Market Reconnaissance: Town Center Mixed Use Redevelopment Project

Prepared For:

City of West Jordan

Stakeholders Committee

20 July 2004

LELAND CONSULTING GROUP
REAL ESTATE STRATEGISTS
PORTLAND · DENVER

LMNARCHITECTS

Market Reconnaissance

Market Reconnaissance

- Economic and Demographic Trends
- Housing Market Overview
- Office Market Overview
- Retail Market Overview
- Development Opportunities

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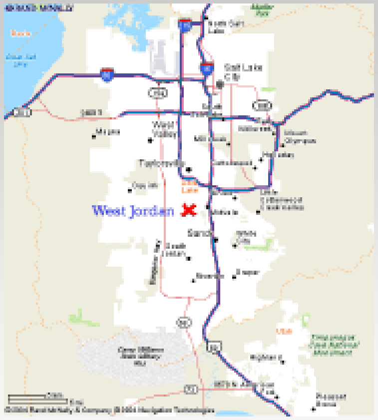
West Jordan

- Bedroom community to Salt Lake City
- Good school system
- Family friendly community
- Affordable housing



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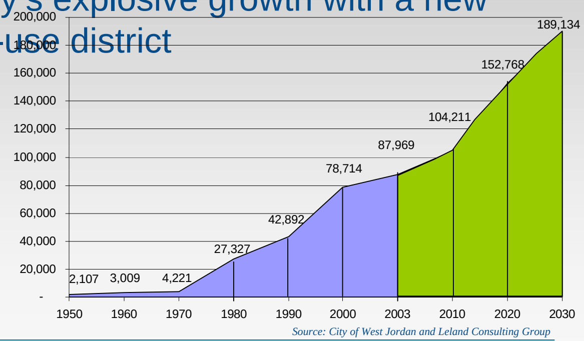
Population Growth

- Population to double in thirty years
- Town Center provides new paradigm for the City's explosive growth with a new mixed-use district

West Jordan Population Trend



Source: City of West Jordan and Leland Consulting Group

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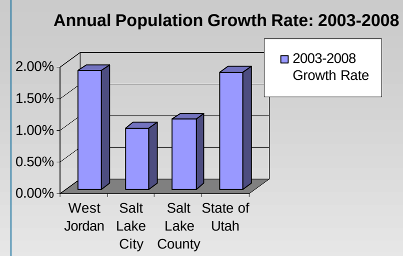
Population Growth



- West Jordan is growing faster than Salt Lake City and the County
- Current size with annexation land: 86,763

Total Population	2000	2003	2008	2003-2008 Growth Rate
West Jordan*	68,336	76,016	83,436	1.88%
Salt Lake City	181,743	186,160	195,388	0.97%
Salt Lake County	898,387	930,671	983,601	1.11%
State of Utah	2,233,169	2,364,740	2,591,438	1.85%

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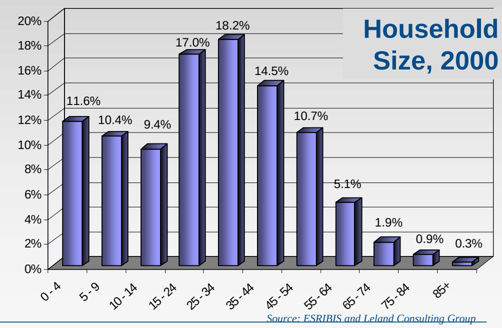
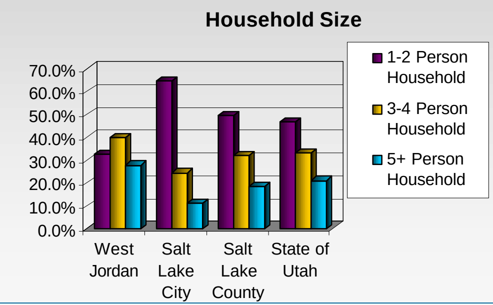
Age

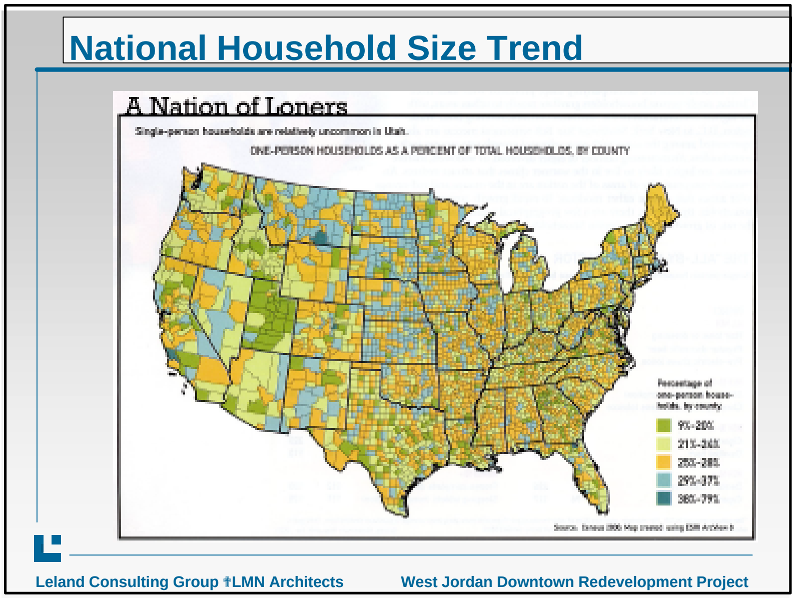
- 67 percent are younger than 35
- 31.4 percent are younger than 15 years = large population of young people and young families
- Tailor market to families
- Tailor market to one and two person households



Household Size

- Salt Lake City
  - Average household size: 2.5
  - 1 to 2 person households: 64 percent




National Household Size Trend
A Nation of Loners
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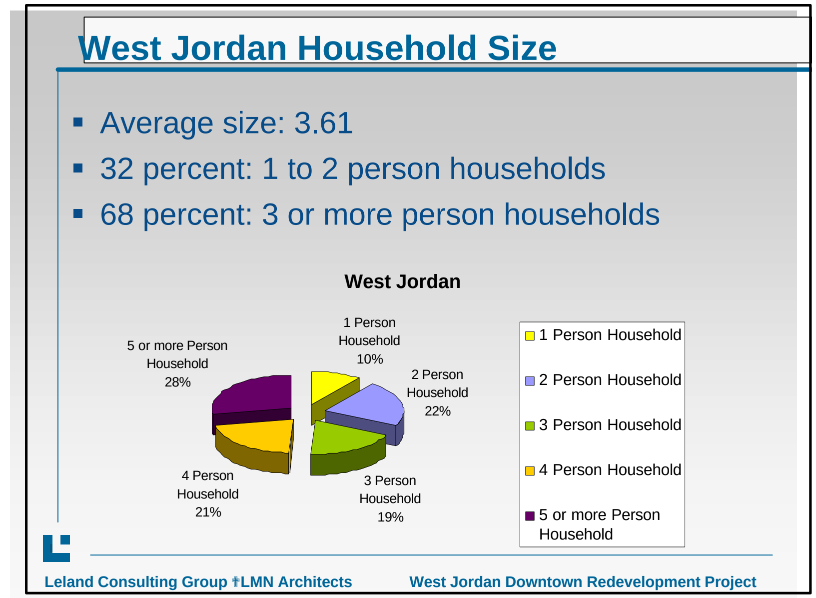
West Jordan Household Size
Average size: 3.61
32 percent: 1 to 2 person households
68 percent: 3 or more person households
West Jordan
1 Person Household 10%
2 Person Household 22%
3 Person Household 19%
4 Person Household 21%
5 or more Person Household 28%
1 Person Household
2 Person Household
3 Person Household
4 Person Household
5 or more Person Household
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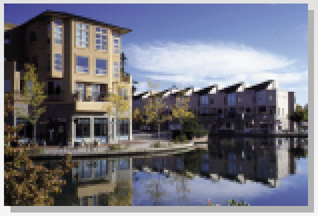
One and Two Person Households

- One and two person households an urban lifestyle
- Town Center can provide desired amenities, i.e. neighborhood as extension of living room
- Town Center can provide diverse housing product types:
  - Condominiums
  - Townhouses
  - Apartments
  - Loft housing
  - Senior housing



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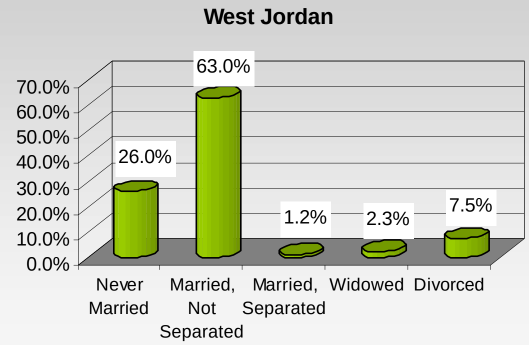
West Jordan Household Categories

- 63 percent are married



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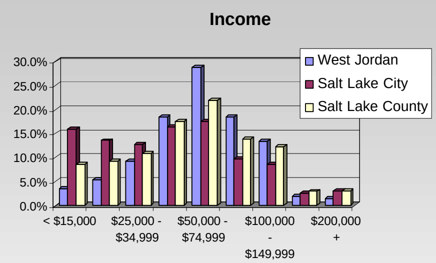
Income

- West Jordan average: $70,961
- Salt Lake City average: $60,660



Average Household Income	2000	2003	2008
West Jordan	$61,994	$70,961	$83,761
Salt Lake City	$51,775	$60,660	$75,552
Salt Lake County	$60,585	$70,061	$84,979
State of Utah	$57,052	$65,531	$78,942

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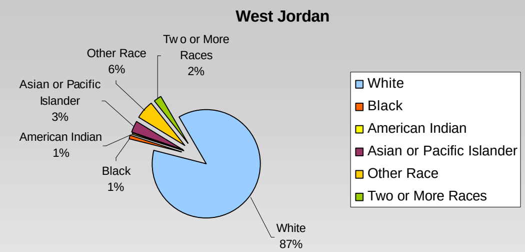
Ethnic Diversity

- 87 percent White
- 11 percent Hispanic



Population by Race	West Jordan	Salt Lake City	Salt Lake County	State of Utah
White	87.4%	77.2%	84.9%	88.4%
Black	0.7%	2.0%	1.1%	0.8%
American Indian	0.6%	1.4%	0.9%	1.3%
Asian or Pacific Islander	3.3%	6.0%	4.1%	2.5%
Other Race	5.7%	9.9%	6.3%	4.9%
Two or More Races	2.4%	3.5%	2.6%	2.1%
Hispanic	11.8%	21.6%	13.8%	10.3%

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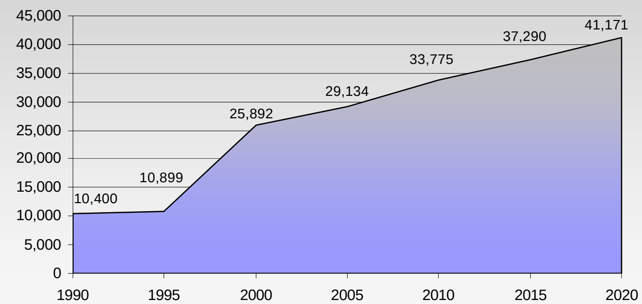
Employment Trend in West Jordan

- 27,454 employed in 2003
- Predict 41,171 employed by 2020



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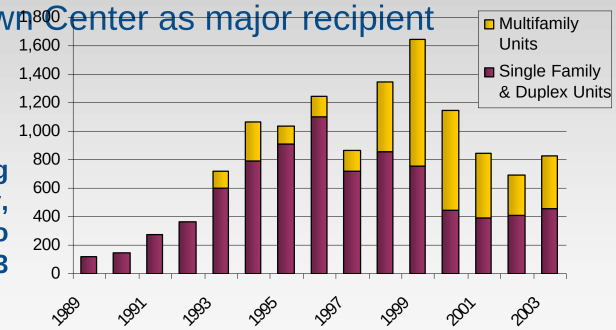
Residential Building Activity

- Building activity shifting to multifamily housing
- Town Center as major recipient

Building Activity, 1989 to 2003



Source: City of West Jordan and Leland Consulting Group

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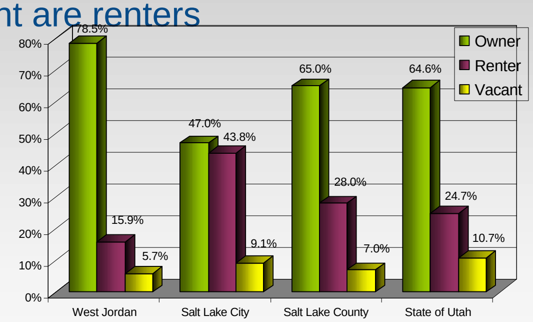
Real Estate Trends

Ownership and Rental Housing

- For-sale housing market is strong and predominant at 79 percent
- 16 percent are renters

Home Ownership and Rental, 2003



Source: ESRIBIS and Leland Consulting Group

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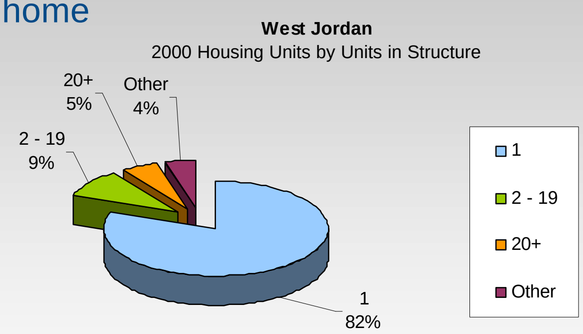
West Jordan Housing Structure

- 82 percent of housing is a single-family home



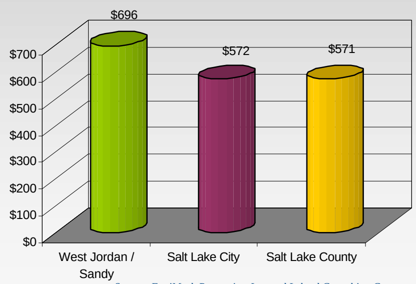
Home Values

- Median home price in Salt Lake City: $167,252
- Median home price in West Jordan: $174,020

Median Home Value	2003	2008
West Jordan	$174,020	$241,201
Salt Lake City	$167,252	$224,375
Salt Lake County	$171,988	$233,262
State of Utah	$160,004	$216,183

Rental Market

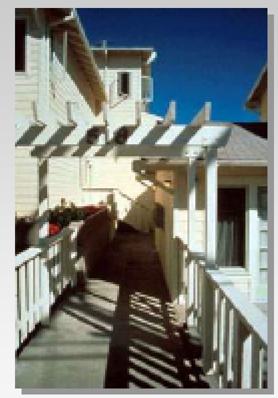
- In 2003, 13,795 renters
- 16,570 renters by 2010
- Capturing three percent of market in the Town Center equals 250 two-person units
- Higher rents than elsewhere
- Town Center can provide needed amenities to capture sophisticated rental market



Source: EquiMark Properties, Inc. and Leland Consulting Group

Residential Trends

- People are moving into Town Centers and Downtowns
- Average family sizes are getting smaller
- More people are working from home
- Seeking safe, interesting and inviting environments



Residential Trends

- Smaller units
- Living room extends to the street
- The Town Center is the amenity
- Neighborhoods, not projects
- Safety and satisfaction

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Stakeholder Interview Comments

- Land Prices:
  - Apartments / stacked condos $10 to $11K
  - Townhouses $15K
  - Retail $8 to $10 per square foot
- Housing
  - High end: $250K
  - Young, 3 and 4 child families
  - Starter and first move-up housing
  - Mix of owner / renter housing recommended
  - Immediate demand – start at $125K
  - Higher densities acceptable with amenities

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Stakeholder Interview Comments

- Housing, continued
  - Senior housing has not done well
  - Townhouse costs $65 per square foot
  - Townhouse should sell at $110 to $120 per square foot
  - Downtown Salt Lake City selling at $200 per square foot
  - Jordan Landing condominiums $110K to $270K
  - Jordan Landing apartments at 23 per acre
  - West Jordan could do 230 units a year

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Stakeholder Interview Comments

- The community shops at Jordan Landing for price convenience, not the experience
- Community visits Gardner Village for the experience and amenities
- Desire pedestrian-friendly, interesting, and beautiful downtown, similar to principles used at Gardner Village

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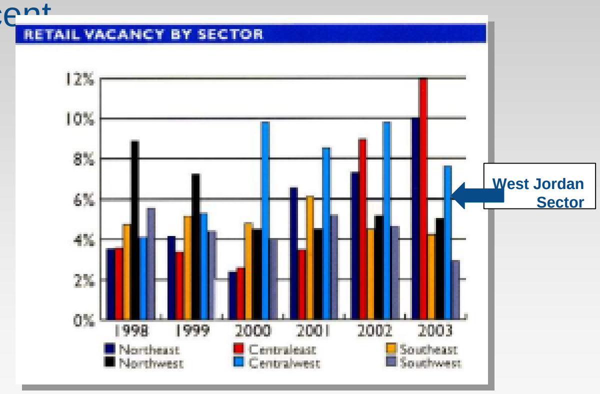
Retail

- Retail vacancy in West Jordan: 7.61 percent



Retail

Existing Conditions:

- Town Center site: outdated shopping center

Nearby Retail Competition:

- Jordan Landing: 1,600,000 square feet national retailers
- Gardner Village: 22 boutique shops

Retail Trends

- 65 percent of retail sales occur in discount stores
- 70 percent of retail sales in America are made after 5:30 p.m. and on weekends
- Early closing Town Centers struggle
- Town Centers need food, entertainment, quality service, and an *inviting environment*

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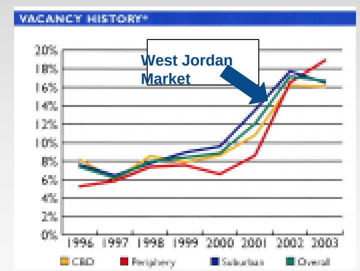
Employment / Office Market

- West Jordan is not a big employment community
- Opportunity to capture more office market with
  - New Justice Center
  - Light rail stop
  - Town Center amenities
  - Continued population growth
  - Assertive actions from the City of West Jordan



Source: Colliers Commerce CRG

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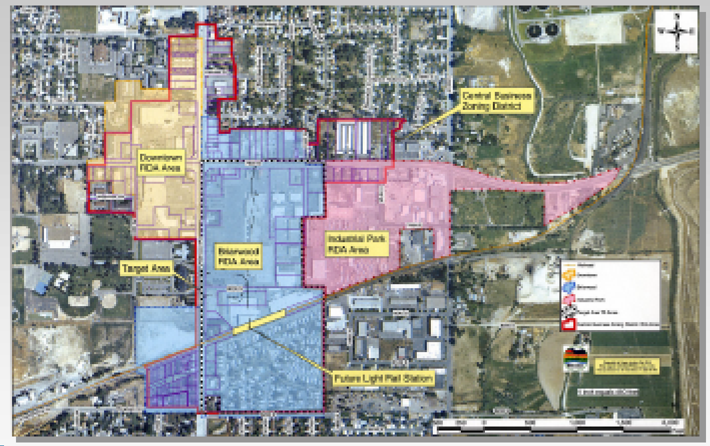
Preliminary Development Program

Town Center Site



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Development Opportunities

- Office – tied to City Hall and new Justice Center
- Some speculative office
- Selected and limited retail
- For-sale and rental housing
- Hotel
- Conference Center
- Strong amenities
- Public buildings (i.e., library)
- Light rail station

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Preliminary Development Program

Land Analysis

Area/Component	Acres	Percent of Total
Total site area	75.00	100.00%
Less, vehicular circulation	-6.50	-8.67%
Less, land committed to existing structures	-6.00	-8.00%
Less, LRT parking	-6.00	-8.00%
Less, public space and water / amenities	-10.00	-13.33%
Equals, adjusted gross development area	46.50	62.00%

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Preliminary Development Program

Program with Land Analysis

Area/Component	Acres	Percent of Total
Equals, adjusted gross development area	46.50	62.00%
Office - 150,000 sf[1]	-8.00	-10.67%
Apartments - 250 units[1]	-10.00	-13.33%
Townhouses / cluster homes - 100 units[1]	-7.25	-9.67%
Hotel - 80 rooms[1]	-1.75	-2.33%
Retail 90,000 sf[1]	-7.50	-10.00%
Civic Building[1]	-4.00	-5.33%
Parking (see analysis below)	-8.00	-10.67%
Remaining Total	**0.00**	**0.00%**

1. Building footprint square footage reflects a 30 percent accommodation to setbacks, exterior circulation, etc.

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Preliminary Development Program

Parking Analysis

Parking Analysis	Spaces
Office 150,000 @ 3.5/1000 on net area:	460.00
Apartments 250 @ 1.4	350.00
Hotel 80 rooms	80.00
Retail 75,000 @ 5/1000	375.00
Civic structure, say 25,000 sf	100.00
Restaurants, 15,000 @ 7.5	112.00
Subtotal	1,477.00
Adjustment for shared spaces (15 percent)	-221.55
Equals, adjusted gross	1,255.45
Rounding up, approximate Total	**1,200.00**
35 percent in 2 to 3 story structures	420.00
65 percent surface parking	780.00
Structures are 200 spaces/acre	2.10
Surface are 125 spaces/acre	6.24
Total parking, in acres	**8.34**
Rounding down, approximate Total	8.00

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Preliminary Investment Analysis

- $14.1 million public dollars leveraged to $80.8 million private dollars
- Ratio: 5.7:1

Investment Analysis	SF or Units	Unit Value	Total Investment
Office buildings - 150,000 sf	150,000	$ 115	$ 17,250,000
Apartments units - 250	250	$ 95,000	$ 23,750,000
Townhouses / cluster homes - 100 units	100	$ 150,000	$ 15,000,000
Hotel - 80 rooms	80	$ 100,000	$ 8,000,000
Retail area - 90,000 sf	90,000	$ 100	$ 9,000,000
Parking (surface)	780	$ 2,500	$ 1,950,000
Parking (structures)	420	$ 14,000	$ 5,880,000
Total			**$ 80,830,000**

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Case Studies

Illustrative of Principles

Illustrative of Solutions

Case Study: Tualatin Commons, Tualatin, OR

- Create value: view and waterfront
- Multiple projects make opportunities for local developers
- Maximize return on public investment: strategically place public investment
- Public-private Partnership

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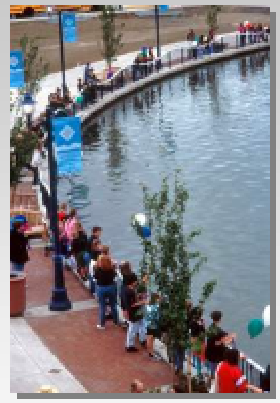
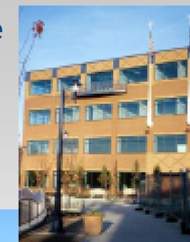
Case Study: Tualatin Commons

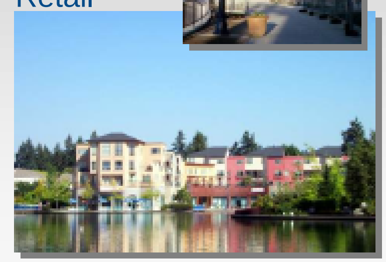


Public Space

Office



Housing / Retail



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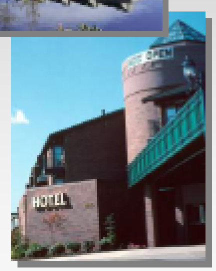
Case Study: Tualatin Commons

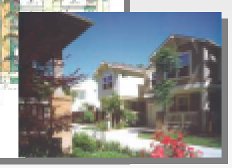
Tualatin Commons is an example of a market strategy:

- An upscale hotel market did not exist
- A Class A office market did not exist
- Place Making became the magnet for attracting investment



Case Study: Metro Square, Sacramento, CA

- Single-family housing, 2 to 3 bedrooms, 1250 to 1550 square feet
- Density: 20.5 units per acre
- Parking: 2.18 spaces per unit
- Sold all 45 first weekend in 1998



Case Study: Lakeview Village, Lake Oswego, OR

- Mixed-use: Retail and Restaurants with Office above
- Buildings disguise 300 space parking garage in center of project
- 100 percent leased on opening day

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Building The Town Center

- Implementation Strategy for Town Center Redevelopment

Defining Cities

- Cities are defined by the Public Realm
- Circulation, Open Space, and Public Buildings help define private opportunity
- Public Investment / Private Commitment

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Types of Town Center Development

- Residential – both owner and rental housing
- Employment – office buildings (corporate, speculative, medical)
- Retail – food, fashion, recreational, entertainment, services, convenience
- Institutional – college, library, theater, museum
- Governmental – offices, police, post office, fire station
- Mixed-use – retail, office, hotel, residential

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Encourage & Stimulate Development

- Unite the town centers with the districts, neighborhoods and sectors
- Establish public environments as context for investment
- Establish a sense of place – supportive of adjacent objectives
- Encourage walking and biking through a variety of places
- Create off balance sheet investment for development

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Universal Town Center Problems

in priority order

1 Attracting new development
2 Attracting people on evenings / weekends
3 Competition from discount stores and / or suburban malls
4 Vacant / underused retail space
5 Parking
6 Shortage of suitable housing
7 Image
8 Vacant / underused office space
9 Preservation of older buildings
10 Unattractive building façades
11 Crime (real / perceived)
12 Traffic circulation and congestion

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Attributes of a Healthy Town Center

- Compact urban form
- Pedestrian amenities
- Secure environment
- Attractive housing
- Lodging
- Civic and cultural uses
- Entertainment
- Historical connection
- Parking and transit access
- Diverse activity mix
- High retail sales
- Strong local leadership
- Supportive zoning
- An effective organization
- Marketing and management structure
- Positive local customer perception
- Diversified tax base

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Qualities of Town Center Redevelopment

- Diverse and Concentrated Mix of Uses that Create a Strong, Lively Attractor:
  - Mixture of complementary uses;
  - Concentrated area;
  - Generation of pedestrian activity;
  - Creation of a lively, interesting social environment; and
  - Creation of a profitable business setting.

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Qualities of Town Center Redevelopment

- Quality Design Establishes a Distinctive Sense of Place:
  - Physical setting for pedestrian activity;
  - Comfortable;
  - Convenient;
  - Visually interesting; and
  - Secure.

Source: The Urban Land Institute, Designing the Successful Downtown

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Implementation Strategy

1. Make a Great Plan
2. Many, Many Projects
3. Many, Many Stakeholders
4. Committed, Ongoing Leadership
5. A Good Organization
6. Development Standards
7. Communications and Marketing
8. Supportive Government
9. Ongoing Review

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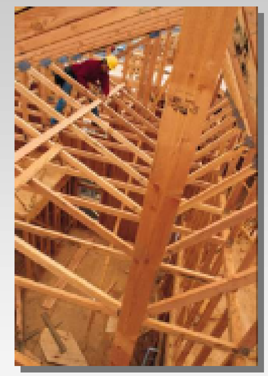
1. Make a Great Plan

- Combine market potential with community vision
- Go far beyond patching problems or reacting to specific issues
- Present a strong enough vision to motivate and enliven people to take action

2. Many, Many Projects

- A great plan moves many projects forward
- Projects are broadly defined: public and private development programs, marketing events, etc.
- Organizes, catalogs and communicates all public and private projects



3. Many, Many Stakeholders

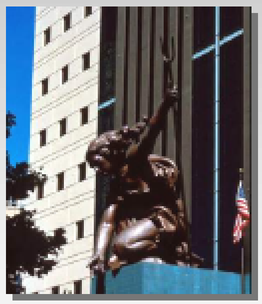
- Broad base of involvement promotes project implementation
- Stakeholders – representative cross-section of government, non-profits, businesses and individuals
- Stakeholders form the basis of political support for implementation of the revitalization effort

4. Committed, Ongoing Leadership

- Desires success for the entire community
- Respected by the community; has strong leadership skills
- Able to motivate and organize stakeholders
- Moves forward and enthusiastically communicates the vision of the revitalization effort

5. A Good Organization

- Provides ongoing support for project implementation through communication and coordination
- Provides long-term continuity and unifies divergent interests
- Provides support for local government, and support to project development
- Communicates successes and opportunities



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6. Development Standards

- Clear and consistent guidelines that communicate the vision of the revitalization effort
- Encourage that which is desired and strongly prohibit that which is not wanted
- Tools should be dynamic and flexible – pragmatic standards for change
- Set standards high but achievable

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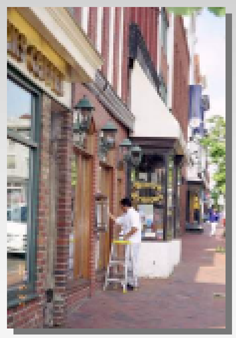
7. Communications and Marketing

- Both the organization and the leadership must communicate successful implementation
- Marketing revitalization means making continual news
- Communication means acting as a liaison between stakeholders, projects, and the wider community



8. Supportive Government

- Provide support for achieving standards – consultation, code enforcement, and assistance
- Able to review its practices and identify and change policies
- Set clear goals
- Champion implementation

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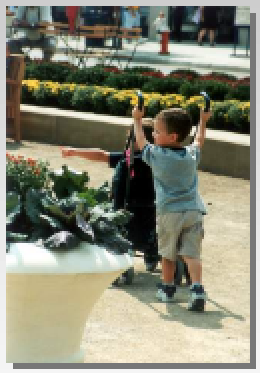
9. Ongoing Review

- Dynamic plans require ongoing review that respond to changing conditions
- Evaluation of plan, projects, and communications – make periodic adjustments to the project plans



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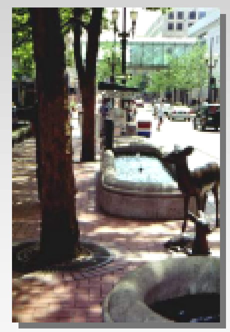
Place Making

"The process of identifying and revitalizing underutilized public and private spaces that result in the fundamental transformation of community."



- Through superior public realm design, overcome hesitation and resistance to private sector investment

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How Things Get Done

- Cities Cannot do it Alone
- Public-Private Partnerships Build Great Places
- Private Investment Follows Public Commitment

- Cities grow through a series of small, but meaningful projects
- The public realm establishes the opportunity for development excellence

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