Market Driven Places
Fortifying Main Streets in cities of all sizes

North Platte, NE
May 10, 2021

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Rich History with Great Stories
Leveraging the past to build a brighter future

Great Bones
Irreplaceable architecture

Leverages Previous Investment
Streetscapes and other infrastructure

Downtown Living History
Since 1977

Conducted Market Research
Built a model unit

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Community-Based Developer

Incremental success

Renewing Assets
Organic regeneration

Housing is Pivotal
To re-densify cores of U.S. cities

Creating a Downtown Neighborhood
One story at a time

Photo by Greg Kendall-Ball

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Abilene Reporter-News

Upstairs Downtown: An introduction

Reporter catches glimpse in new series
By Greg Kendall-Ball

I've lived in Abilene for nearly 10 years, and for most of that decade, the empty windows above McKay's Bakery on Cypress Street have taunted me.

There were a lot of second-story spaces, it turned out, whose siren call could no longer be ignored And with the cooperation of a few property owners, I was granted access to those spaces and given permission to share a glimpse of what's "Upstairs Downtown."

There are people living and working in these spaces, and some spaces are just waiting to be given new life. As one downtown dweller said, "There's a whole world beyond the curb."

Economic Foundations Shifted
Jobs and complacency disappeared

Lack of Compelling Places
Regardless of Prosperity

Compelling Places
Have strong competitive advantage

Compelling Places
Who are your peer cities?

Key Characteristics:
- ✓ Population (23,892)
- ✓ Interstate Location
- ✓ Community College
- ✓ Not Part of Larger Urban Area
- ✓ Midwest and Plains States
- ✓ Population 24-30,000

Hastings, NE	24,906
Austin, MN	25,114
Mason City, IA	27,200
Emporia, KS	24,607
Fort Dodge, IA	24,278
Muscatine, IA	23,774
Ottumwa, IA	24,545
Marshalltown, IA	27,053
Galesburg, IL	30,689

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Urban Landscapes Evolve
As demographics and preferences shift

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How to Become Compelling?
No simple answer

Patient Vision
That enhances authenticity

Project Timeline

1929   Local Architect Robert Hugman proposes "The Shops of Aragon and Romula" combining flood control and commercial development.

        Hugman branded a lunatic by those who wanted to pave over and put the troublesome San Antonio river in a box culvert.

1939   Initial phase of Paseo Del Rio built with WPA funding

1968   Hemisphere expansion most significant in continuing evolution of River Walk.

1970's San Antonio emerges as a major convent
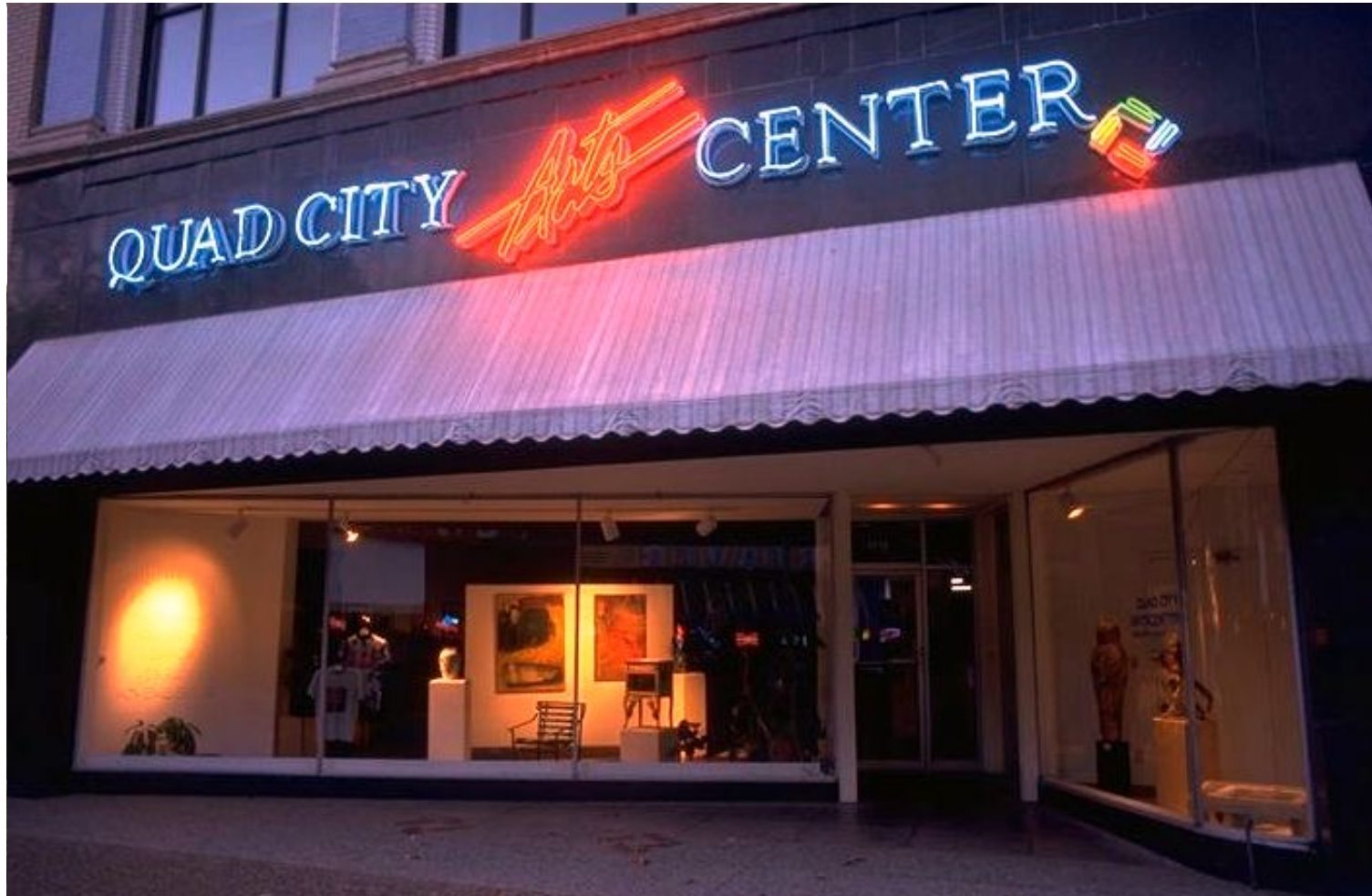
Main Street Programs
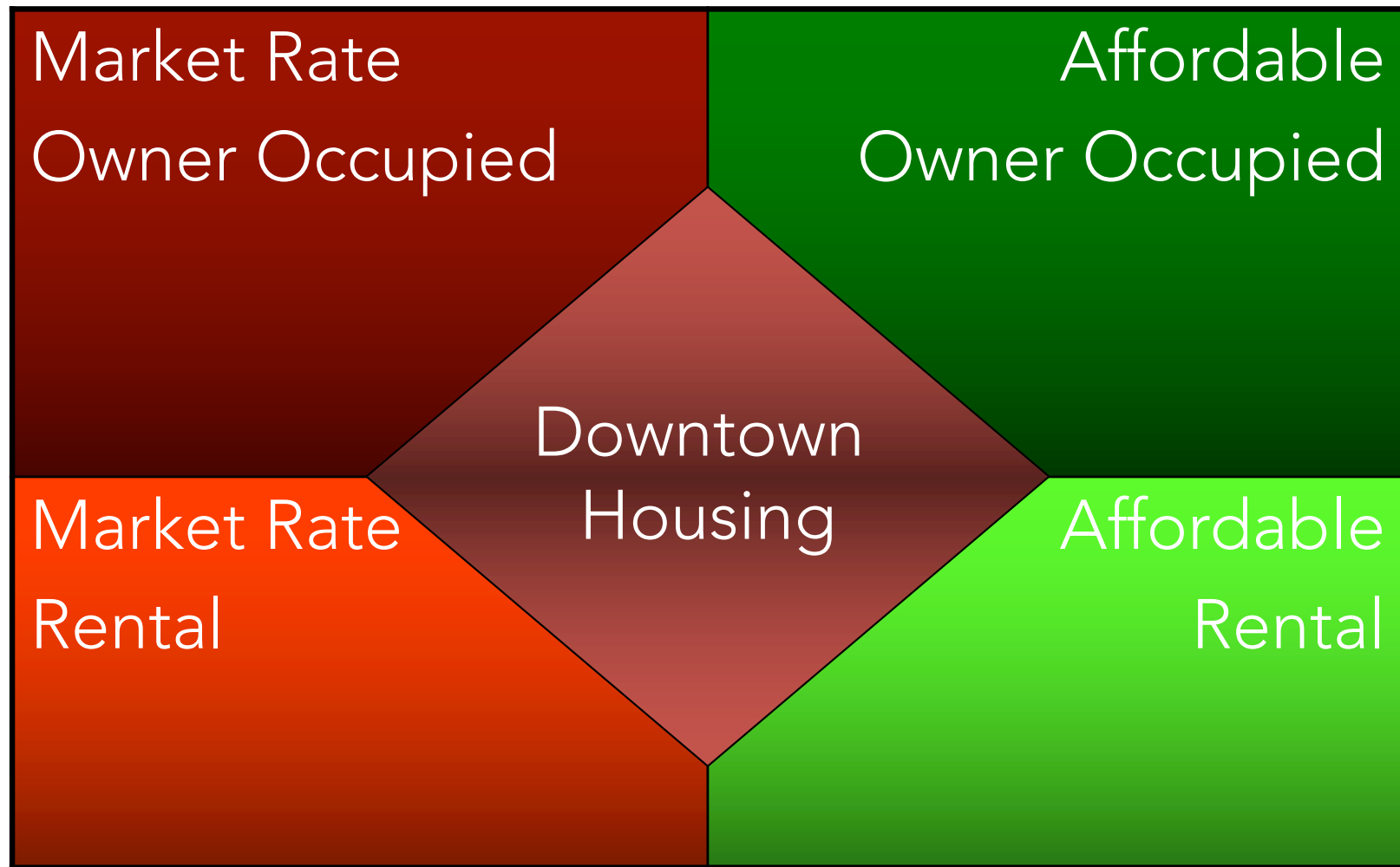## New math for austerity

Main Street Programs
Providing the entrepreneurial spark

Successful Downtown's Are Inclusive
It's everyone's neighborhood

Market Rate Owner Occupied

Affordable Owner Occupied

Downtown Housing

Market Rate Rental

Affordable Rental

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Upper Floors Are Being Activated
In cities of all sizes

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Demographics
Driving demand of urban housing forms

The most common household type found in 2010 US Census?
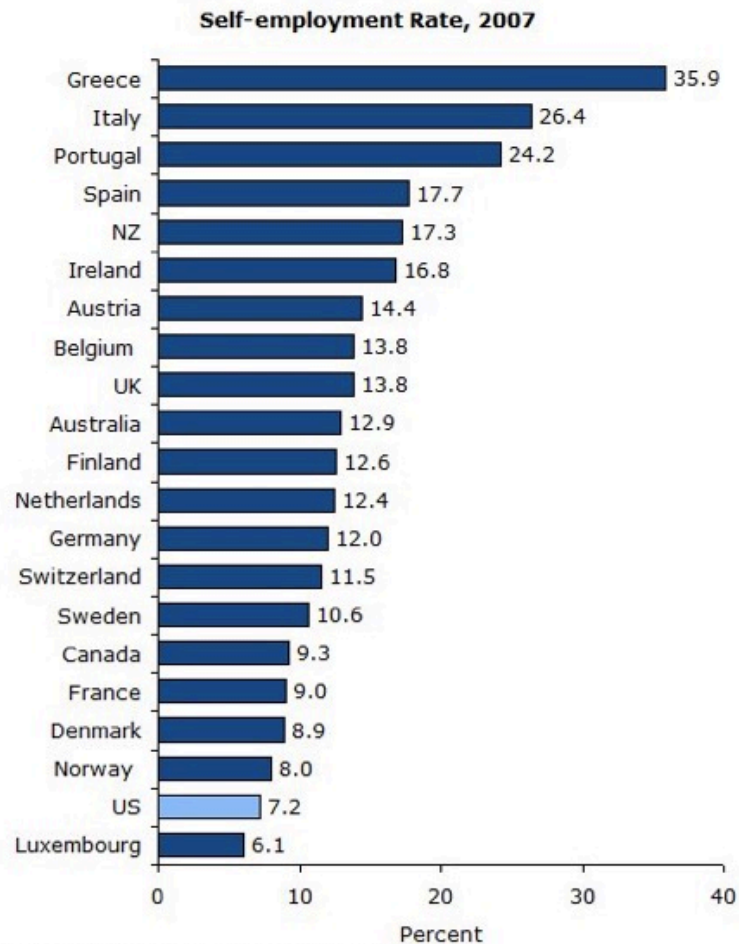Couples with no kids

Second Place?
The Single Person

Only 21% of US households have school-age children

The Future of Work
50% of the workforce will be consultants by 2025

Self-employment Rate, 2007

Country	Percent
Greece	35.9
Italy	26.4
Portugal	24.2
Spain	17.7
NZ	17.3
Ireland	16.8
Austria	14.4
Belgium	13.8
UK	13.8
Australia	12.9
Finland	12.6
Netherlands	12.4
Germany	12.0
Switzerland	11.5
Sweden	10.6
Canada	9.3
France	9.0
Denmark	8.9
Norway	8.0
US	7.2
Luxembourg	6.1

Percent

Source: CEPR Analysis of OECD Data

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Consumer Preferences Changes

What's a "household" ?

What We Desire Changes
Variety of urban amenities as we age
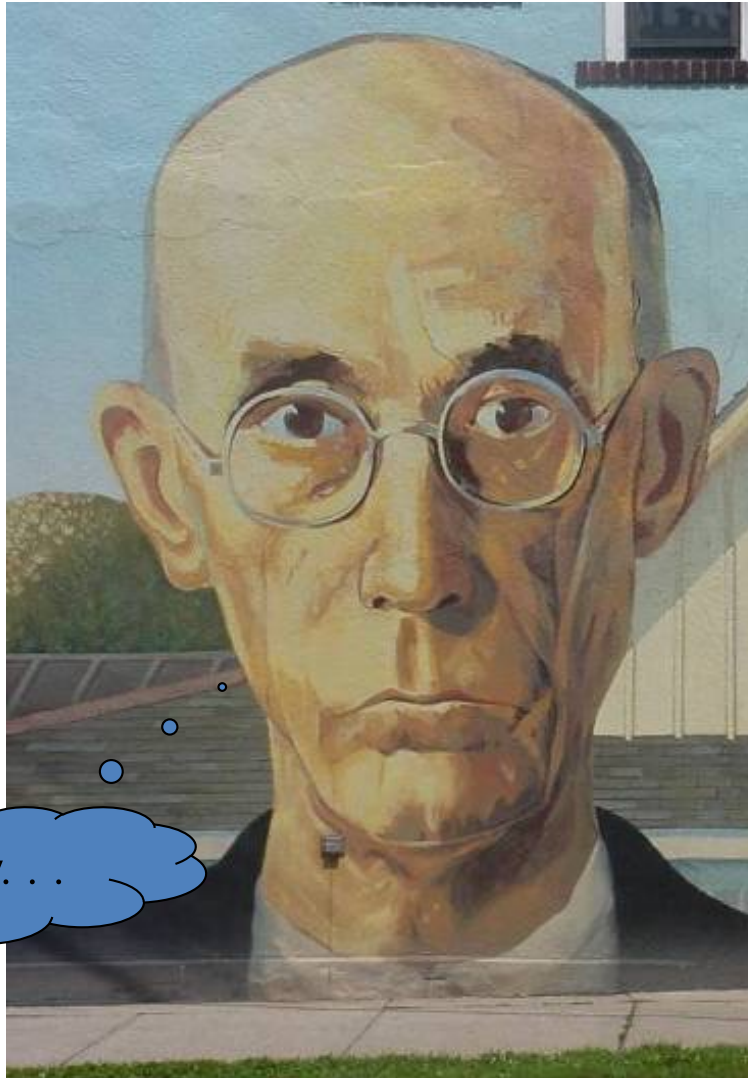
City amenities
Strong competitive advantage over suburbs

# Influence of Automobiles Waning
Mobility isn't what it was

Millennials Say They'd Give Up Their Cars
Before Their Computers or Cell Phones

EMILY BADGER   FEB 28, 2013   COMMENTS

Once a week or so we come across yet another sign that Millennials care much less about car ownership than previous generations. They're less likely to drive than their parents. They've got less debt tied up in cars. They'd rather hang out with their friends on Twitter than get in a car to go see them.

And here's yet another: Ask Millennials which piece of technology they could least live without, and it turns out they'd more happily part with their cars than their computers or cell phones. That question, graphed below, comes from the third installment of Zipcar's annual Millennial survey.

In your daily routine, losing which piece of technology would have the greatest negative impact on you?
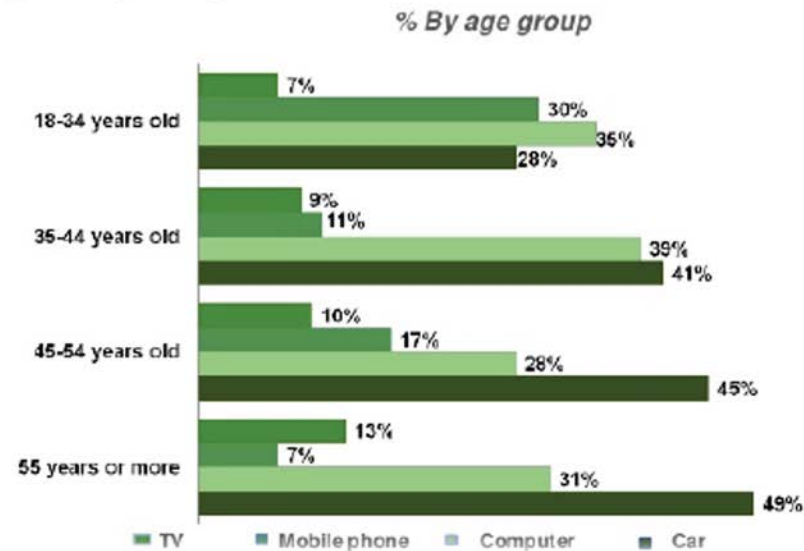
Urban Housing Needs Less Subsidy
No need to extend infrastructure

- Green field sites long benefited from communities' desire to grow. Cities invested in costly extension of public infrastructure and services.

- Downtown housing takes advantage of existing infrastructure and services that require far less public investment

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Developers Often Risk Adverse
Many burnt by the real estate market cycle

- The average length of the real estate market cycle is 18 years.

- Many long-time developers went through the financial wringer as demand contracted sharply when real estate markets moved quickly from boom to bust.

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Great Recession Impact Lingers
Regarding household formation & mobility

Household Formation

- ✓ Average household size continues to decline
- ✓ The rate of household formation plunged after the Great Recession but has recovered some.

Household Mobility

- ✓ Mobility dropped 50 percent in the Great Recession and is slowly recovering

Long Term Pandemic Impacts TBD

Regarding household formation & mobility patterns as well as space demand for traditional uses.

Households

- ✓ More kids moving in with parents
- ✓ More parents moving in with kids
- ✓ Where to do you work?
- ✓ Childcare issues

Space Demand

- ✓ Recovery of hospitality and retail sectors
- ✓ Online dominance
- ✓ Office space

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Secondary Markets More Savvy
Mixed-use projects are the new "normal"

- Initially the growth of secondary finance markets encouraged product standardization.

- Since the Great Recession, secondary markets have been forced to become more familiar with mixed-use product as urban housing markets recovered faster than suburban markets.

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Main Street Are Strong Competitors
In housing markets that value urban amenities

✓ Greater emphasis on aesthetics

✓ Access to cultural amenities

✓ Proximity to adult learning

✓ Reduced auto dependency

✓ Energy efficiency

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Proving Demand
When there is no supply

Traditional Market Studies
Market absorption of currently available product

✓ The focus on comparative sales analysis feeds an insulated spiral that reduces choice and variety of housing product.

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Housing Market Potential Studies
New data to estimate demand for urban housing

- ✓ Study Migration patterns of households that moved in recent years now (30-50% of the total)

- ✓ Use IRS data to determine where people move from in order to better understand draw areas.

- ✓ Market segmentation data helps assess which new residents will have an interest in urban housing.

Proprietary Housing Potential analysis developed by: Zimmerman / Volk Associates, Inc. / Clinton, New Jersey

Segmentation Analysis
You are known by your expenditure pattern

- ✓ Systems classify of all US neighborhoods into segments. (i.e. 65 for Tapestry* or 66 for PRIZM**)

- ✓ Household buying patterns from credit card data helps identify segments likely to be interested in urban housing product.

*ESRI, Business Information Systems
**Claritas

"Urban Chic residents clearly prefer expensive townhouses or high-rises in the city.

"Urban chic residents attend to lifestyle more than ambience. Residents travel extensively, maintain luxury cars, and embrace city living by visiting museums, attending dance performances, participating in civic activities, such as working for political parties, and shopping at upscale establishments.

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"Laptop and Lattes lives in multistory apartment buildings with more than 20 units, the neighborhoods are older, and virtually untouched by urban renewal."

They listen to classical, all-news, and public radio and read airline, travel, and women's fashion magazines."

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Each market is a different collection of segments.

Table 7. Educational Attainment, 2005 (Population 25+)

Segment	United States	Michigan	Grand Traverse County	Micropolitan Area
No HS Diploma	15.8%	12.9%	8.6%	10.5%
HS Diploma	29.6%	31.4%	27.5%	30.5%
Some College	20.1%	22.9%	23.8%	22.6%
Associates	7.4%	8.00%	8.5%	7.9%
Bachelors	17.2%	15.1%	20.2%	18.5%
Post-Graduate	9.9%	9.5%	11.4%	9.9%

Source: ERA, U.S. Census

Tapestry Analysis

To further understand the demographic, economic, and cultural characteristics of Traverse City and the region, ERA utilized an analysis tool called Community Tapestry, developed by Environmental Systems Research Institute (ESRI). Tapestry is a tool that divides households into 65 categories or segments based on several key factors, including a variety of demographic characteristics of households and geographic characteristics of their neighborhoods. These segments correspond to certain age groups, income brackets, and education levels, as well as lifestyle choices, neighborhood housing preferences, and consumer spending habits. The following table highlights relevant concentrations of defined segments in the five-county area and Grand Traverse County.

Table 8. Tapestry Segments in the 5-County Area and Grand Traverse County

Segment	Households	% in 5-County Area	% in Grand Traverse	% in Michigan	% in U.S.
Rural Resort Dwellers	16,444	23.75%	5.99%	2.51%	1.60%
Midland Crowd	10,336	14.93%	16.87%	3.12%	3.63%
Green Acres	7,954	11.49%	16.46%	6.82%	3.11%
Rooted Rural	4,095	5.91%	-	1.89%	2.45%
Up and Coming Families	3,929	5.67%	8.73%	1.77%	3.21%
Midlife Junction	3,676	5.31%	8.15%	2.25%	2.50%
Senior Sun Seekers	2,691	3.89%	4.38%	1.18%	1.18%
Old and Newcomers	2,499	3.61%	7.28%	2.32%	1.97%
Silver and Gold	2,373	3.43%	1.33%	0.25%	0.93%
In Style	2,099	3.03%	6.11%	2.56%	2.48%
Metropolitans	1,943	2.81%	5.66%	1.49%	1.19%
Southern Satellites	1,691	2.44%	-	1.57%	2.76%
Crossroads	1,366	1.97%	3.98%	2.67%	1.48%
Milk and Cookies	1,167	1.69%	3.40%	1.06%	1.90%
Exurbanites	1,086	1.57%	1.50%	2.93%	2.45%
Salt of the Earth	985	1.42%	-	5.57%	2.77%
Rustbelt Traditions	955	1.38%	1.15%	7.01%	2.87%
Simple Living	880	1.27%	2.56%	1.26%	1.45%
Home Town	871	1.26%	-	1.78%	1.50%
Connoisseurs	777	1.12%	2.26%	0.98%	1.40%
Prosperous Empty Nesters	754	1.09%	2.20%	1.67%	1.84%
Cozy and Comfortable	366	0.53%	1.07%	7.54%	2.84%
Retirement Communities	313	0.45%	0.91%	1.94%	1.49%
Total	**69,250**	**100%**	**100%**	**62.14%**	**49.00%**

Source: ERA, ESRI Business Solutions

Of the 65 tapestry segments, 23 are represented in the five-county area and identified in the above table. Slightly fewer, 19 segments, are represented in Grand Traverse County. The above table lists the number of households in each segment in the region. As the table shows, the "Rural Resort Dwellers" segment is

Economics Research Associates — Page 8

Urban Marketing Collaborative
MJB Consulting, NY, NY
Economic Research Associates (ERA)

Other Market Research
To identify potential housing demand

Multiple Forms of Market Research
Provide strong empirical evidence for demand

E * I * E * I * O

Five principles that drive prosperity in turbulent times

E   Empirical

I   Incremental

E   Entrepreneurial

I   Inclusive

O   Organic

Community Leadership
Formulas for Success

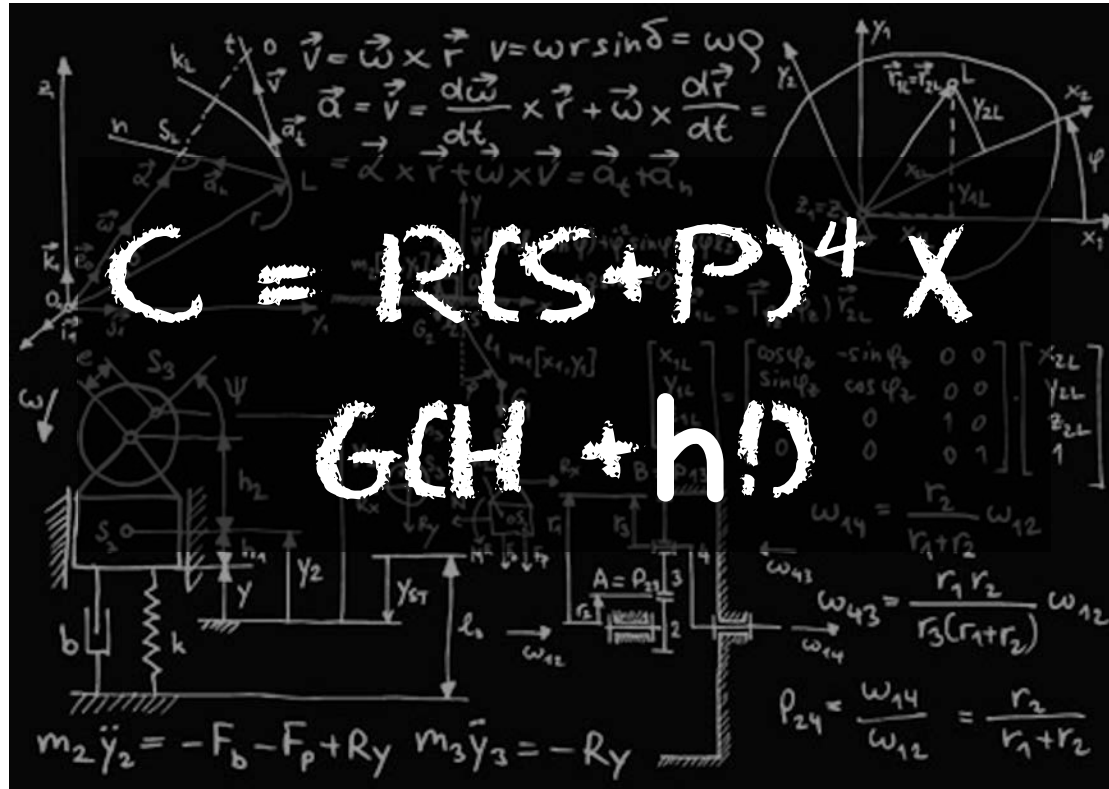Outstanding Leadership
Equals Knowledge
Times Capacity

$$K \times C = L^3$$

Community Leadership
Formulas for Success

$$K = (I + 2W)F^4$$

Knowledge Equals Information
Plus Two Parts Wisdom
Times Faith to the 4th Power

Community Leadership
Formulas for Success

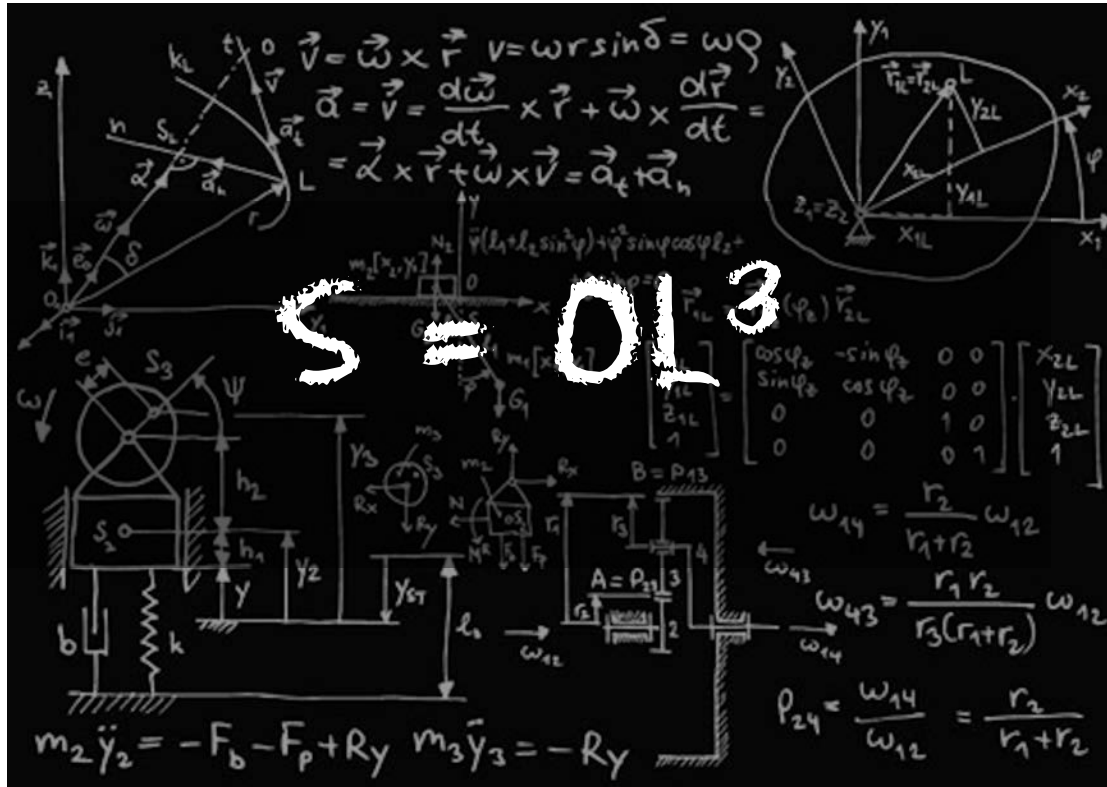$$C = R(S+P)^4 \times G(H + h!)$$

Capacity Equals Responsibility
Times Sum of Sweat and Passion
To the Fourth Power
Times Gumption Times
The Sum of (Humility and humor)

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Success Equals Opportunity
Times Outstanding Leadership

$$S = OL^3$$

Work With Your Building Stock
Reduce barriers by careful assessment

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