

HOME & GARDEN

Young home buyers seek 'walkability'

Folks are willing to pay a premium for city living, with its nearby coffee shops, restaurants and stores.

By Kim Palmer (<https://www.startribune.com/kim-palmer/10645576/>) Star Tribune |

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When Scott and Lacey Campbell went searching for their first home, city living was high on their list of must-haves.

"We could have gotten a bigger, newer house in the suburbs for less money, but we didn't want that," said Scott.

Instead, they bought a house in Minneapolis, close to Mississippi River walking trails, restaurants, coffee shops and the Riverview movie theater. Lacey, who is expecting, is pleased that her child will grow up with "access to great things, without being tethered to me or a car," she said.

The Campbells represent a major shift in what home buyers now want and are willing to pay a premium for, according to a recent study by the Brookings Institution. They want "walkability": high-density neighborhoods with nearby destinations, said Brookings senior fellow Christopher Leinberger, a professor at the George Washington University School of Business. "That was not the case 20 years ago."

The Millennials, those born between the late 1970s and the early 1990s, are driving the shift, said Leinberger. "They don't want to live like 'Leave it to Beaver.' They want to live like 'Seinfeld' and 'Friends.'"

Until the 1990s, suburban homes that were accessible only by car cost more per square foot than other kinds of American housing, according to Leinberger. But that equation has flipped, he said. Today, the most valuable real estate is located in walkable locations.

To quantify the value that walkability adds, the Brookings study analyzed housing data from Zillow.com (<http://Zillow.com>), focusing on the Washington, D.C., area.

The study did not include the Twin Cities, but after analyzing local data at the request of the Star Tribune, Leinberger said that "Minneapolis fits the pattern."

If the price premium Brookings discovered in D.C. is adjusted to reflect Twin Cities housing prices, the value added is at least \$35 per square foot greater, up to \$175 per square foot greater, depending on the level of walkability, as measured by two indexes.

For example, Leinberger compared housing data from Savage and downtown Minneapolis' Warehouse District. In 1998, housing in Savage was relatively expensive, second only to Edina. But by 2007, the peak for the local housing market, values in Savage had risen 40 percent in real-dollar terms, while values in the Warehouse District had climbed 86 percent, he said.

Values in both locations fell during the housing crash, but the Warehouse District dropped less. In 1998, Savage was 1 percent more expensive than the Warehouse District, but by 2012, the Warehouse District was 39 percent more expensive than Savage. "The lines crossed in favor of the walkable urban places, as I have seen across the country," said Leinberger.

But walkability isn't limited to the urban core; the most expensive location in the Twin Cities is now Wayzata, a suburb with a high-density, walkable downtown.

New word, old idea



CARLOS GONZALEZ - STAR TRIBUNE

Caitlin Kersten and Lacey Campbell walked to the Riverview Theater. Campbell and her husband just bought their first house in the

Local real estate agents generally agreed that walkability adds value. "Walkability is an important thing," said David Abele, an agent with Lakes Sotheby's. "It's always been location, location, location, and that has always included walkability, but 20 years ago, nobody was using that word."

Rising gas prices have boosted interest in walking and biking, but that's not the whole story, he said. "I strongly disagree that it's all the economy. People are wanting to be around people and be part of a community."

Home buyers want to live near their peers, and for young professionals, that's the city, said Kelly O'Neil, the Edina Realty agent who sold the Campbells their home. "Closer to the city center is where most people want to work and be."

And unlike previous generations of first-time buyers, who were likely to pack up and head for the suburbs when they bought a second home, today's buyers are more likely to stay in urban neighborhoods.

"The people that are here [in the city], I'm placing and keeping here," said Dave Tonneson, an agent in the Lakes office of Coldwell Banker Burnet.

Shannon Kehle-Forbes and her husband, Noah, recently signed a purchase agreement for their first house, in Minneapolis' Tangletown area.

"We could have gotten a lot more for our money in the suburbs, but we wouldn't have had walkability," she said. "We wanted a corner, with stores and a coffee shop within four blocks. We knew we were going to pay a little more, but it's worth it."

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