REAL ESTATE WEEKLY

Construction & Design

TOD biggest trend of century, says new report

by REW Staff October 15, 2014 0 460

Transit Oriented Development (TOD) has emerged as the most substantial development trend of the early 21st century, according to real estate experts.

Releasing a new report exploring the consequences of rapid population growth in ten major North American cities, Cushman & Wakefield's industry-leading Americas Research group noted that the majority of new commercial development, as well as residential development, in metro areas today is transit oriented.

Paula Munger, Americas Research Director for Cushman & Wakefield, said, "The report seeks to shed light on the issues shared by all cities undergoing explosive urban growth and how commercial real estate developers are stepping up to the plate to ensure th properties are accessible to workforces of tenants wh want to locate in these exciting markets."

The new report — entitled "Urban Development: Faster Greener Commutes Key to Sustained City Growth" — examins issues such as intensified gridlock and slow commutes that impact work productivity and quality of life, along with the transit-oriented developments helping to relieve congestion and support growth.

The cities covered in the report are Mexico City, New York, Los Angeles, Chicago, Toronto, Washington D.C., Miami, Atlanta, Boston and San Francisco.

For investors and developers, who are contributing to urban growth by building properties close to tenant talent pools, the business case for improving accessibility is clear.

With publicly funded transit and transportation improvements often stalled by red tape, impact studies and lack of funding, transit oriented development has emerged as "the most substantial development trend of the early 21st century," according to Christopher B. Leinberger, chair of the Center for Real Estate and Urban Analysis at The George Washington University School of Business.

For occupiers, the value lies in their ability to attract talent, efficiently reach their client base, and achieve their sustainable objectives as good corporate citizens. However, the challenges of aging or insufficient infrastructure, NIMBYism, ("Not In My Back Yard"), and lack of funding and cooperation between the public and private sectors are common themes.

"Developers and governments must find ways to work together to overcome challenges and support continued growth," said Munger.

"As C&W's research shows, walkable urban development is occurring in both our central cities an[d] urbanizing suburbs. Following the research findings will lead to rental and cap rate premiums that will not be ignored by investors and developers," said Leinberger.

Key report findings across the ten cities explored include:

Atlanta, which ranks #3 in the most Fortune 500 Corporations of any U.S. city, $61 billion is earmarked for transit oriented projects — 70 percent of this will go toward improving existing transportation facilities.

Boston's firms are taking note of the influx of new tenants from suburban locations to the revitalized Seaport district — and taking advantage of the 24/7 transit-oriented locations, which appeal to their workforce and targeted talent pool.

Accountancy, PwC, is slated to take approximately 334,000 s/f of space in Seaport Square by fall 2015. Law firm, Goodwin Procter, LLP, recently announced plans to take 378,000 s/f at Fan Pier in 2016.

Chicago is a public transportation-friendly city with an extensive transit system, which has mainly benefitted the downtown area to date.

Initiatives are underway to update the aging infrastructure, remove barriers to Transit Oriented Development, and provide greater connectivity for the area's suburbs.

Los Angeles, where over 100 projects are in some phase of development in downtown alone, is the 2nd densest city in the U.S.

Twelve rail lines, 44 bus routes and seven freeways make Downtown L.A. the logical place for transit-oriented development, although smaller enclaves w good transit options and the right mix of housing are able to sell the live/work/play lifestyle outside of the city center.

Mexico City carries the title of the most congested city in North America.
Public investment in infrastructure is at record high levels and developers are aligning their plans with these improvements.

Two key trends that have emerged are the densification of central districts, particularly near existing transit hubs, and road improvements, which offer better connectivity between the CBD and peripheral areas, and among the peripheral areas themselves.

Downtown Miami's population has doubled in just ten years. The 5.4 million-square-foot mixed-use Brickell City Centre as well as the 750,000 s/f Miami World Center due to deliver in 2015 and 2016, respectively, are game changers for the CBD.

Local governments are working to address mobility and sustainability challenges through initiatives ranging from widening and enhanced connectivity on area roadways to intercity passenger rail.

New York is experiencing its highest level of new office construction in 25 years, with eight million square feet in the works in Manhattan. Combined, two of the most significant projects, the World Trade Center and Hudson Yards, could add 10%, or 39 million square feet, to Manhattan's 394 million-square-foot office inventory. Upon completion of Hudson Yards, the Penn Station submarket will become the third largest in Manhattan.

San Francisco (and surrounding Bay Area, including Silicon Valley and Oakland), experienced more than 365,000 new jobs since the economic recovery beg 2010; yet, adequate residential and commercial rea estate, transportation and infrastructure support continues to fall behind demand.

Toronto is attracting both the younger generation and empty nesters to its urban core, evidenced by a shift in population from the suburbs to downtown in recent years. Businesses are following the talent, leading to a near-record boom in office construction.

Like many other cities, investment in transit and transportation infrastructure has not kept pace with the growing population.

Washington, D.C.'s population growth is not confined to the city center, although population in the District proper is at its highest level in four decades.

While the effects of sequestration continue to hamper the office market in the region, projects in the downtown core, or along transit hubs in the suburbs, which offer the live/work/play lifestyle, are attracting businesses and residents alike.

SHARE 0

‹ PREVIOUS POST

13 more agents leave Bellmarc, head to Halstead

NEXT POST ›

City seeking developer for beach cafe

REW Staff

RELATED POSTS

Thornton Tomasetti getting into the space business

Architect Jaque Robertson dead

PMG launches affordable division with Far Rockaway venture

Enter keyword...

TOP STORIES

Fifth NY region meets reopening benchmark

May 15, 2020 0

Most tenants still paying their rent, says NMHC

May 15, 2020 0

Privacy - Terms

Report shows most employers favor phased return to work

May 15, 2020 0

Enterprise launches new program to protect low-income housing communities

May 15, 2020 0

Tishman Speyer invites New Yorkers to design Rockefeller flags

May 15, 2020 0

CoStar to acquire Ten-X in $190M deal

May 15, 2020 0

How the real estate industry is helping fight COVID-19

May 15, 2020 0

What if they don’t come back? Apartment owners wary of remote workforce

May 14, 2020 0

Developer taps into green finance for $76M multifamily loan

May 14, 2020 0

NJ rental property trades for $43M

May 14, 2020 0

About | Advertise | Contact Us | Editorial Calendar | Subscribe

Real Estate Weekly is the paper of the industry, and the longest-running real estate publication in New York City, published since 1955. Our print issue, published every Wednesday, reaches more than 30,000 readers in New York, New Jersey, Connecticut, Long Island, and Westchester.

Contact us: info@hagenews.com