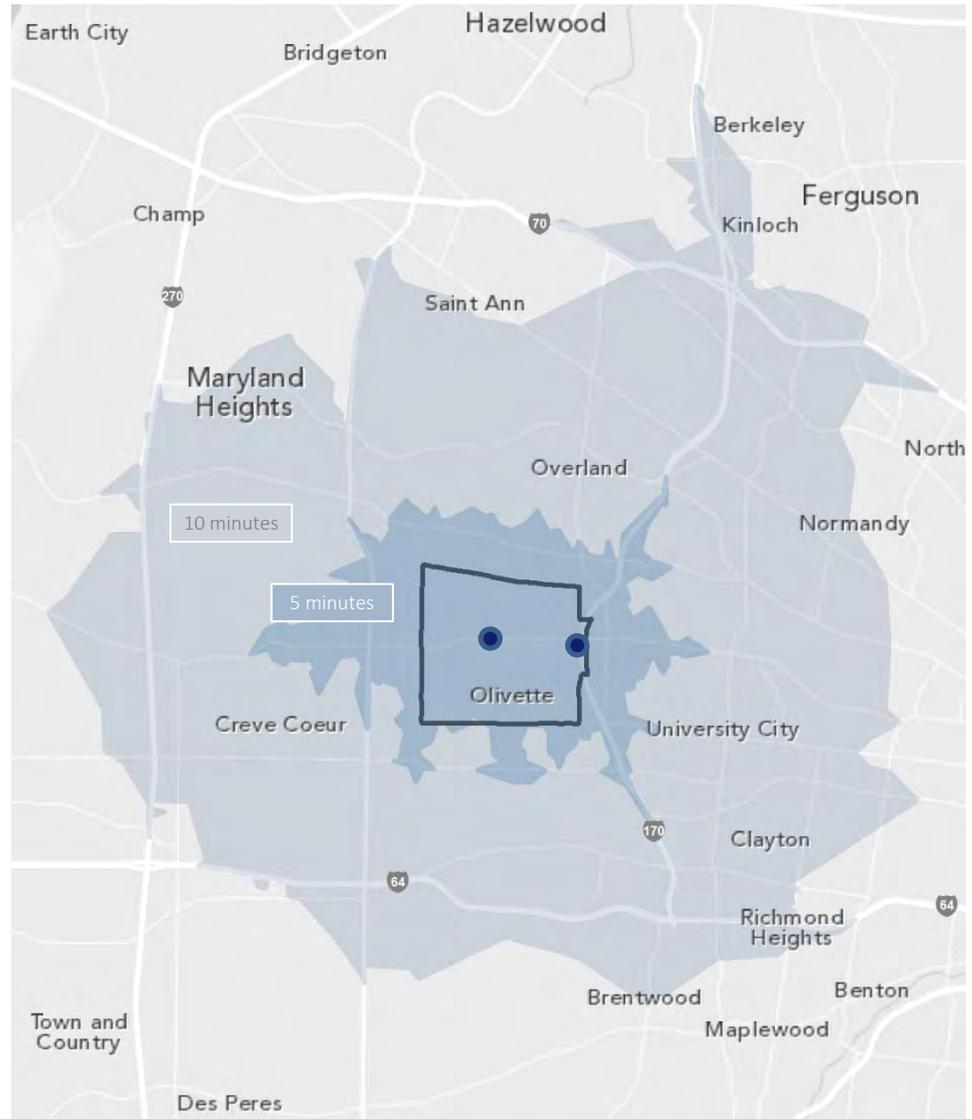
# Retail Marketability Overview

Retail Spheres of Influence<sup>©</sup>  
 Matthew Wetli 2011



# 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 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

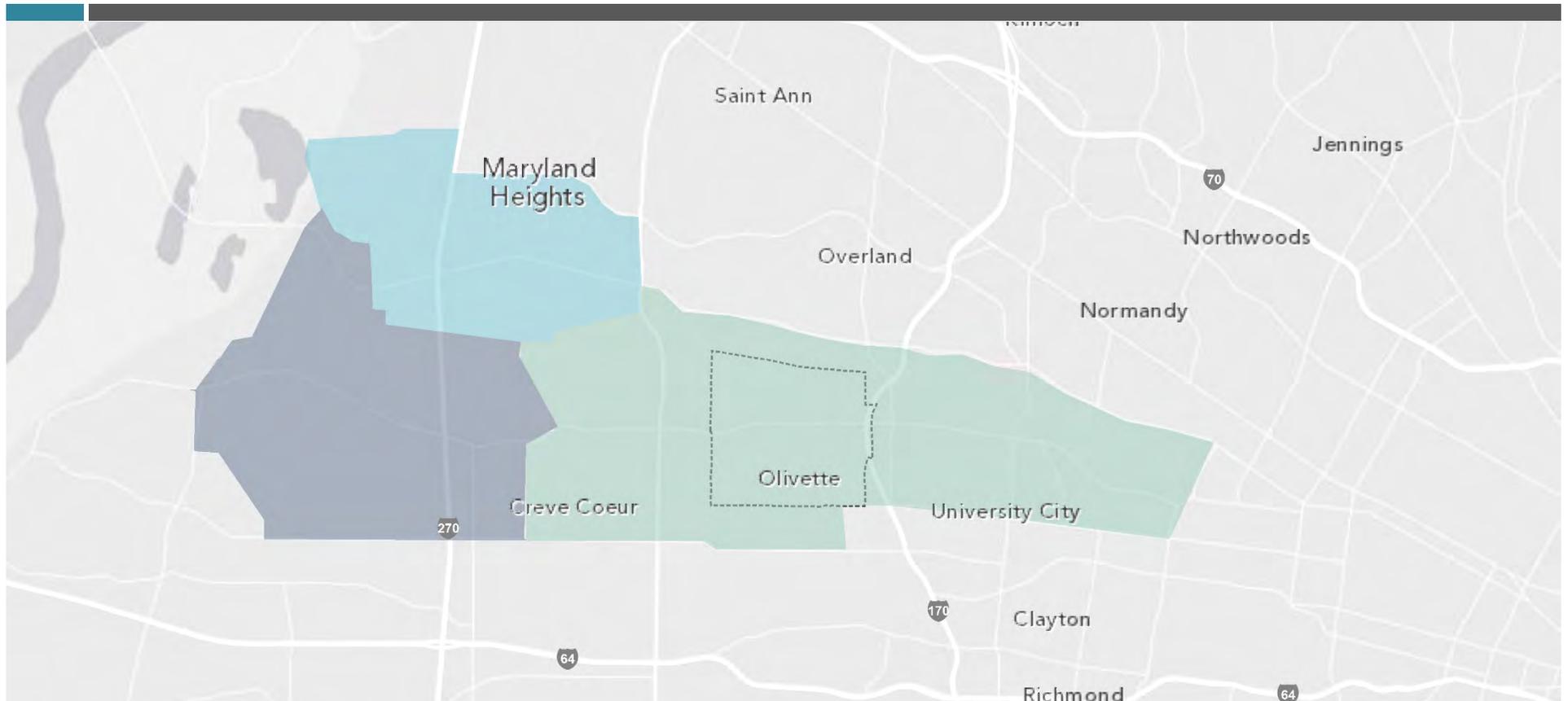
Year Built	1985
Square Feet	23,000
Occupancy	95%
Asking Rent/SF	\$12 (NNN) - Anchor \$15 (NNN) - Inline
Major Tenants	Family Dollar



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

# 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

# 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

# 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**



*Process and Schedule*

*1*

*Trends and Opportunity*

*2*

*Market Analysis*

*3*

*Market Strategy*

*4*

*Development Planning and Feasibility Testing*

*5*

*Fiscal Impact and Funding Strategy*

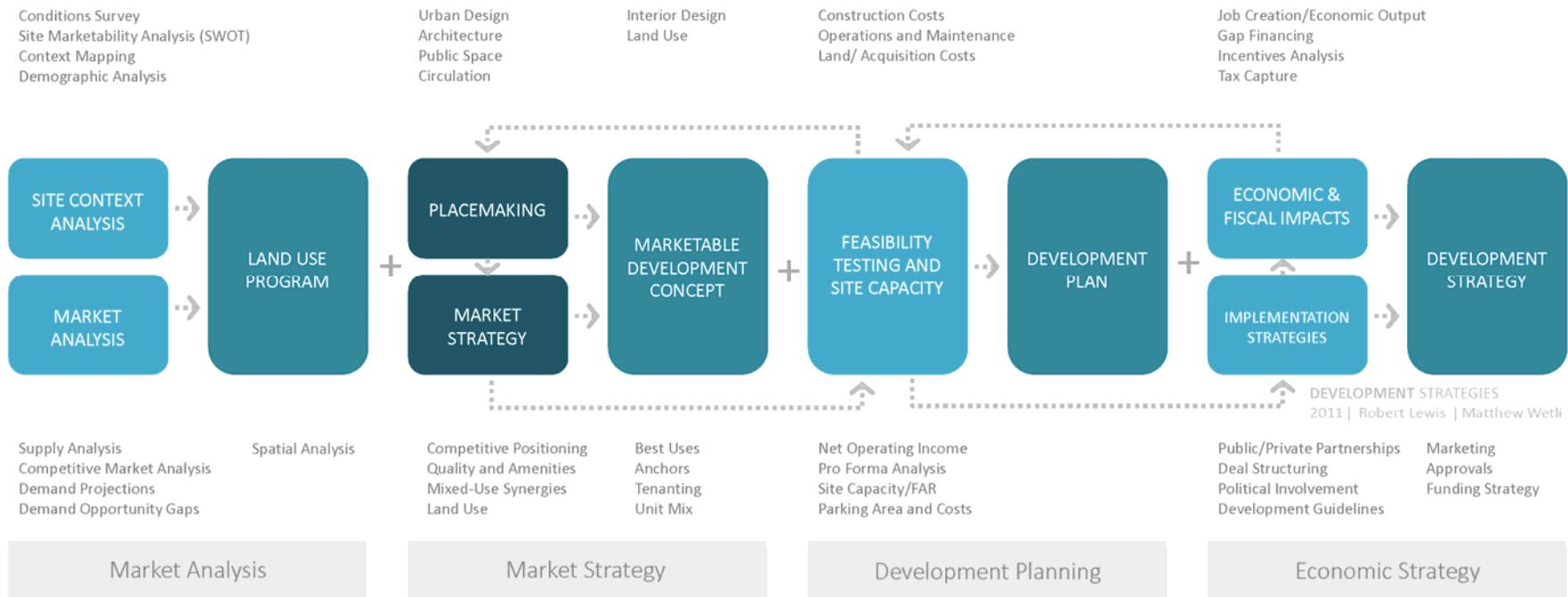
*6*

*Conclusions and Recommendations*

*7*

# Process: Development Plan

## DEVELOPMENT PLANNING PROCESS ©



# Placemaking and Value Creation



The Promenade  
Image Source: Matthew Wetli



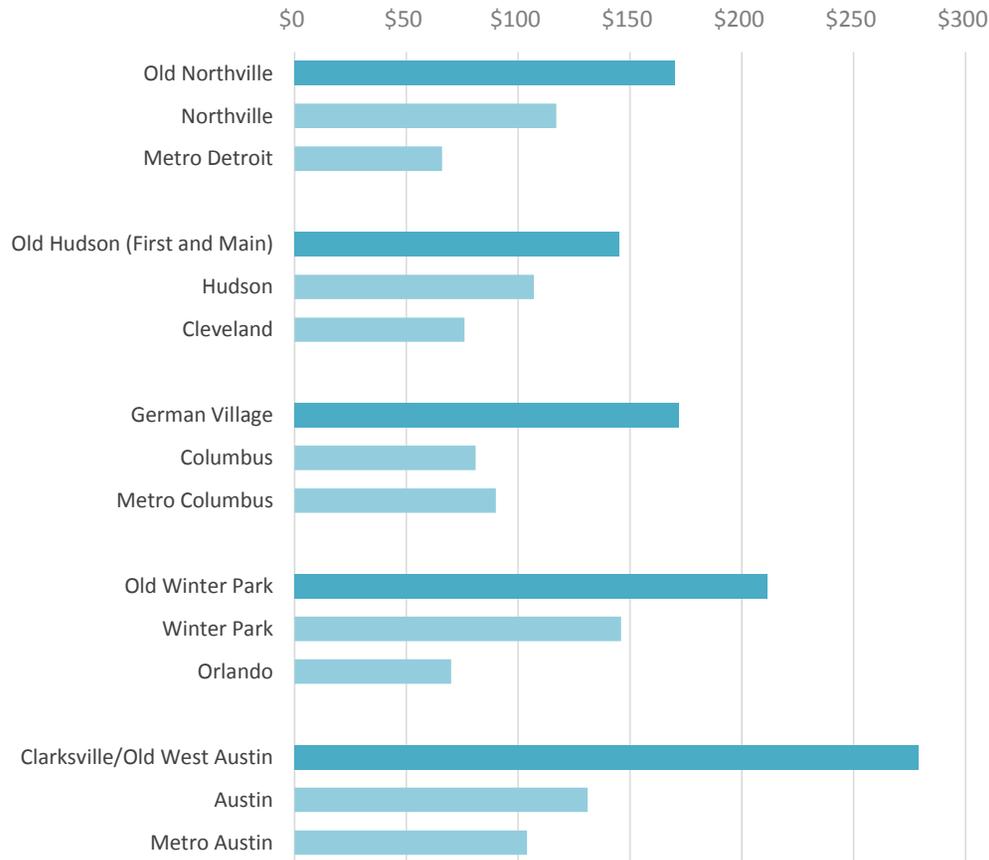
Quality of place can have a profound impact on local markets and economies.



# 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

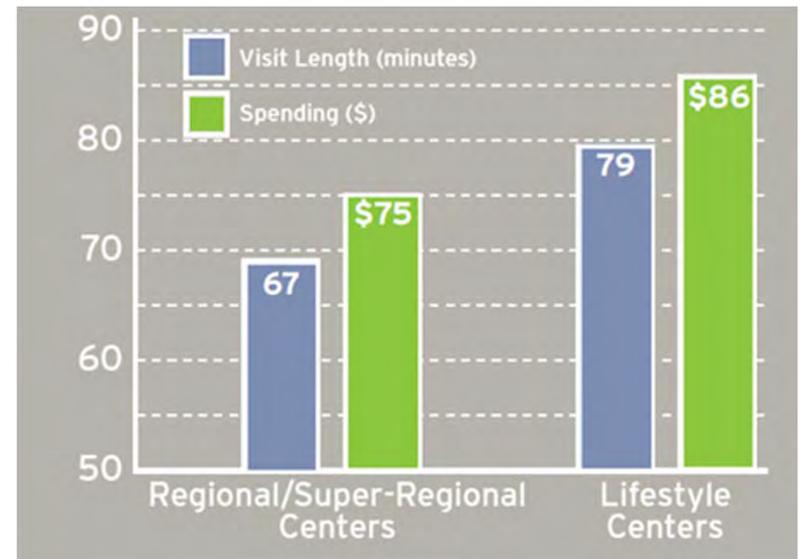
# Market Strategy: Placemaking and Public Space



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





## 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



## 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



## 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



## 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



## 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



## 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



## 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



## 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

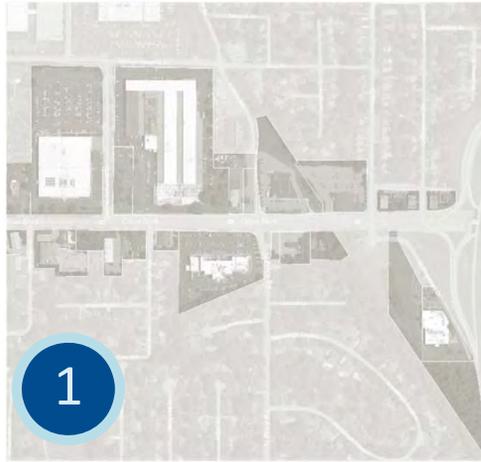


## STRATEGY

- 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

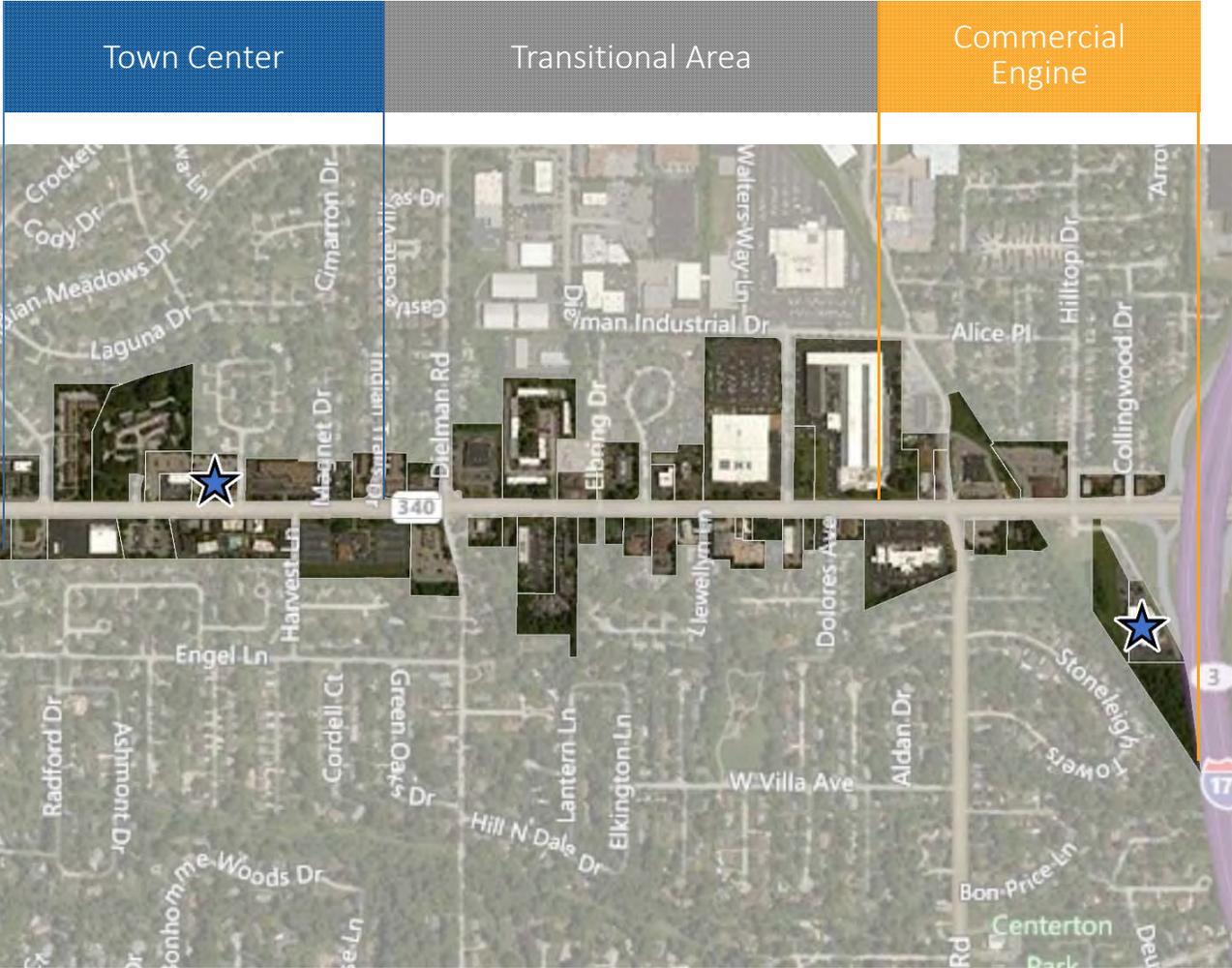
# Work with the Market: Differentiation

- 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



# Work with the Market: Differentiation

- Commercial Engine
- Town Center



# Work with the Market: Differentiation

- Commercial Engine
- Town Center



# Target the Product: Residential



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



## 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



## 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



**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



# Target the Product: Retail



## 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



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



## 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



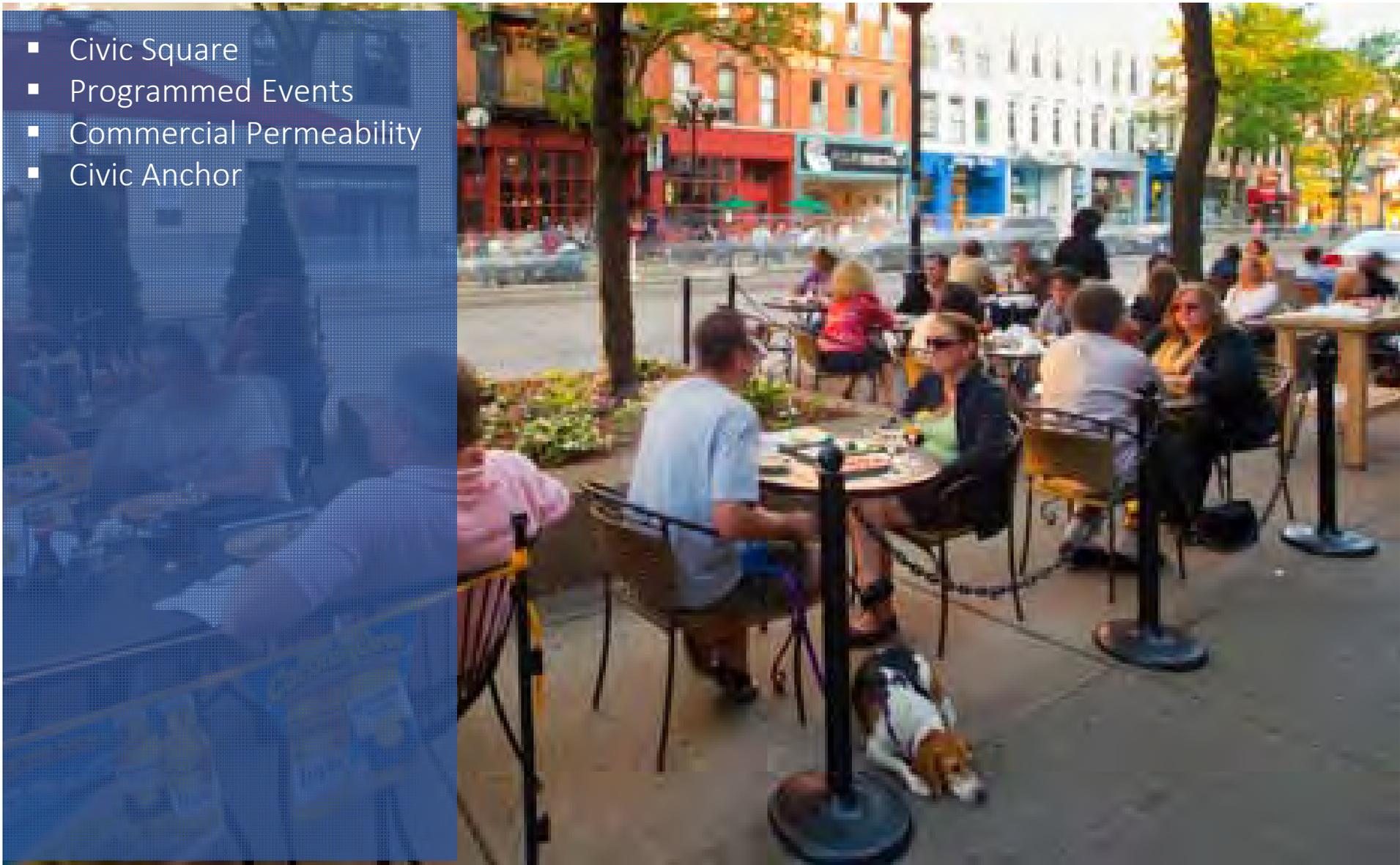
FULL SERVICE

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



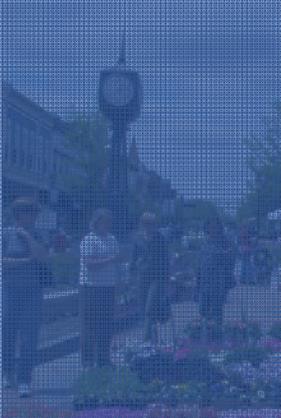
# Create a Defined Center

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



# Create a Defined Center

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



# Create a Defined Center

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



# Create a Defined Center

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



# Create a Defined Center

3

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



# Create a Defined Center

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



# Create a Defined Center

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



# Create a Defined Center

3

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



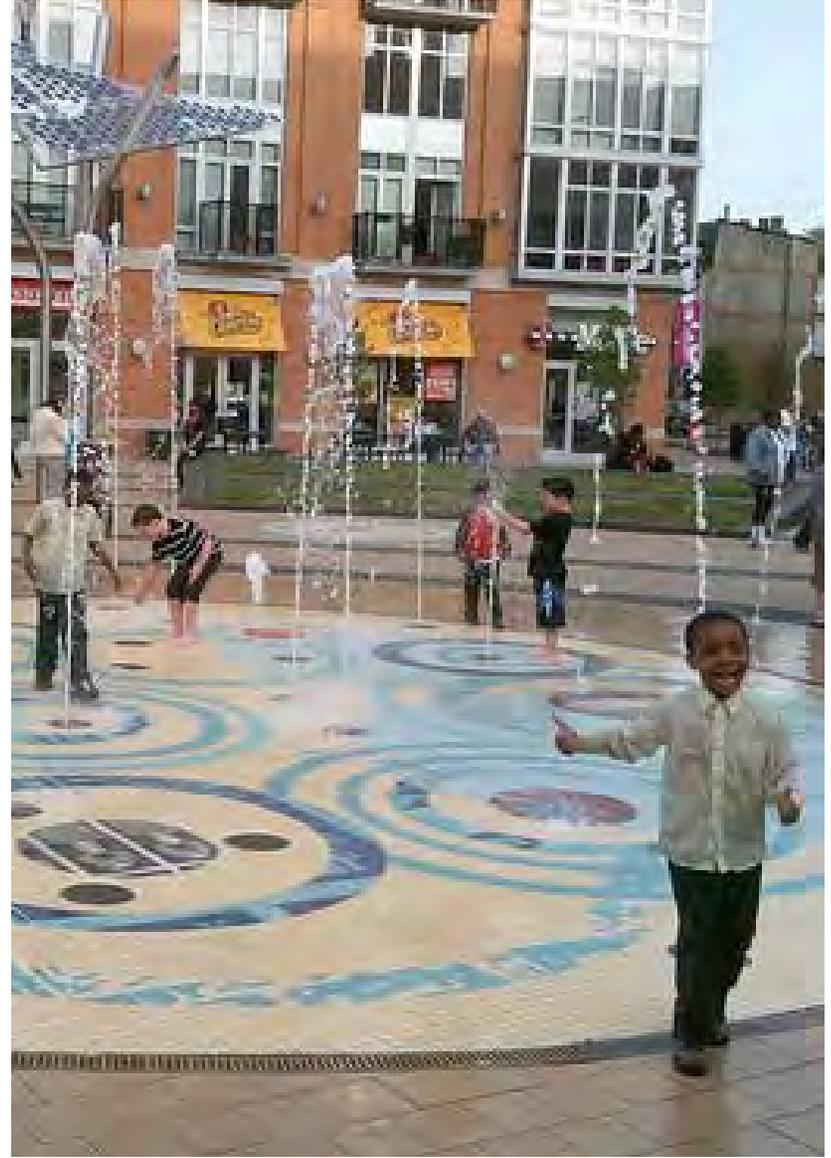
# Create a Defined Center

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



# Create a Defined Center

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



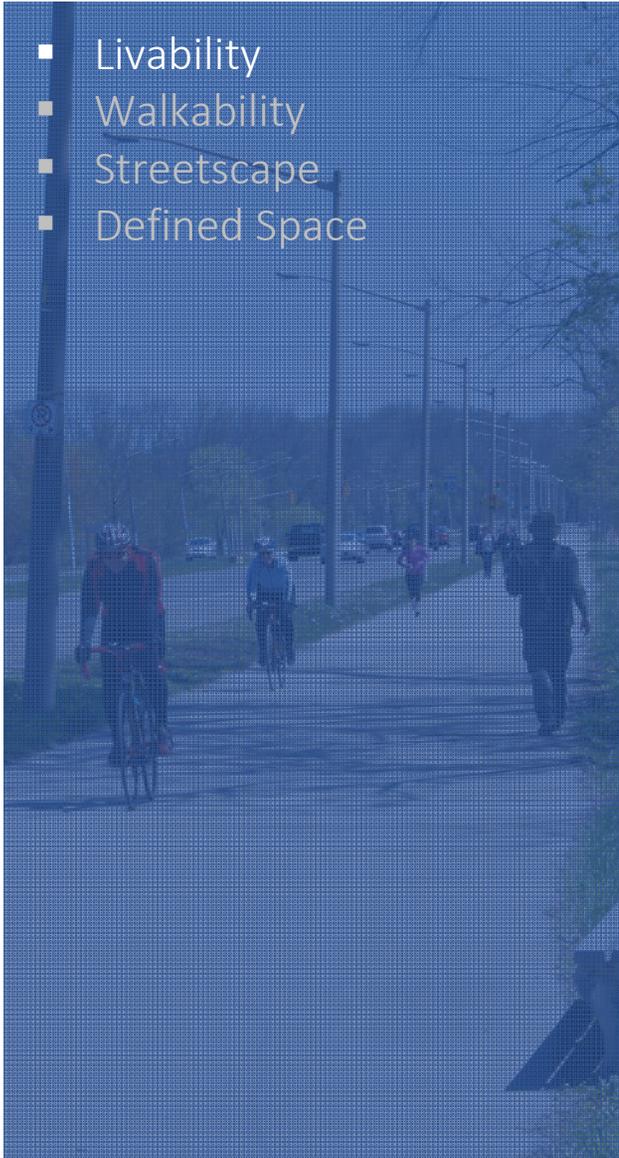
# Enhance the Public Realm/Street Environment

- Livability
- Walkability
- Streetscape
- Defined Space



# Enhance the Public Realm/Street Environment

- Livability
- Walkability
- Streetscape
- Defined Space



# Enhance the Public Realm/Street Environment

- Livability
- Walkability
- Streetscape
- Defined Space



# Enhance the Public Realm/Street Environment

- Livability
- Walkability
- Streetscape
- Defined Space



# Enhance the Public Realm/Street Environment

- Livability
- Walkability
- Streetscape
- Defined Space



Existing condition



Near-term goal



# Enhance the Public Realm/Street Environment

- Livability
- Walkability
- Streetscape
- Defined Space



Existing condition



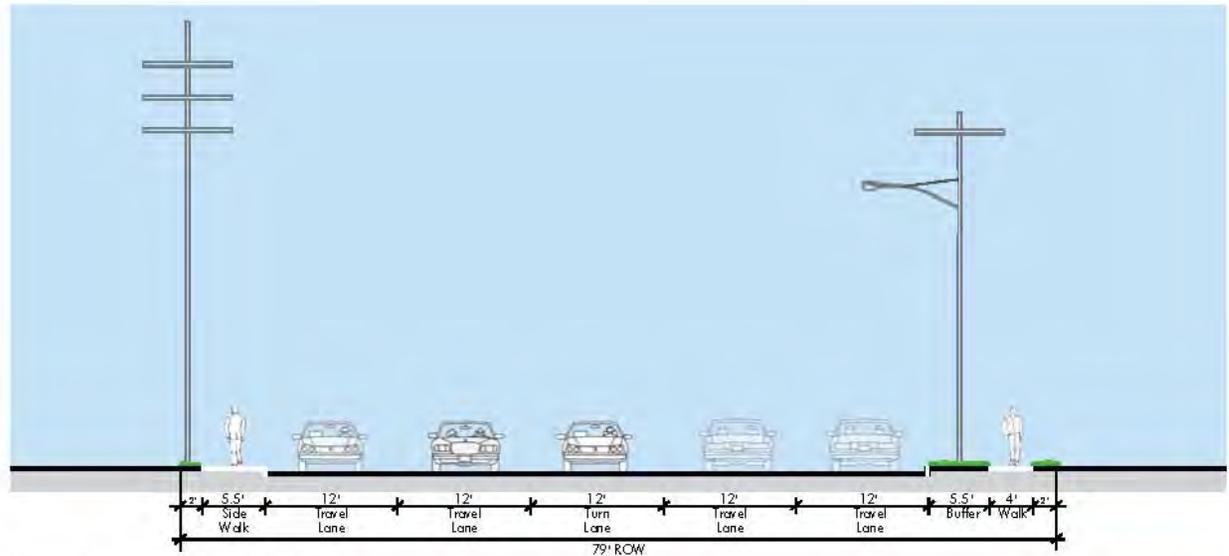
Near-term goal



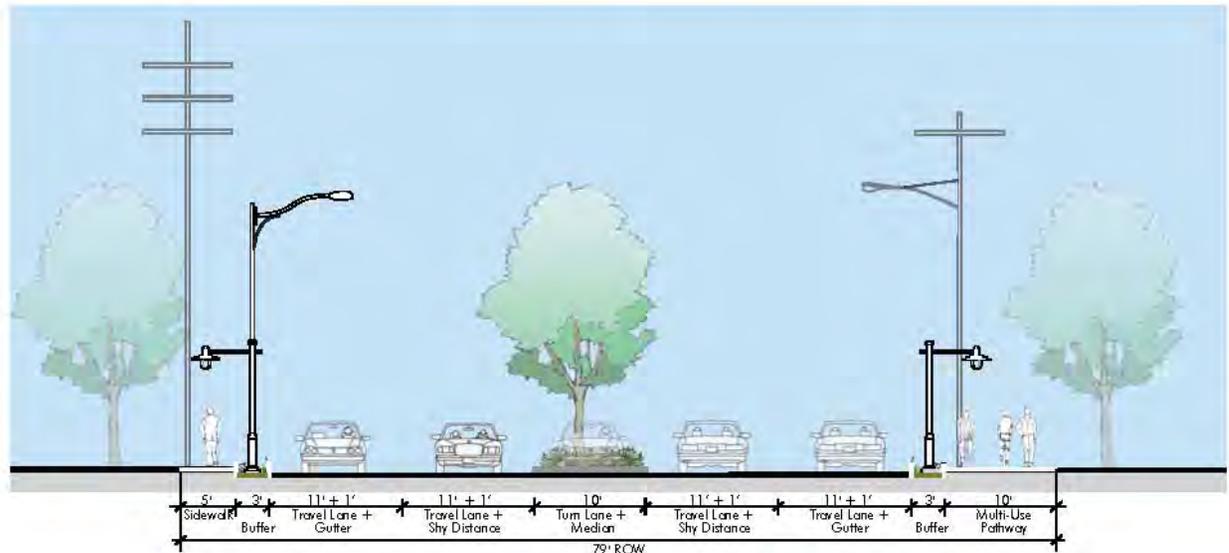
# Enhance the Public Realm/Street Environment

4

- Livability
- Walkability
- Streetscape
- Defined Space



Green Boulevard Existing Section



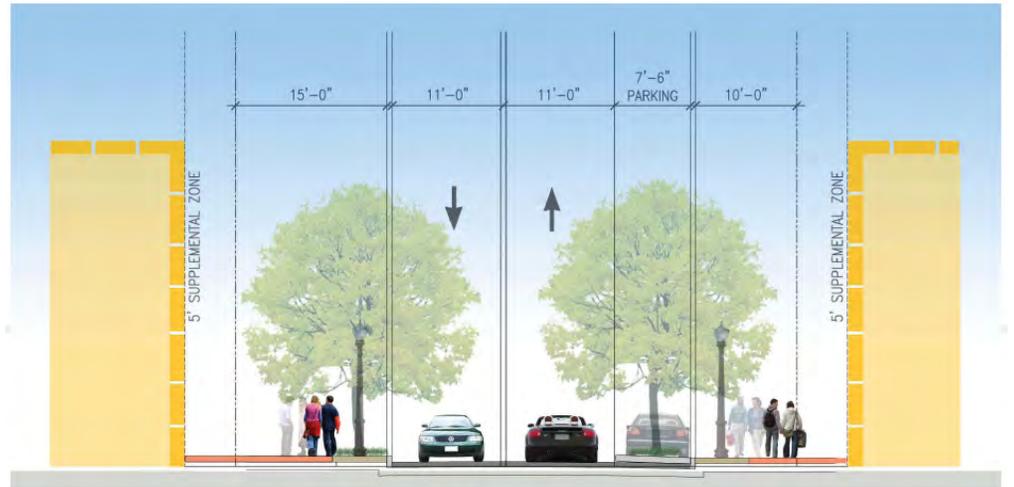
# Enhance the Public Realm/Street Environment

- Livability
- Walkability
- Streetscape
- Defined Space



# Enhance the Public Realm/Street Environment

- Livability
- Walkability
- Streetscape
- Defined Space



# Enhance the Public Realm/Street Environment

4

- Livability
- Walkability
- Streetscape
- Defined Space



# 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



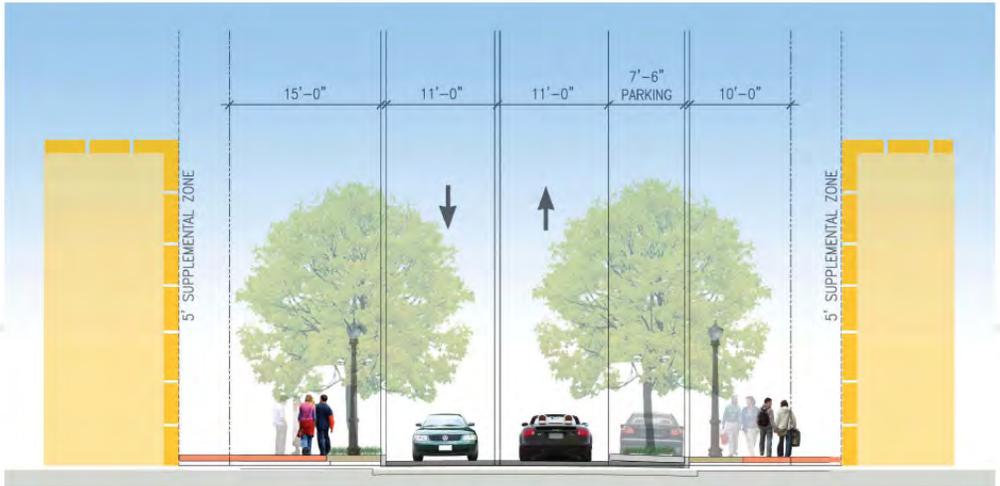
Requires Subsidy

## Market Strategy

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

# Create the Place

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



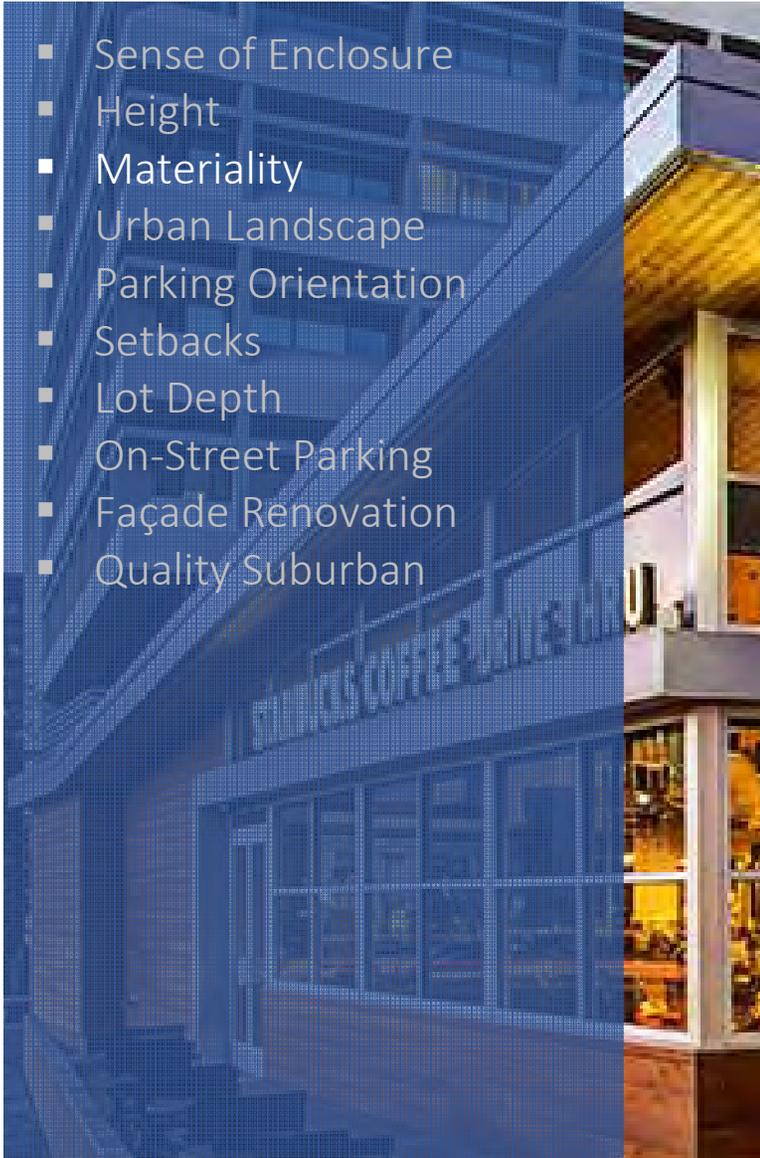
# Create the Place

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



# Create the Place

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



# Create the Place

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



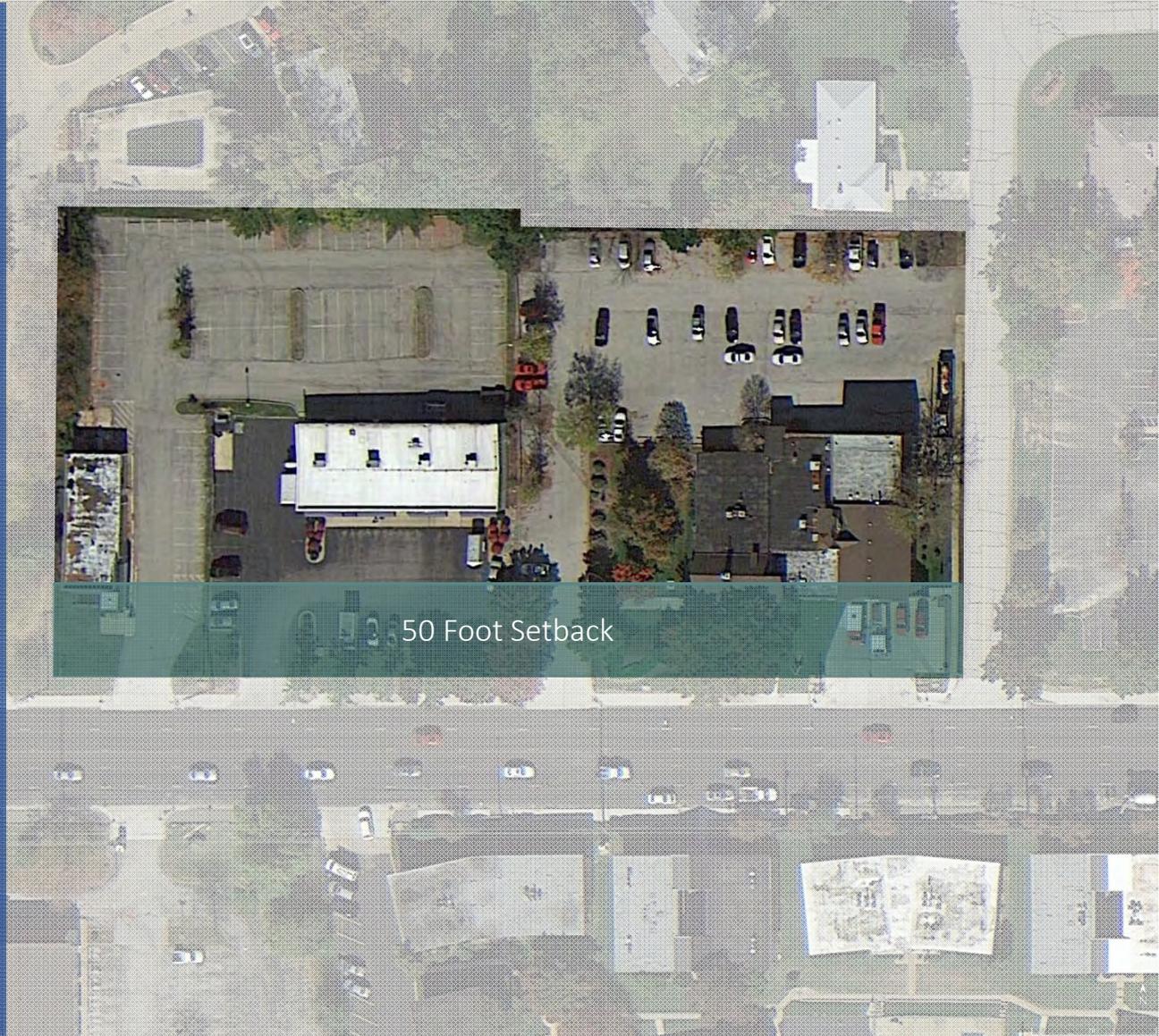
# Create the Place

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



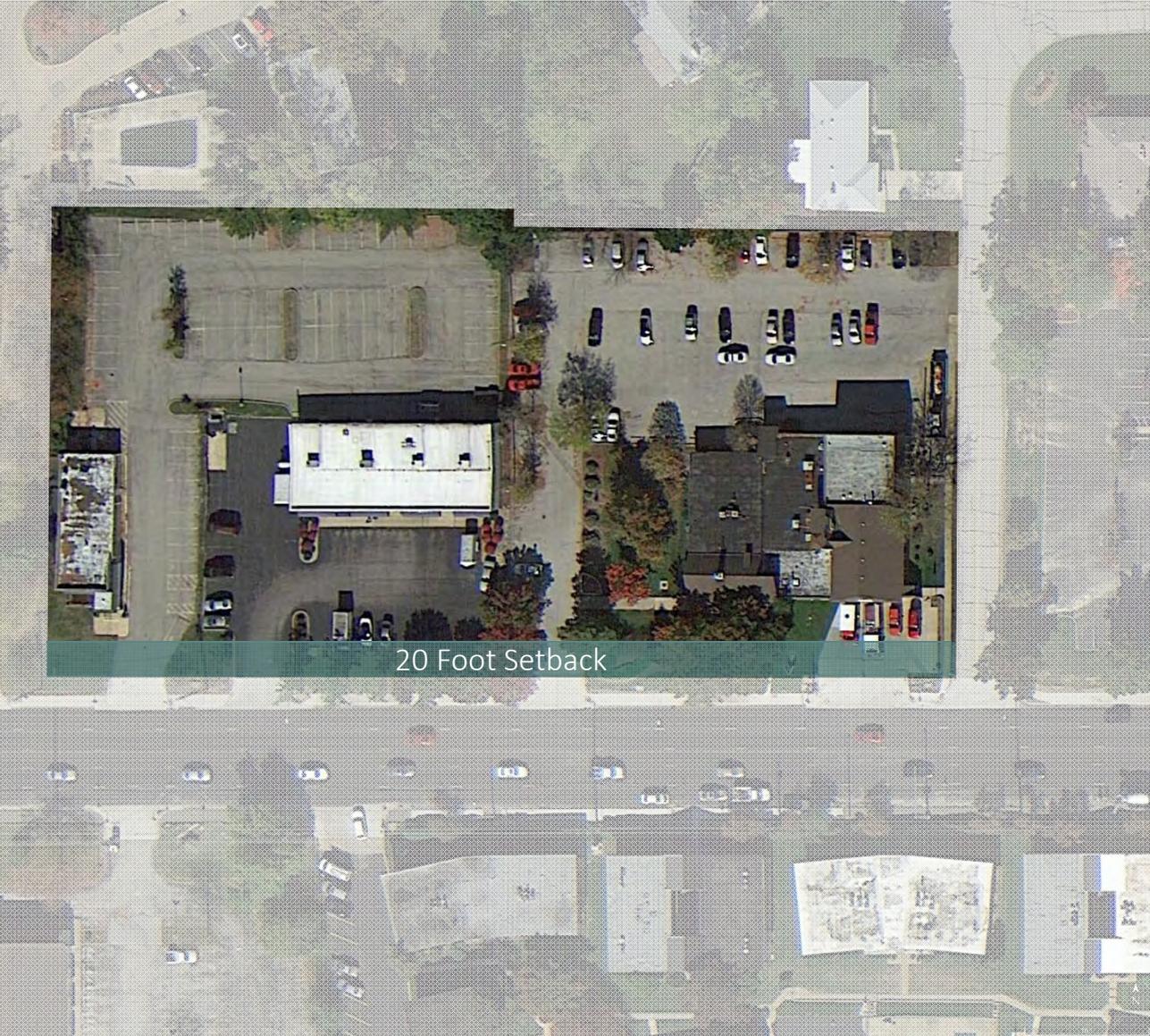
# Create the Place

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



# Create the Place

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



# Create the Place

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



# Create the Place

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



# Create the Place

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

Sprayberry Square, Atlanta



Before



After

Cold Spring, New York



Before



After

# Create the Place

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



*Process and Schedule*

*1*

*Trends and Opportunity*

*2*

*Market Analysis*

*3*

*Market Strategy*

*4*

*Development Planning and Feasibility Testing*

*5*

*Fiscal Impact and Funding Strategy*

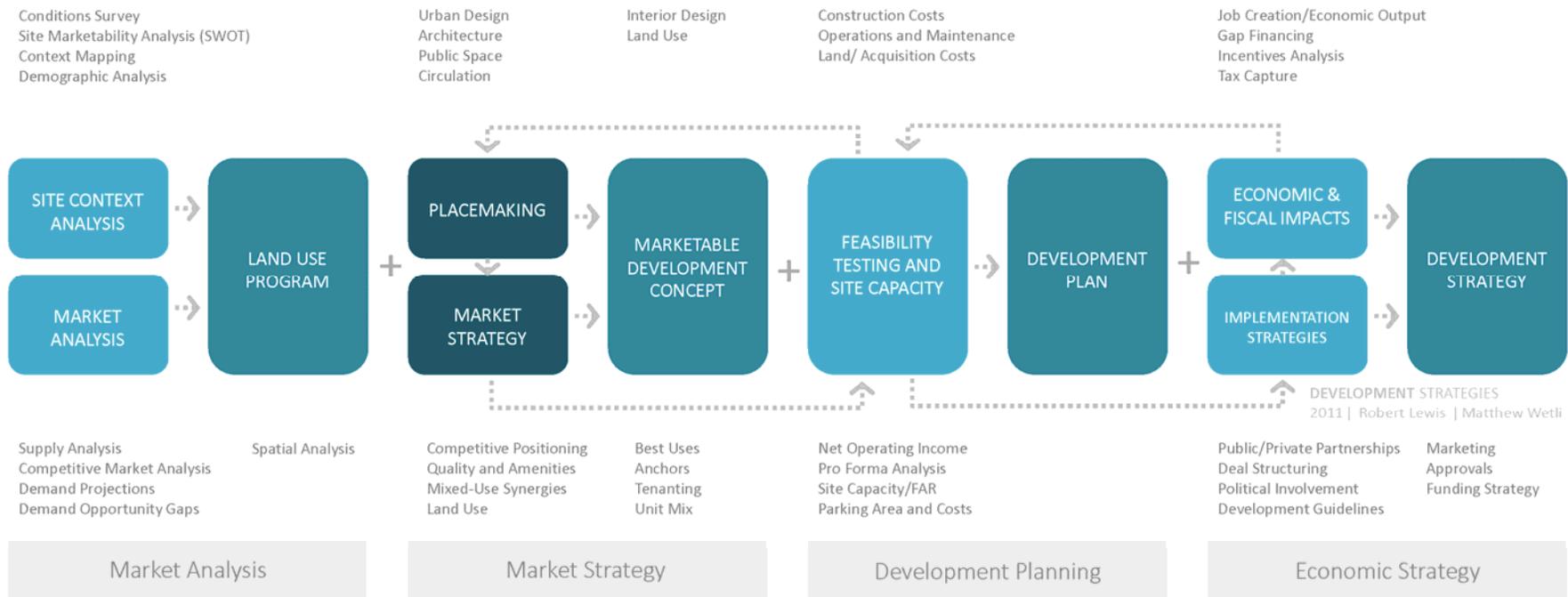
*6*

*Conclusions and Recommendations*

*7*

# Process: Development Plan

## DEVELOPMENT PLANNING PROCESS ©



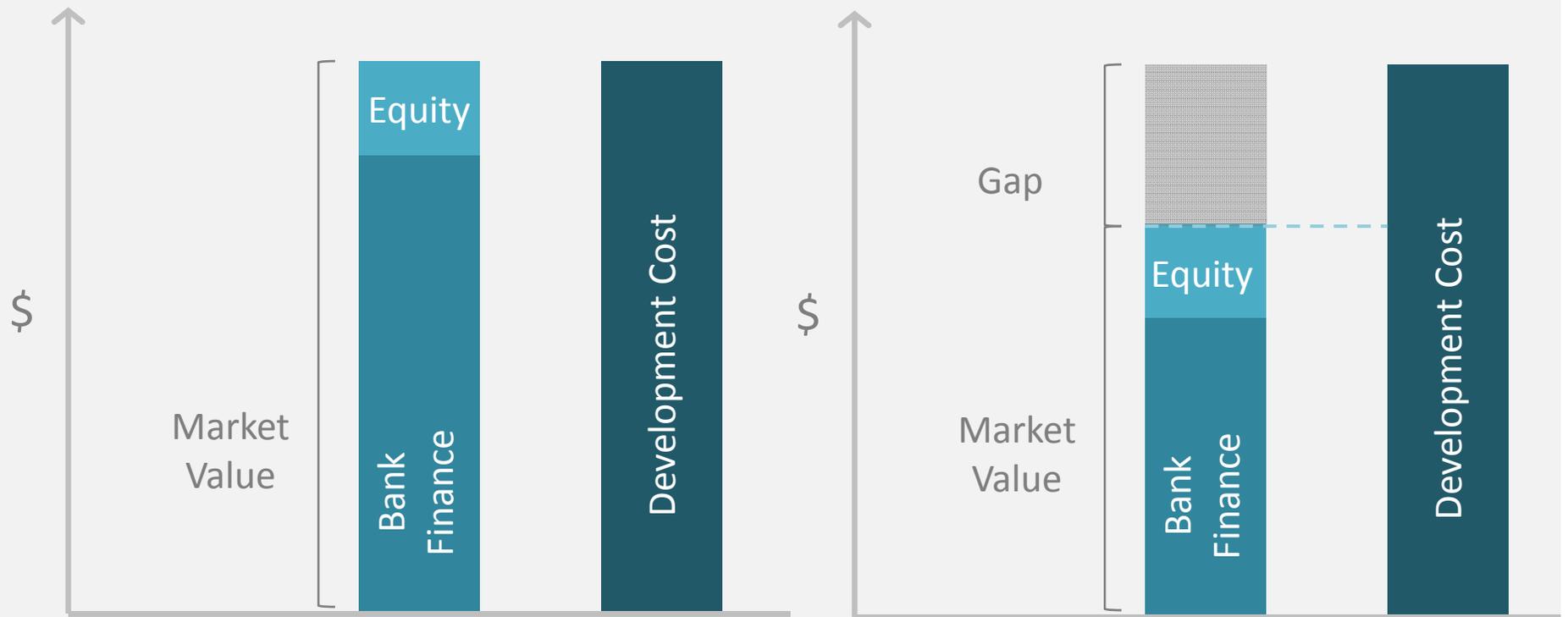
# Economic Feasibility

---



The Four Points of Feasibility

# Development Planning: Feasibility Testing



# Land Values



INTERCHANGE RETAIL

\$1M-\$1.5M/acre

UPSCALE APARTMENTS

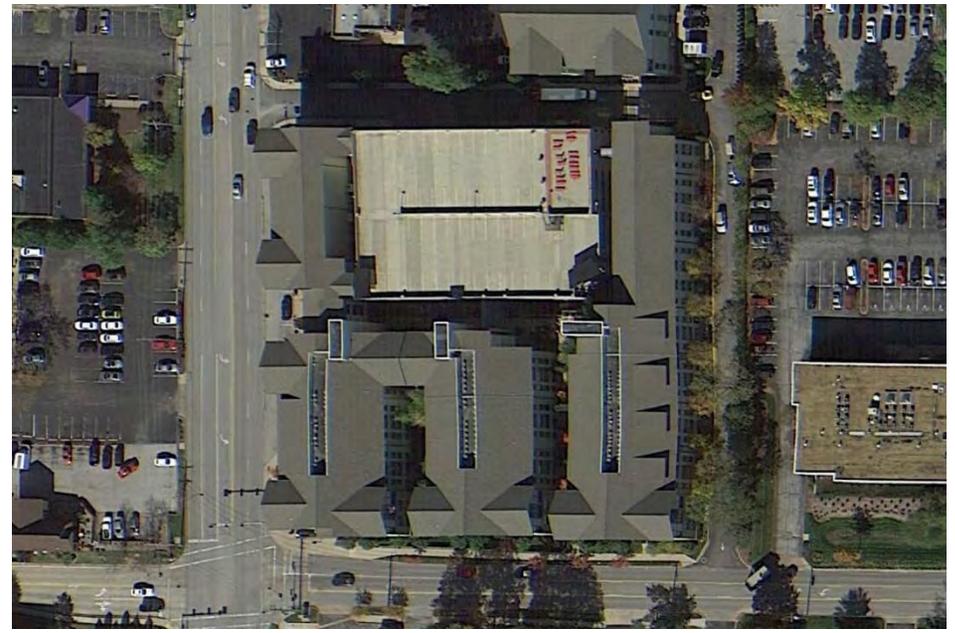
\$400,000-\$650,000/acre

# Site Feasibility and Density



SURFACE PARKING

30 units/acre



GARAGE PARKING

60 units/acre

# Town Center: Scenario 1

Municipal Site Alone:  
1.4 Acres

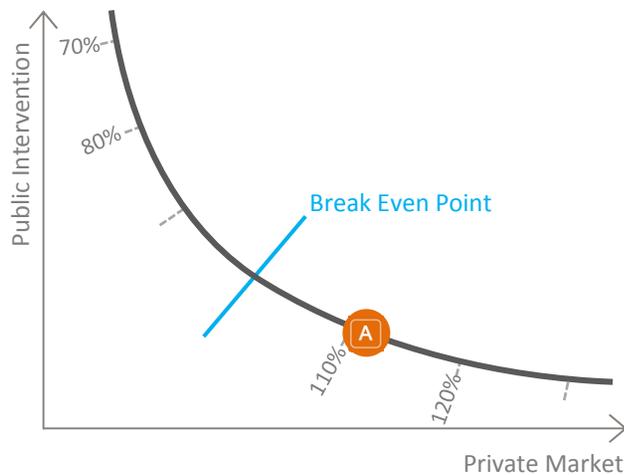


# Town Center: Scenario 1a (Midscale)



## Proposed Development Details

Residential	
Avg. Unit Size:	900 SF
Units/Acre:	30
Total Units:	40
Rent/Square Foot:	\$1.40
Parking	
	60 spaces
Development Costs	
Residential (psf)	\$120
Operating Exp (% EGI):	40%



Apartments with Surface Parking	<b>\$6.2 M</b>	\$0.6M Surplus
	<b>\$5.6 M</b>	111% Value/Cost

■ Development Costs    ■ Development Value

Implied Land Value: **\$400,000/Acre**

# Town Center: Scenario 2

Municipal Site plus two adjacent sites (Timekeepers and Jade Garden):  
2.9 Acres

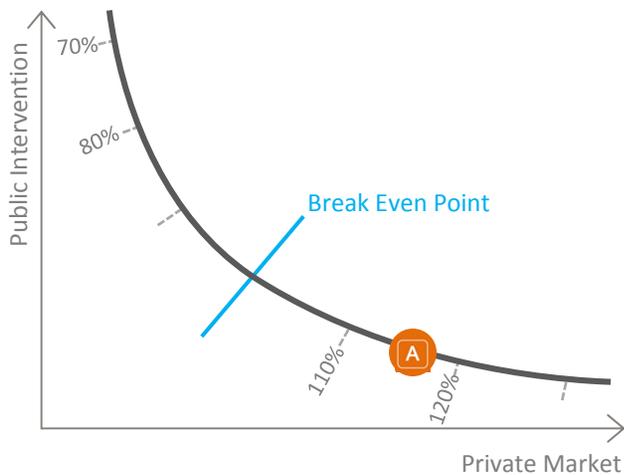


# Town Center: Scenario 2a (The Slam Dunk)



### Proposed Development Details

Residential	
Avg. Unit Size:	900 SF
Units/Acre:	68
Total Units:	205
Rent/Square Foot:	\$1.60
Parking	
	305 spaces
Development Costs/ Square Foot:	
Residential	\$150



Apartments with Garage Parking	\$37.7 M	\$5.9M Surplus
	\$31.8 M	118% Value/Cost

■ Development Costs    ■ Development Value

Hypothetical Land Value:	\$2,000,000/Acre
--------------------------	------------------

# Town Center: Scenario 2b (Value-Added)



## Proposed Development Details

### Residential

Avg. Unit Size:	900 SF
Units/Acre:	65
Total Units:	195
Rent/Square Foot:	\$1.70

### Retail

Total Area	9,000 SF
Rent/Square Foot	\$15.00

### Public Plaza

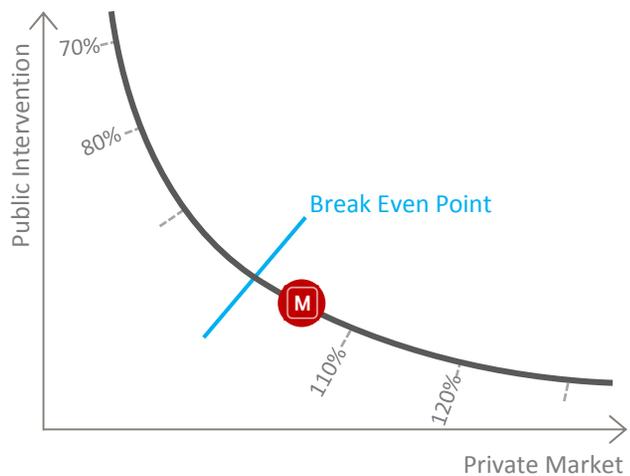
15,000 SF

### Parking

295 spaces

### Development Costs/ Square Foot:

Residential	\$178
Retail	\$218



Mixed-Use  
with Garage  
Parking

\$39.5 M

\$1.5M Surplus

104% Value/Cost

\$38.0 M

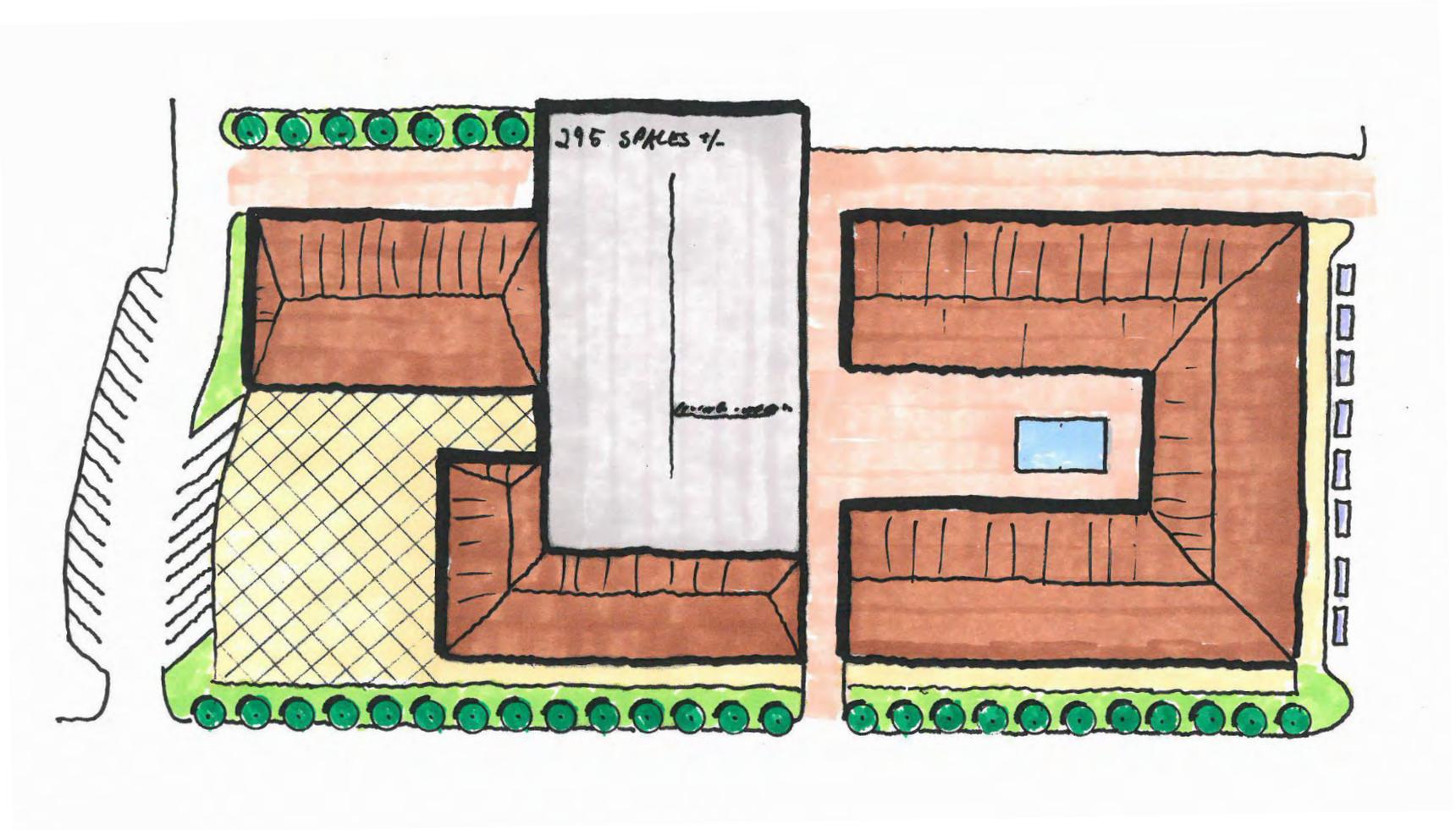
■ Development Costs

■ Development Value

Implied Land Value:

\$500,000/Acre

# Town Center: Scenario 2b



# Town Center: The Winners



LOW-LYING FRUIT APARTMENTS

\$500,000-\$700,000/acre

MIXED-USE AND PUBLIC SPACE

\$250,000-\$400,000/acre



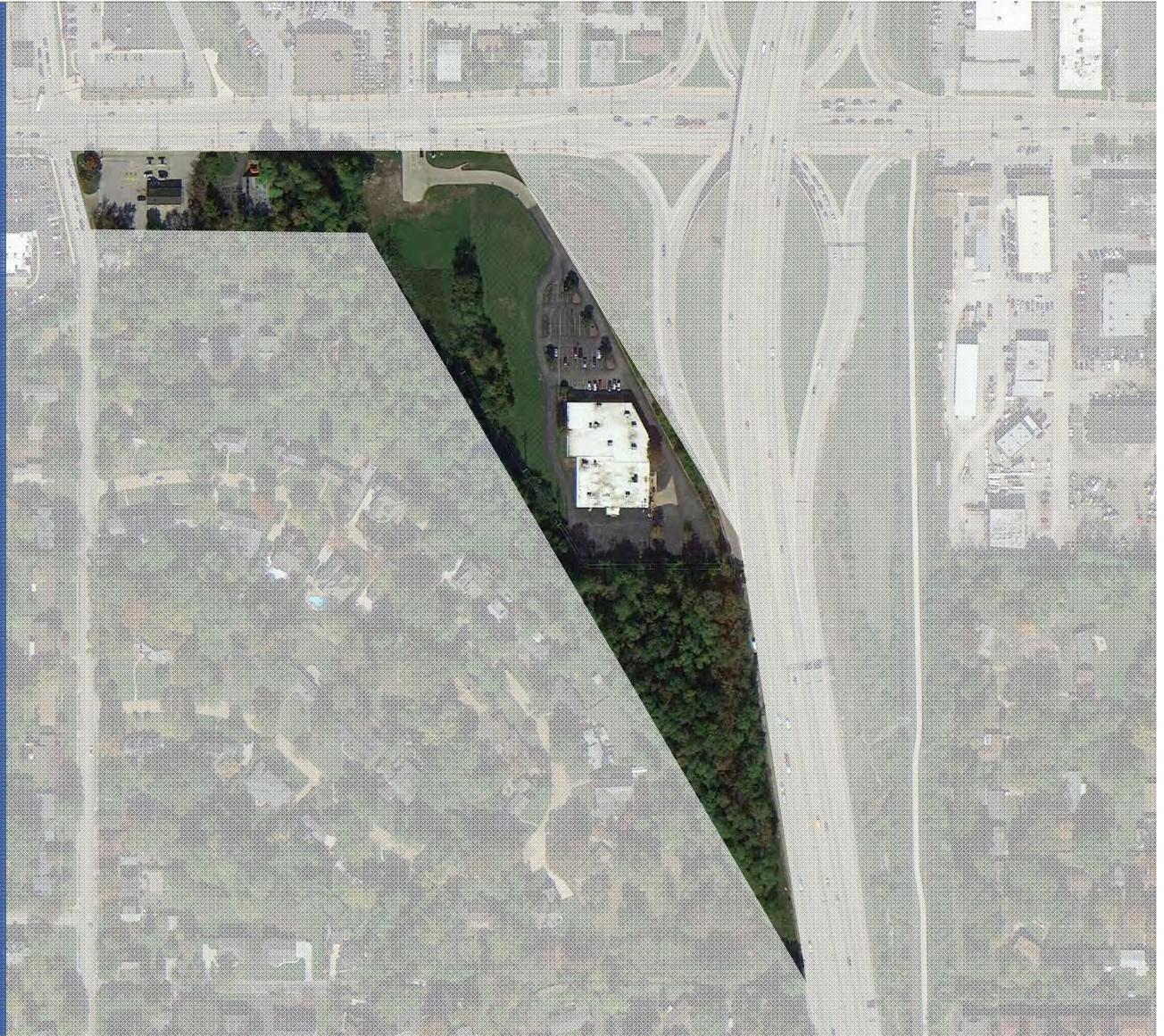
## MUNICIPAL SITE SUMMARY

- Land price versus quality
- Land price versus mixed use
- Quality + amenity = win, win, win...
- Three acres is better than one (and a half)
- Residential pays the bills
- Retail: does not pay the bills
- Public space/plaza: developer's gonna need help

# Commercial Engine

Southwest quadrant of Olive Blvd. and I-170 Interchange (Mixed-Use Gateway District):

- 10 Acres
- \$750K/acre land costs

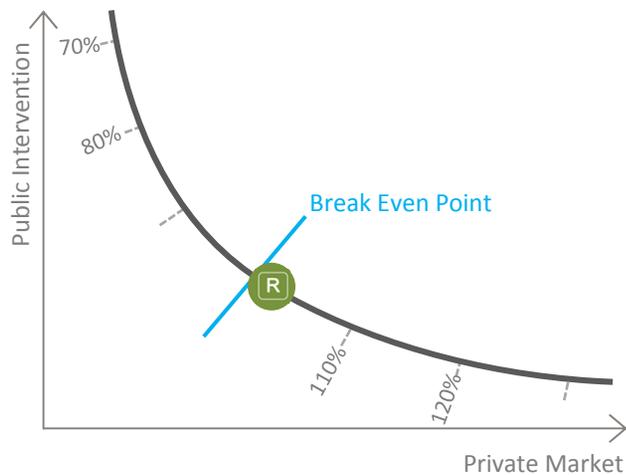


# Commercial Engine: Scenario 2



## Proposed Development Details

Supermarket	
Total Area:	35,000 SF
Rent/Square Foot:	\$18.00
Inline Retail + Junior Anchor	
Total Area:	55,000 SF
Avg. Rent/Square Foot:	\$23.00
Development Costs/ Square Foot:	
Supermarket	\$120
Junior Anchor/Inline Retail	\$150
Land Cost/Acre	\$750,000



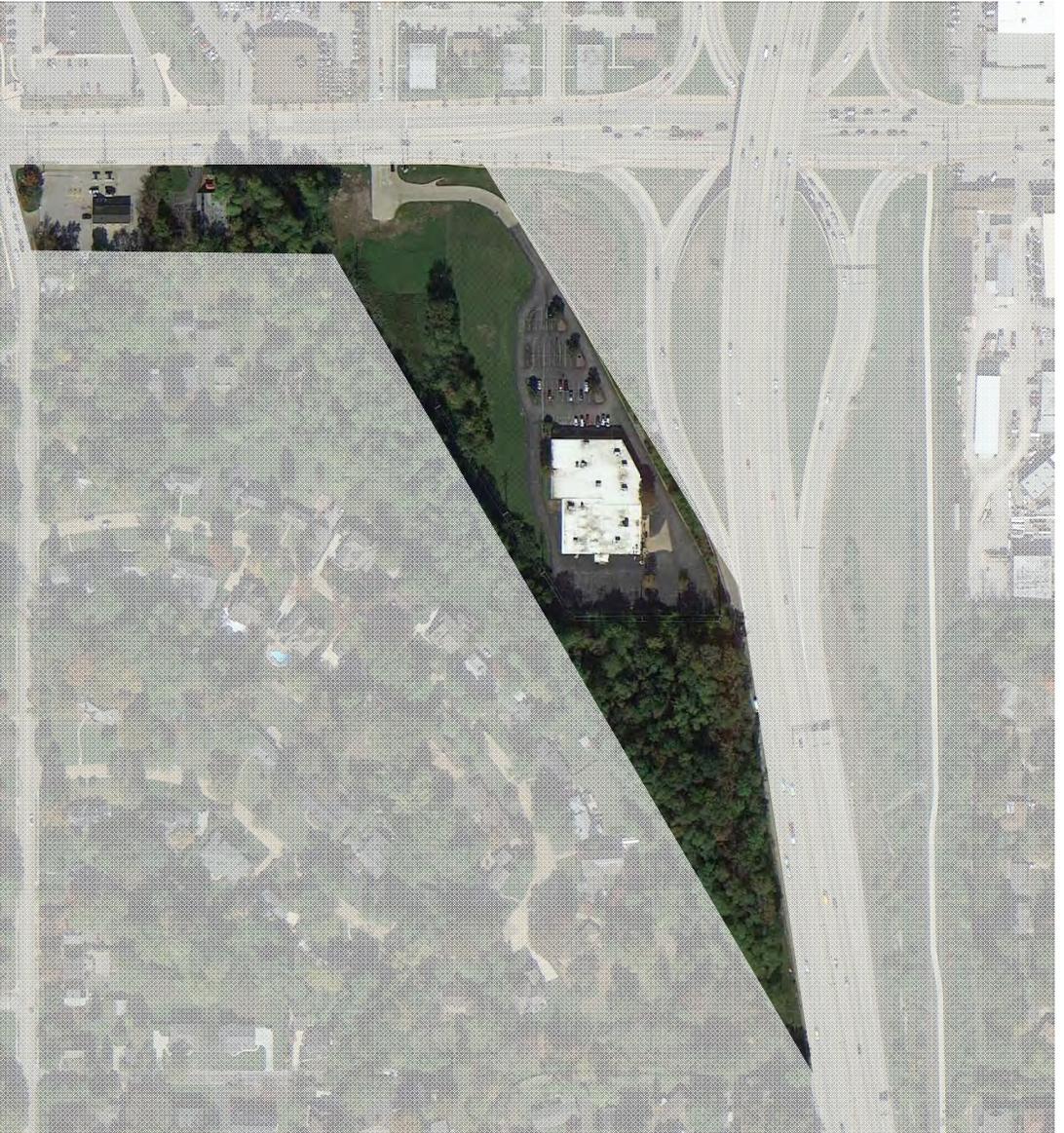
Retail Center

Development Value	\$19.8 M	\$0.6M Surplus
Development Costs	\$19.2 M	103% Value/Cost

■ Development Costs    ■ Development Value

# Commercial Engine: Overall Figures

Value	\$19,600,000
Cost	\$19,000,000
Building	\$11,500,000
Land	\$7,500,000
Demolition	\$???
Remediation	\$???
Extra Site Dev	\$???
Surplus/Deficit	\$600,000





## INTERCHANGE SITE SUMMARY

- Retail is king
- Some subsidy likely needed
- Three key variables
- Acquisition costs
- Remediation costs
- Extraordinary infrastructure costs

*Process and Schedule*

*1*

*Trends and Opportunity*

*2*

*Market Analysis*

*3*

*Market Strategy*

*4*

*Development Planning and Feasibility Testing*

*5*

*Fiscal Impact and Funding Strategy*

*6*

*Conclusions and Recommendations*

*7*



## TOOLS

Capture of Future  
Increases in  
Revenue (TIF)

Supplemental Tax  
(CID, TDD, SAD)

Tax Reduction  
(Abatement)

Assembly and  
Facilitation



## TOOLS

### Tax Increment Financing (TIF)

- Based on increase in property values and retail sales over existing uses
- Capture 100% of property tax on new value and 50% of new sales & utility tax
- In place for 23 years
- Money can be used for public improvements, infrastructure, streetscape, public parking garage, acquisition



## TOOLS

### Community Improvement District (CID)

- Creation of new property or sales tax levy on defined area
- New sales tax of up to one percent
- Sunset dates not required; can be created by property owners; 20 year bonding horizon
- Money can be used for public improvement activities within the boundaries of the district
- Examples: Pedestrian plazas, landscaping, transportation and infrastructure improvements, parking facilities, marketing, operations, maintenance, security

# Municipal Site – Proposed Development



## Proposed Development Details

### Residential

Avg. Unit Size:	900 SF
Units/Acre:	65
Total Units:	195
Rent/Square Foot:	\$1.70

### Retail

Total Area	9,000 SF
Rent/Square Foot	\$15.00

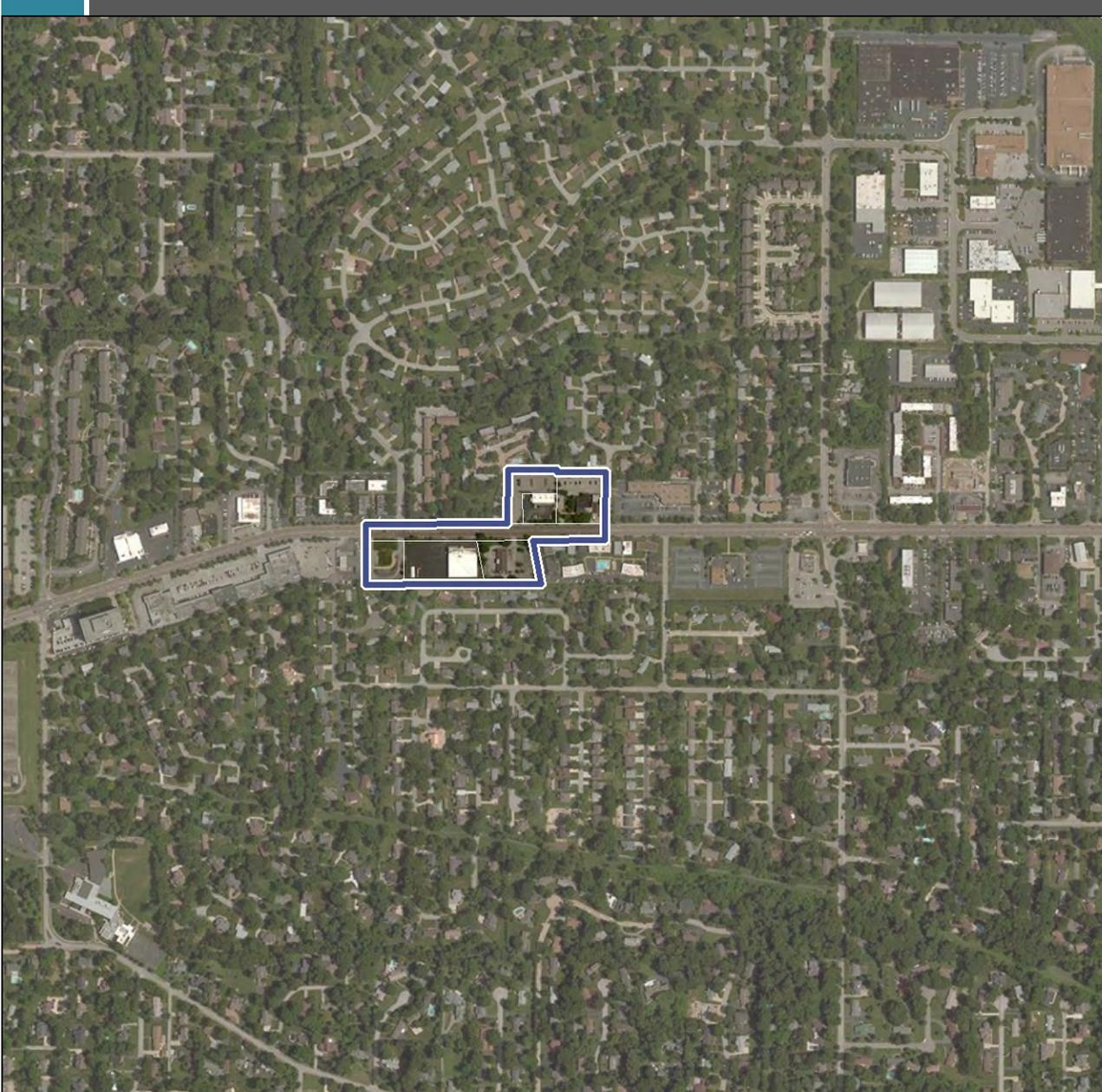
### Public Plaza

15,000 SF

# Development Value Assumptions



# Tax Increment Financing (TIF) – Municipal Site



## Potential Cash Proceeds

(Net Present Value over 23 Years):

Real Property: \$3,970,000

Retail Sales: \$380,000

**Total: \$4,350,000**

# Interchange Site – Proposed Development



## Proposed Development Details

### Supermarket

Total Area: 35,000 - 50,000 SF  
Rent/Sq. Ft.: \$18.00

### Inline Retail/Junior Anchor

Total Area: 40,000-55,000 SF  
Rent/Sq. Ft.: \$23.00-\$24.00

Total Retail 120,000 SF

# Development Value Assumptions



# Tax Increment Financing (TIF) – Interchange Site

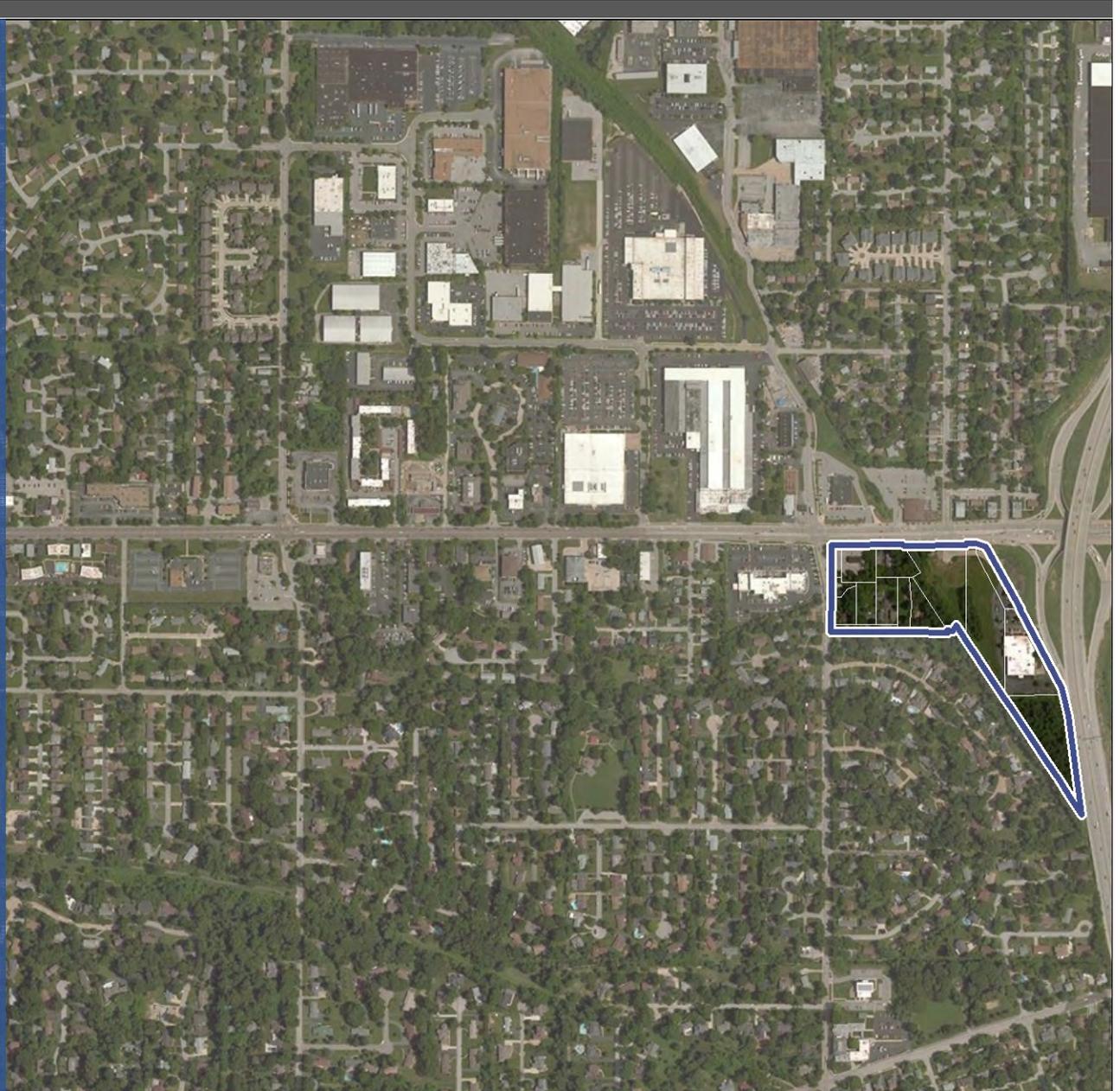
## Potential Cash Proceeds

(Net Present Value over 23 Years):

Real Property: \$4,550,000

Retail Sales: \$8,750,000

**Total: \$13,300,000**



# Community Improvement District (CID) – Town Center



Potential Cash  
Proceeds from  
Retail Sales:

.....

**\$4.3 Million**

(Net Present Value  
over 23 Years)

# Community Improvement District (CID) – Interchange Only

An aerial photograph of a suburban neighborhood with a grid of streets, green spaces, and various buildings. A large blue circle with a grid pattern is overlaid on the center of the image. Inside the circle, text is displayed in white. A white dotted line separates the text above from the text below. A white-outlined polygon on the right side of the image points to a specific area of land.

Potential Cash  
Proceeds from  
Retail Sales:

**\$6.7 Million**

(Net Present Value  
over 23 Years)

# Community Improvement District (CID) – Commercial Engine



Potential Cash  
Proceeds from  
Retail Sales:

.....  
**\$8.7 Million**

(Net Present Value  
over 23 Years)

# Community Improvement District (CID) – Olive Corridor



# Financial Tools - Summary

## Fiscal Impact Summary

	Municipal Site	Interchange Site	Olive Corridor
New Units	195	-	-
New Retail (Sq. Ft.)	9,000	120,000	-
Net Acres	3.0	12.5	-
<b>TIF Proceeds</b>	<b>\$4,350,000</b>	<b>\$13,300,000</b>	-
Real Property	\$3,970,000	\$4,550,000	-
EATS	\$380,000	\$8,750,000	-
<b>CID Proceeds</b>	<b>\$4,300,000</b>	<b>\$8,690,000</b>	<b>\$13,860,000</b>
Site Plus Adjoining	\$4,300,000	\$8,690,000	\$13,860,000
<b>Total Potential Cash Proceeds:</b>	<b>\$8,650,000</b>	<b>\$21,990,000</b>	<b>\$13,860,000</b>

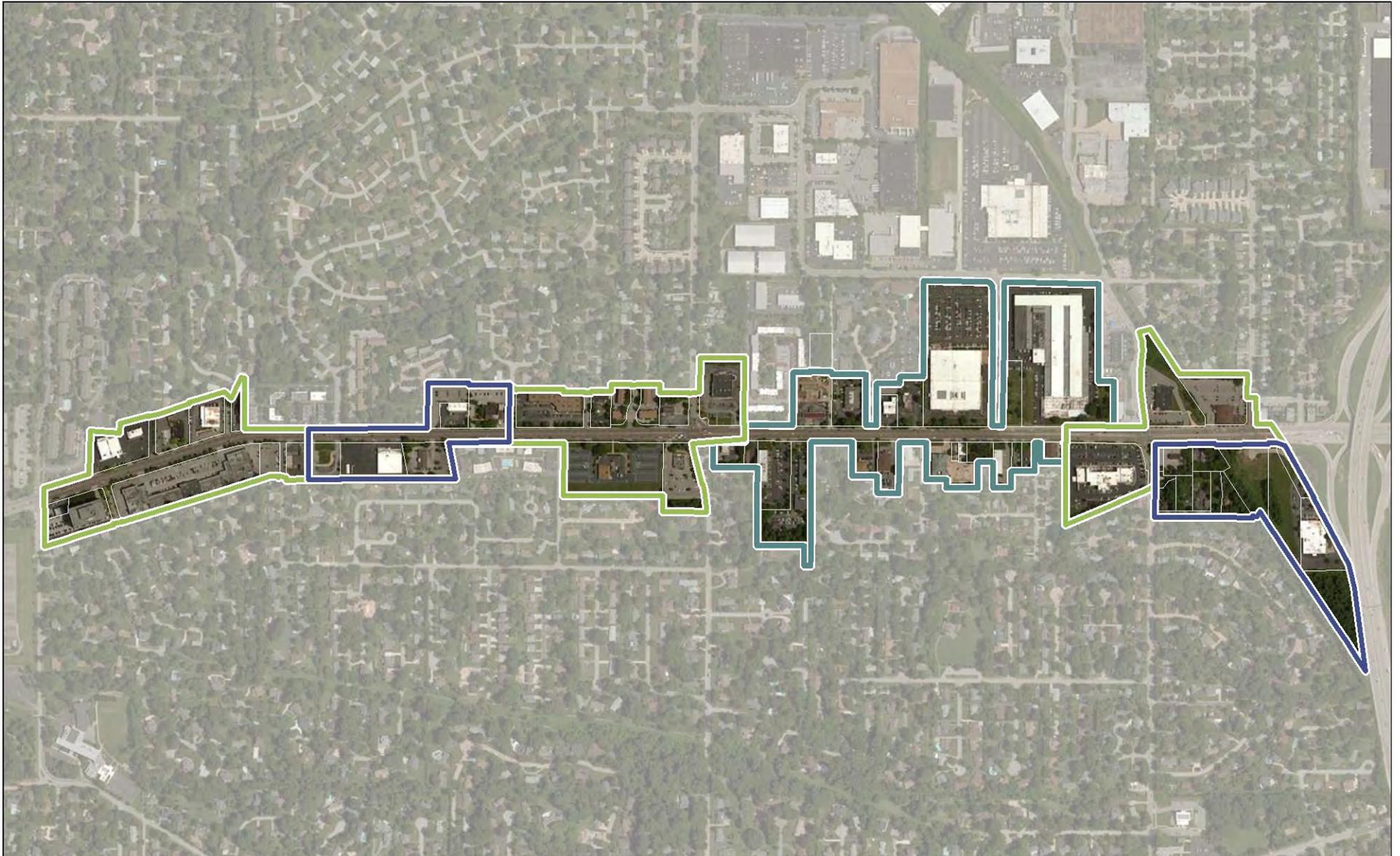
# Funding Strategy

Total Bondable  
Revenue

\$31M



# Funding Strategy



*Process and Schedule*

*1*

*Trends and Opportunity*

*2*

*Market Analysis*

*3*

*Market Strategy*

*4*

*Development Planning and Feasibility Testing*

*5*

*Fiscal Impact and Funding Strategy*

*6*

*Conclusions and Recommendations*

*7*



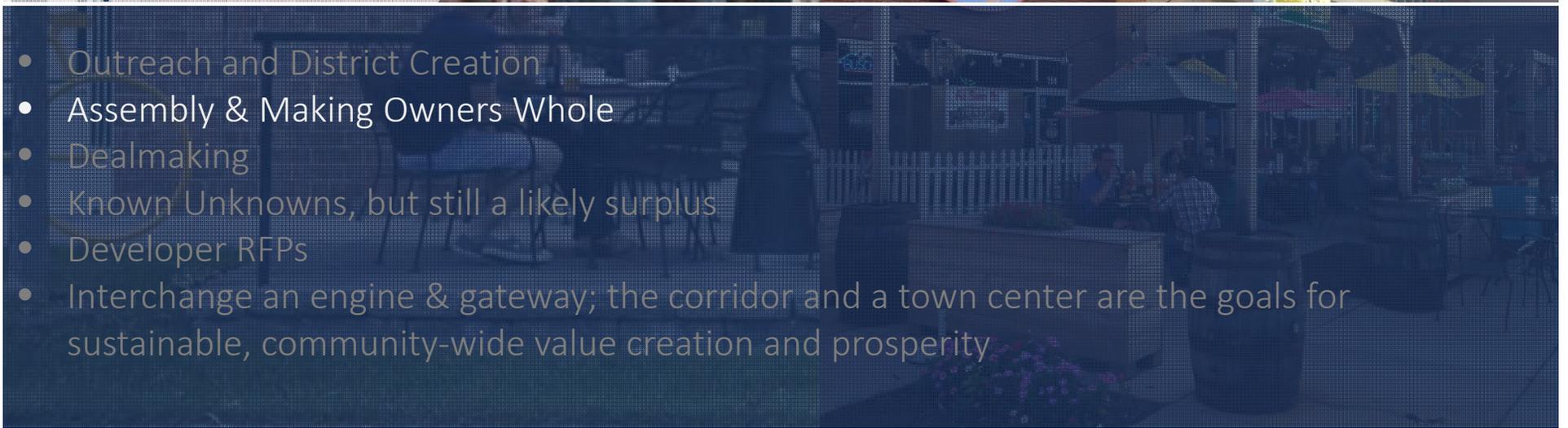
## Implementation

- Outreach and District Creation
- Assembly & Making Owners Whole
- Dealmaking
- Known Unknowns, but still a likely surplus
- Developer RFPs
- Interchange an engine & gateway; the corridor and a town center are the goals for sustainable, community-wide value creation and prosperity



## Implementation

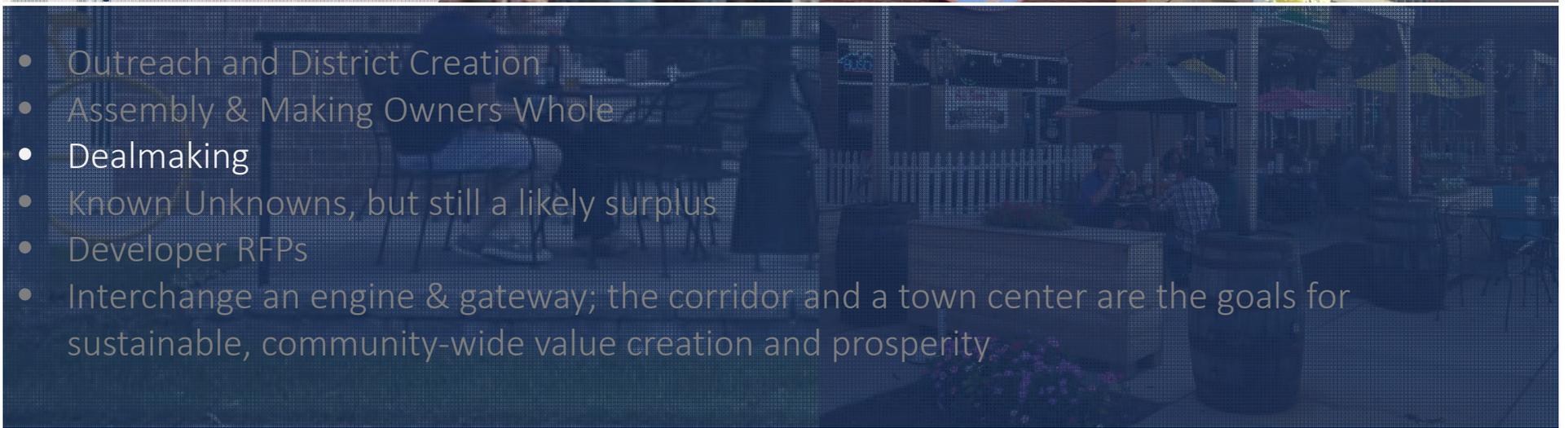
- Outreach and District Creation
- Assembly & Making Owners Whole
- Dealmaking
- Known Unknowns, but still a likely surplus
- Developer RFPs
- Interchange an engine & gateway; the corridor and a town center are the goals for sustainable, community-wide value creation and prosperity





## Implementation

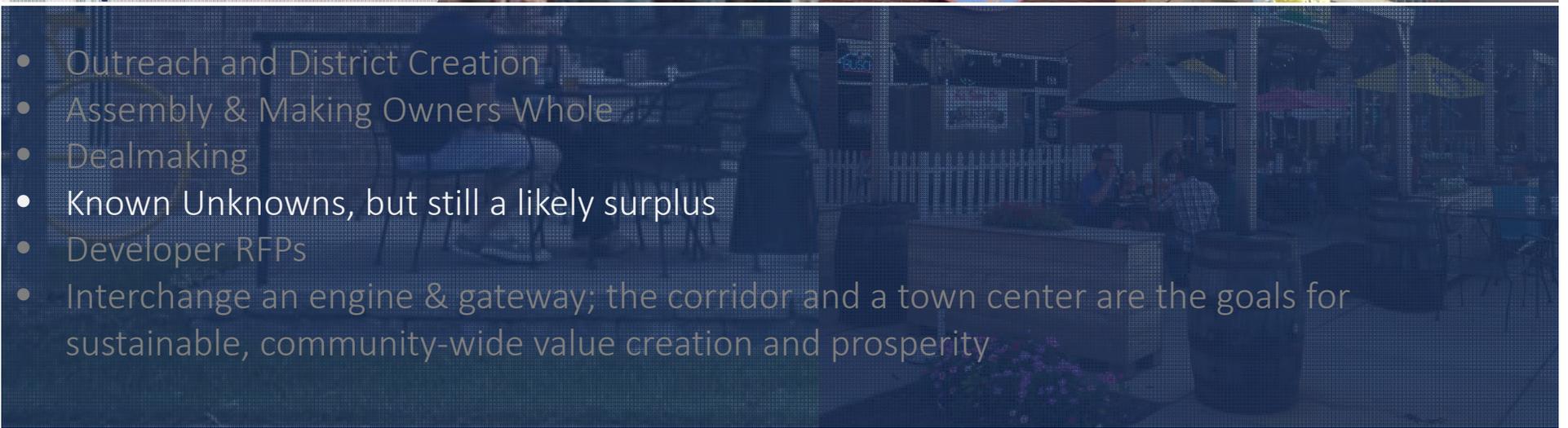
- Outreach and District Creation
- Assembly & Making Owners Whole
- Dealmaking
- Known Unknowns, but still a likely surplus
- Developer RFPs
- Interchange an engine & gateway; the corridor and a town center are the goals for sustainable, community-wide value creation and prosperity





## Implementation

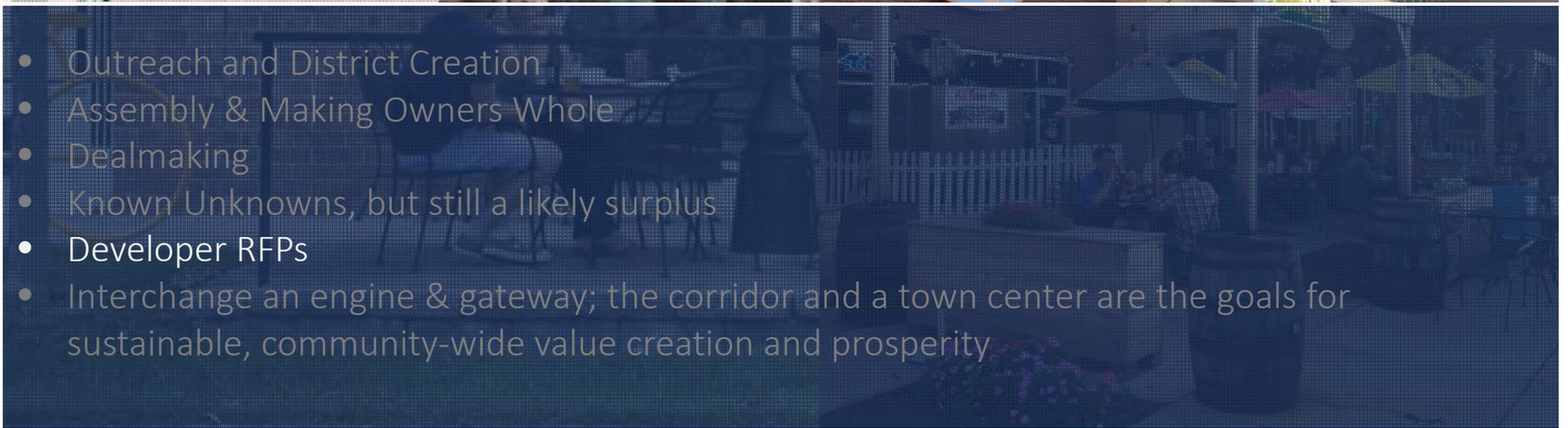
- Outreach and District Creation
- Assembly & Making Owners Whole
- Dealmaking
- Known Unknowns, but still a likely surplus
- Developer RFPs
- Interchange an engine & gateway; the corridor and a town center are the goals for sustainable, community-wide value creation and prosperity





## Implementation

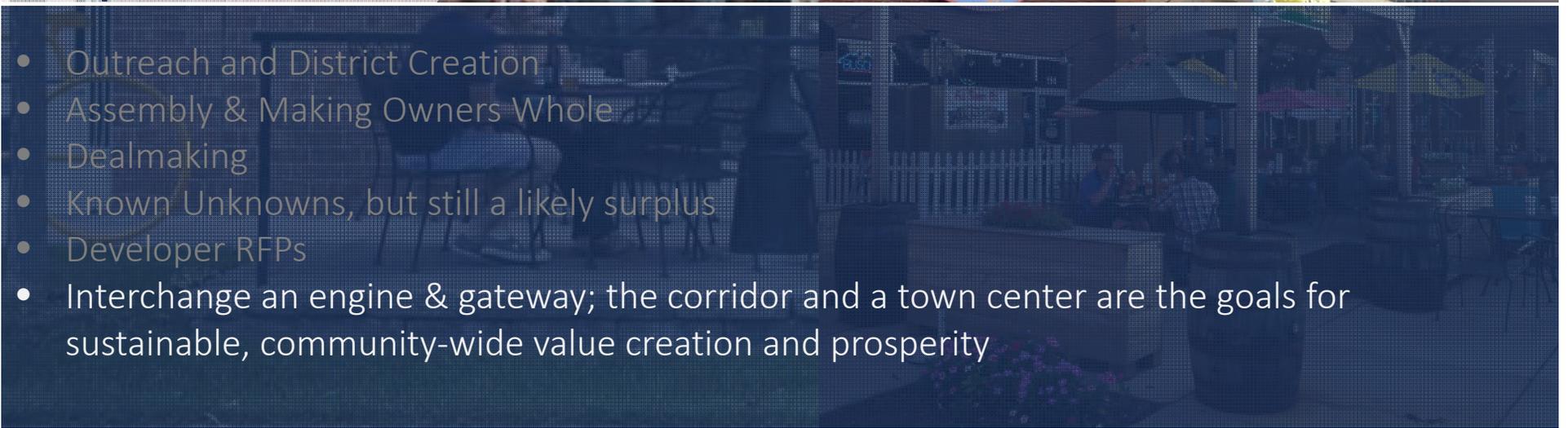
- Outreach and District Creation
- Assembly & Making Owners Whole
- Dealmaking
- Known Unknowns, but still a likely surplus
- Developer RFPs
- Interchange an engine & gateway; the corridor and a town center are the goals for sustainable, community-wide value creation and prosperity





## Implementation

- Outreach and District Creation
- Assembly & Making Owners Whole
- Dealmaking
- Known Unknowns, but still a likely surplus
- Developer RFPs
- Interchange an engine & gateway; the corridor and a town center are the goals for sustainable, community-wide value creation and prosperity





## SUMMARY

- Real market opportunities exist for residential and retail
- A broader market strategy could enhance the whole of Olive
- Site-based market opportunities can be leveraged for a greater transformation
- Feasibility testing confirms the viability of several development concepts
- Economic development tools can increase the likelihood of quality, lasting development
- These tools can be leveraged for a greater purpose than site development
- Bigger opportunities take greater amounts effort and outreach to realize
- You're in the driver's seat



## SUMMARY

- Real market opportunities exist for residential and retail
- A broader market strategy could enhance the whole of Olive
- Site-based market opportunities can be leveraged for a greater transformation
- Feasibility testing confirms the viability of several development concepts
- Economic development tools can increase the likelihood of quality, lasting development
- These tools can be leveraged for a greater purpose than site development
- Bigger opportunities take greater amounts effort and outreach to realize
- You're in the driver's seat



## SUMMARY

- Real market opportunities exist for residential and retail
- A broader market strategy could enhance the whole of Olive
- Site-based market opportunities can be leveraged for a greater transformation
- Feasibility testing confirms the viability of several development concepts
- Economic development tools can increase the likelihood of quality, lasting development
- These tools can be leveraged for a greater purpose than site development
- Bigger opportunities take greater amounts effort and outreach to realize
- You're in the driver's seat



## SUMMARY

- Real market opportunities exist for residential and retail
- A broader market strategy could enhance the whole of Olive
- Site-based market opportunities can be leveraged for a greater transformation
- Feasibility testing confirms the viability of several development concepts
- Economic development tools can increase likelihood of quality, lasting development
- These tools can be leveraged for a greater purpose than site development
- Bigger opportunities take greater amounts effort and outreach to realize
- You're in the driver's seat



## SUMMARY

- Real market opportunities exist for residential and retail
- A broader market strategy could enhance the whole of Olive
- Site-based market opportunities can be leveraged for a greater transformation
- Feasibility testing confirms the viability of several development concepts
- Economic development tools can increase the likelihood of quality, lasting development
- These tools can be leveraged for a greater purpose than site development
- Bigger opportunities take greater amounts effort and outreach to realize
- You're in the driver's seat



## SUMMARY

- Real market opportunities exist for residential and retail
- A broader market strategy could enhance the whole of Olive
- Site-based market opportunities can be leveraged for a greater transformation
- Feasibility testing confirms the viability of several development concepts
- Economic development tools can increase the likelihood of quality, lasting development
- These tools can be leveraged for a greater purpose than site development
- Bigger opportunities take greater amounts effort and outreach to realize
- You're in the driver's seat



## SUMMARY

- Real market opportunities exist for residential and retail
- A broader market strategy could enhance the whole of Olive
- Site-based market opportunities can be leveraged for a greater transformation
- Feasibility testing confirms the viability of several development concepts
- Economic development tools can increase the likelihood of quality, lasting development
- These tools can be leveraged for a greater purpose than site development
- Bigger opportunities take greater amounts effort and outreach to realize
- You're in the driver's seat



## SUMMARY

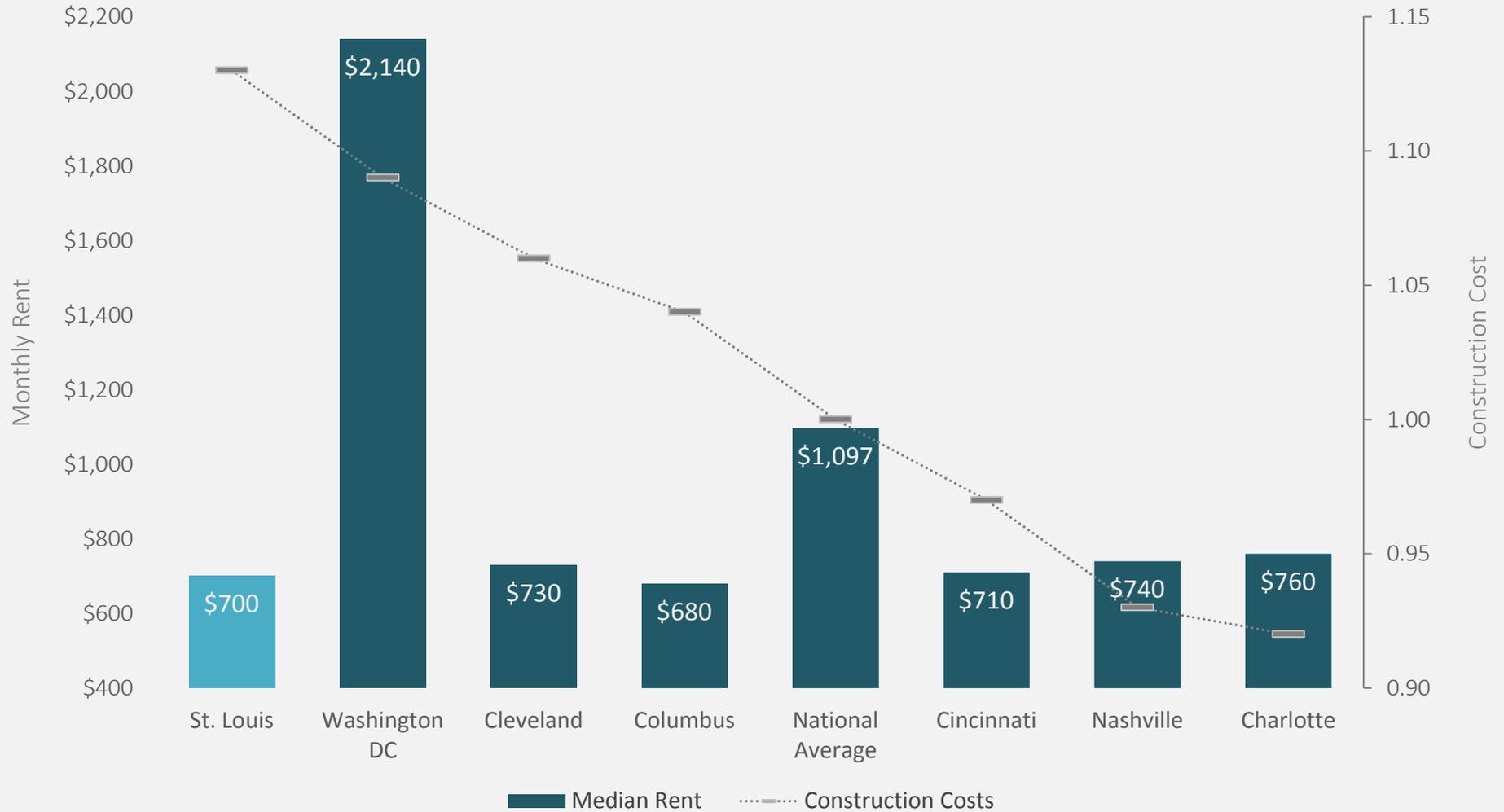
- Real market opportunities exist for residential and retail
- A broader market strategy could enhance the whole of Olive
- Site-based market opportunities can be leveraged for a greater transformation
- Feasibility testing confirms the viability of several development concepts
- Economic development tools can increase the likelihood of quality, lasting development
- These tools can be leveraged for a greater purpose than site development
- Bigger opportunities take greater amounts effort and outreach to realize
- You're in the driver's seat

*Appendix*

# Regional Costs and Revenues

## Regional Median Rents and Construction Costs

Source: REIS, Red Capital Group, Marshall & Swift DEVELOPMENT STRATEGIES 4Q 2011



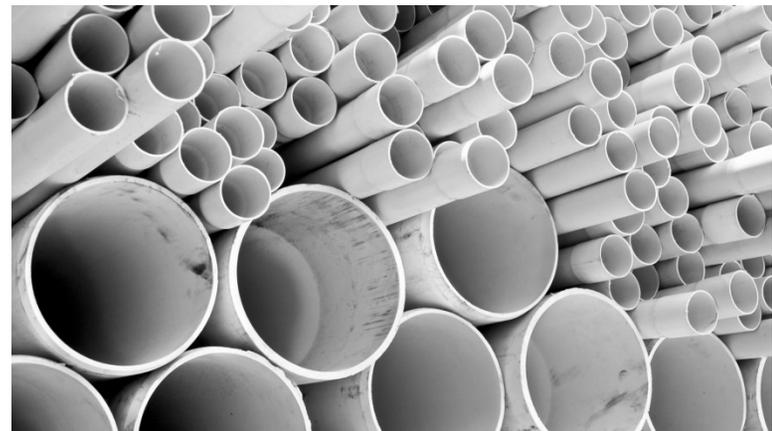
# Regional Labor Costs

## Average Compensation for a Plumber

Source: Find the Data; Salaries by City (2013)

<b>\$26</b>	<b>\$26</b>	<b>\$24</b>
Hourly Wage		
Cleveland	Columbus	Cincinnati
<b>\$55,000</b>	<b>\$55,000</b>	<b>\$50,000</b>
Annual Wage		

<b>\$32</b>	<b>\$19</b>
St. Louis	Charlotte
<b>\$66,000</b>	<b>\$40,000</b>



# Comparative Materiality and Building Costs



# Feasibility Factors

---

## Development Value Elements

- Rents/Revenues
- Operating Expenses
- Net Operating Income (NOI)
- Development Costs
  - Materials
  - Labor
  - Development Fee
- Land Costs

## Value Estimation Measures

- Discount Rate
- Interest Rate
- Capitalization (“Cap”) Rate
- Debt Coverage Ratio (DCR)
- Loan-to Value Ratio (LTV)
- Inflation Rate