THE ECONOMICS OF TRANSIT-ORIENTED DEVELOPMENT

• Transit-Oriented Development (TOD) refers to policies to promote denser, walkable, mixed-use development at and around stations

• TOD includes all types of buildings found in new infill development in urban areas – it is not a distinct building type

• Potential economic benefits of TOD:
  • Captures demand from households, firms for urban locations and transit access
  • Increase in property values – up to 10% or greater value premium
  • Increases transit ridership and revenues
  • Lower household transportation expenses – supports increased household spending on other items
PREPARING A MARKET ANALYSIS FOR TOD

- TOD is affected by broader regional and national economic conditions, the same as other types of new development
- Evaluate the factors that shape demand for denser mixed-use development, as well as the supply of it
- Demographic trends and regional economic trends shape long-term demand
- Supply is shaped by availability of sites and public policies
- Look at demand and supply factors to assess how much future demand can be captured in TOD, and how much can be developed
  - 2004 study by Center for TOD shows that many regions can capture 16% - 20%+ of future household demand in TOD
THE ST. LOUIS TOD MARKET STUDY

• Look at trends in the Region – the 8 East-West Gateway Counties – and 7 smaller subareas that represent the MetroLink “market”

• Population and demographic trends

• Economic trends – firms and households

• Current projections for long-term growth

• Current real estate market conditions

• Station area for TOD potential

• Projections for potential range and types of TOD by station area
METROLINK – 7 MARKET SUBAREAS

- North-, Mid-, South St. Louis County; Central St. Louis and Downtown St. Louis City; Greater East St. Louis; Central St. Clair County
POPULATION & DEMOGRAPHIC TRENDS

Household Growth 2000-2010

East-West Gateway  North St. Louis Co.  Mid-St. Louis Co.  South St. Louis Co.  Central St. Louis  Downtown St. Louis  Greater E. St. Louis  St. Clair Co.
POPULATION & DEMOGRAPHIC TRENDS

- Data on household growth from 2000 – 2010 shows two distinct trends
- Continuation of the long-term trend of St. Louis City, St. Louis County, and East St. Louis losing population to outlying areas
- Stronger growth in suburban areas of St. Clair County, St. Charles County, and outlying areas
- However, within St. Louis City, Downtown saw strong growth and slight growth in the Central area west of Downtown
- Redevelopment of Washington Ave., Central West End/Forest Park neighborhoods – capturing younger households who want urban living
  - Young adults, along with empty-nesters, are key markets for TOD
ECONOMIC TRENDS – EMPLOYMENT DENSITY
ECONOMIC TRENDS

• Traditional job centers in Downtown, Central West End, Clayton/University City area are located near MetroLink.

• Newer and growing job centers in St. Louis County, St. Clair County, and St. Charles County are located away from MetroLink.

• Largest economic sectors by jobs in the MSA: education & health care (23%); leisure & hospitality (11%); retail (11%); manufacturing (8%).

• By industry: information; finance/real estate; professional services; management/admin; education/health jobs grew from 2005 – 2010, while the Region overall lost 144,000 jobs.

• Office and institutional employers often find TOD attractive because the added transportation choice can help attract and retain employees.
FUTURE GROWTH PROJECTIONS - HOUSEHOLDS

Household Growth 2010-2040

- East-West Gateway
- North St. Louis Co.
- Mid-St. Louis Co.
- South St. Louis Co.
- Central St. Louis
- Downtown St. Louis
- Greater E. St. Clair Co.

Growth projections are as follows:
- East-West Gateway: 10.0%
- North St. Louis Co.: 0.0%
- Mid-St. Louis Co.: 2.0%
- South St. Louis Co.: 4.0%
- Central St. Louis: 6.0%
- Downtown St. Louis: 8.0%
- Greater E. St. Clair Co.: 10.0%
FUTURE GROWTH PROJECTIONS - JOBS

Job Growth 2010-2040

-15.0%  -10.0%  -5.0%  0.0%  5.0%  10.0%  15.0%  20.0%  25.0%  30.0%

East-West Gateway  North St. Louis Co.  Mid-St. Louis Co.  South St. Louis Co.  Central St. Louis  Downtown St. Louis  Greater E. St. Louis  St. Clair Co.
FUTURE PROJECTIONS

• Recent growth projections suggest modest potential for TOD, except in Greater East St. Louis and Central St. Clair County

• Declines in population, jobs mean increasing vacancies, greater difficulty in justifying investment in new development

• Next round of projections may show more growth potential for Central and Downtown St. Louis City

• The key question is what is the potential to shift more of the future growth in the Region to TOD at MetroLink stations
HOW TO ENHANCE TOD FEASIBILITY

• To date there has been no new TOD at any MetroLink stations. New development near stations is not designed to capture TOD benefits.

• Downtown, Central West End, Forest Park, Clayton/University City, Delmar show that pedestrian-oriented mixed-use infill works in St. Louis.

• Suggests a need to develop policies that reflect a consensus in the Region to encourage more TOD at MetroLink stations.

• Need to demonstrate to the market that TOD can work – catalyst projects, incentives, feasible policies for station parking lot development.

• Need to encourage growth in the larger areas around MetroLink stations to enhance market potential, reduce developer risk for TOD.
POTENTIAL POLICY-BASED SHIFT IN GROWTH

• With policies to stabilize share of population in St. Louis County, City

![Bar chart showing alternate household growth 2010-2040](chart.png)
POTENTIAL SUPPORT FOR TOD

• Projection based on policies to encourage growth in larger areas around station, and for TOD to capture a substantial part of that growth

• TOD would be at stations and area within a one-half mile radius

• Based on analysis of developable area at each station, by 2040 this could support 11,000+ new households (11% of Regional growth)

• Potential support for nearly 30,000 new jobs at station areas by 2040 (19% of Regional growth)
STATION AREA DEVELOPMENT POTENTIAL

• Development will vary by station area, based on location, available land, local market conditions, etc.

• Estimated total of 2,800 acres of developable land within \(\frac{1}{2}\) mile of MetroLink stations

• Only 21 of 37 stations have sufficient developable area within \(\frac{1}{2}\) mile to create enough TOD to generate sizable transit ridership benefits

• Other stations based on current market conditions are unlikely to see TOD any sooner than medium-term (5+ years) or long-term (10+ years)
DEVELOPMENT AT STATION AREAS

• Specific types of buildings, height and density, uses will vary by station area

• Could include mixed-use buildings with ground floor commercial, residential above; or stand-alone commercial buildings; 4 - 5 stories

• Smaller buildings towards the edge of ½ mile station areas, including condominiums, townhouses

• Mid-rise or high-rise TOD potential likely only in Central and Downtown St. Louis