

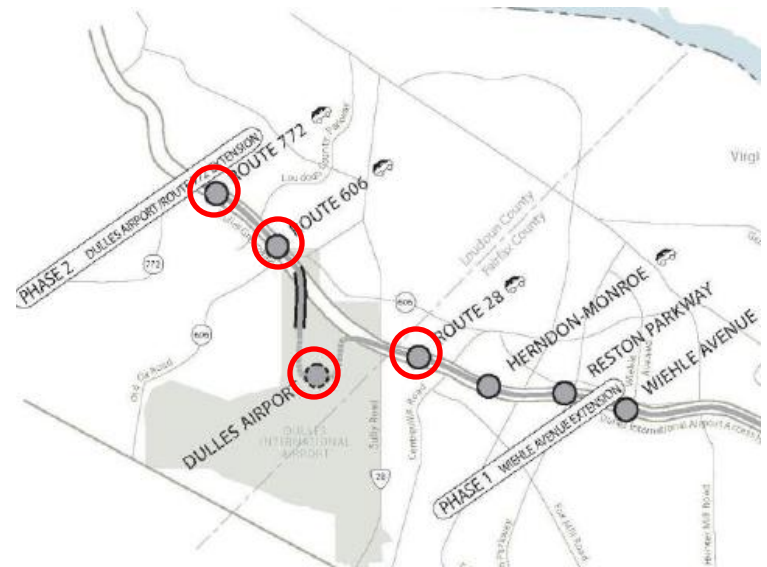
# Market and Fiscal Impact Analysis of the Phase 2 Metrorail Extension to Loudoun County

Loudoun County | April 19, 2011

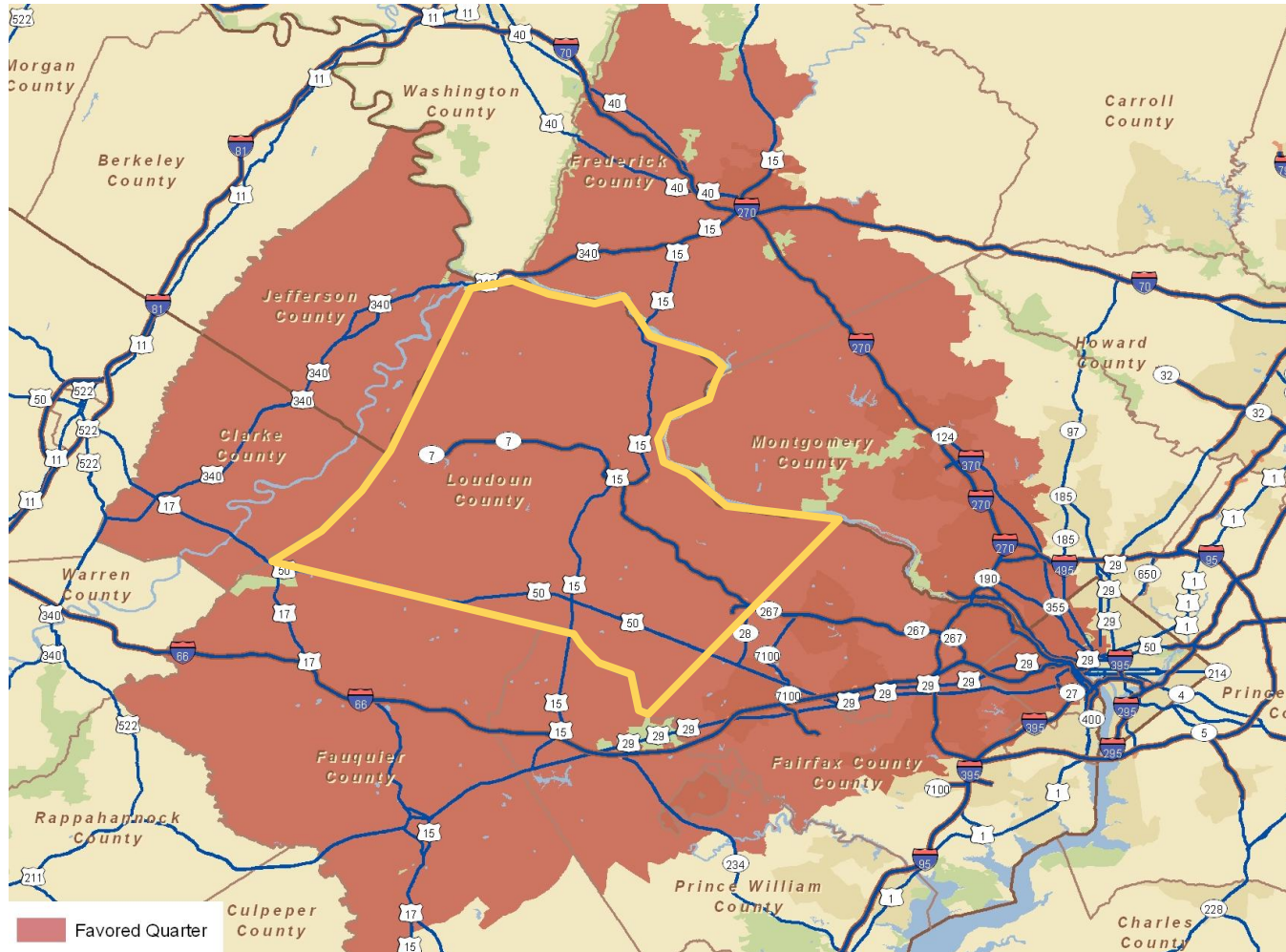


# BACKGROUND AND OBJECTIVES

- ▶ RCLCO (Robert Charles Lesser & Co.) is a national real estate advisory firm based in Bethesda
- ▶ Loudoun County selected RCLCO to analyze development and fiscal impact of proposed Phase 2 Metrorail extension
- ▶ Major tasks included:
  - 30-year forecasts of commercial and residential development at countywide, subcounty, and rail station area levels under 2 scenarios:
    - **“Baseline”** assumes completion of the Phase 1 Extension
    - **“Phase 2 Extension”** assumes completion of the Phase 2 Extension
  - Fiscal impact analysis of development at each station area and countywide, under each scenario



# LOUDOUN WILL GROW WITH OR WITHOUT PHASE 2 COUNTY IS IN THE CENTER OF THE “FAVORED QUARTER”



- ▶ Higher-end housing and office development concentrated in Favored Quarter
- ▶ Greater economic activity makes Favored Quarter an attractive location for development
- ▶ COG projects 44% of household growth and 48% of job growth will occur in Favored Quarter over next 20 years

# BUT RAIL EXTENSION WILL HAVE AN IMPACT

## RAIL REDISTRIBUTES DEVELOPMENT WITHIN A REGION

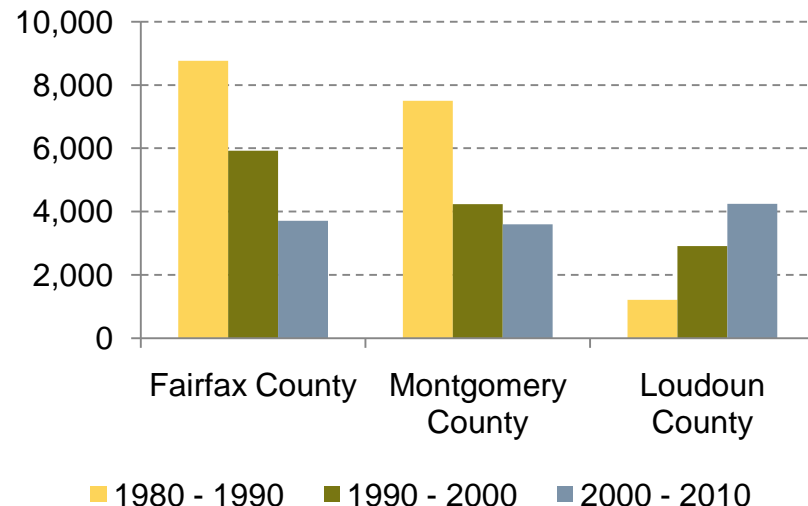
- ▶ Rail extensions do not cause net new development in a metro region
- ▶ Rail service does affect development locations within and between counties
- ▶ Station areas are attractive sites for development
  - ▶ Proximity to rail improves accessibility for residents and employees
  - ▶ Higher gas prices and traffic congestion make transit accessibility even more valuable
- ▶ Development concentrates around station areas and occurs faster than elsewhere—particularly within ½ mile
- ▶ Denser and higher value development is likely around transit stations
- ▶ Property values and rents are higher near Metro stations—in range of 5%-20%

# AS COUNTIES MATURE, GROWTH SLOWS

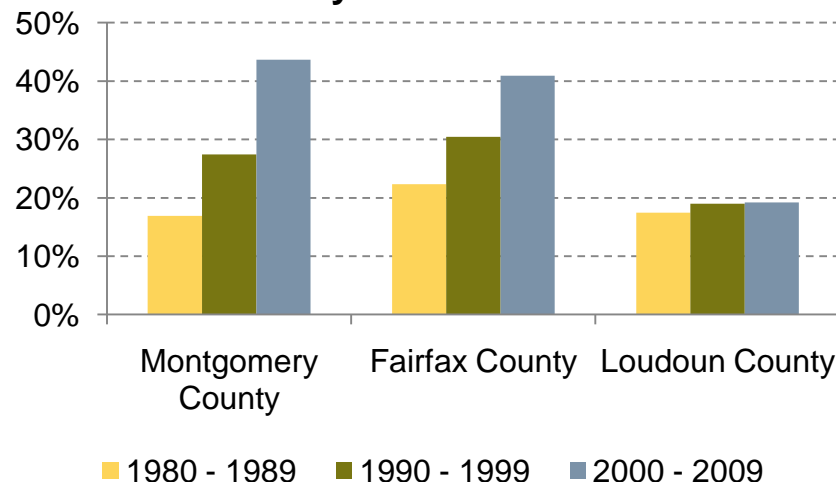
## NEW DEVELOPMENT BECOMES MORE URBAN

- ▶ Growth in the region will result in Loudoun following patterns of closer-in counties such as Fairfax
- ▶ Continued rapid growth, but decreasing share of metro area total
- ▶ Increasingly urban
- ▶ Increasing % of housing units will be multifamily
- ▶ Increasing % of employment growth will be in office

**Annual Growth in Number of Households**



**Multifamily Permits as % of Total**

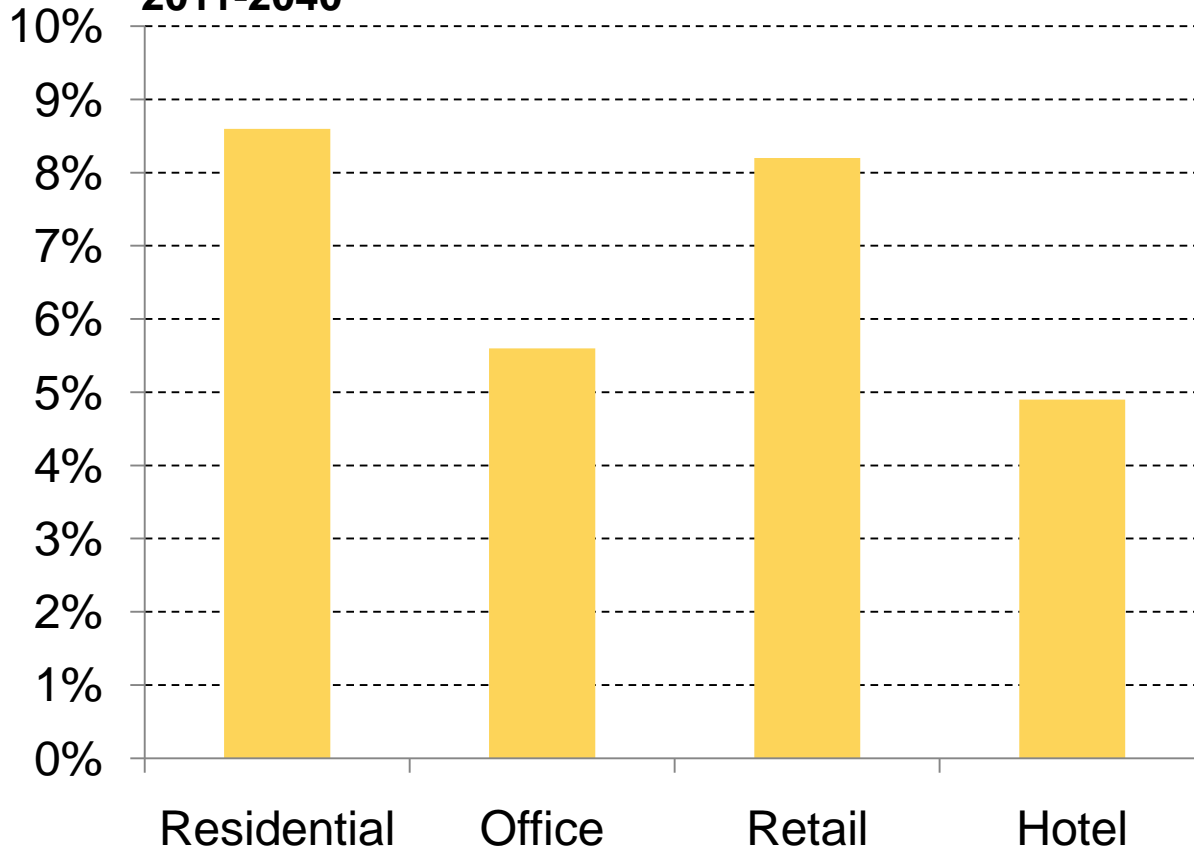


# FISCAL IMPACT MODEL

- ▶ Updated fiscal impact model developed in 2002 for Moorefield Station approval process
- ▶ Includes all revenues and non-capital expenditures associated with real estate development
  - ▶ Does not include capital costs or Metro operating costs
- ▶ Analyzed impact of development *at each station area* under Baseline and Phase 2 scenarios
- ▶ Also analyzed difference in fiscal impact between Baseline and Phase 2 scenarios *countywide*
  - ▶ Only counts “net new” development in Loudoun County due to Phase 2 Extension
- ▶ Model takes account of changes in amount of development, property values, rents, and sales due to the Phase 2 Extension
- ▶ Results in 2010 constant dollars

# TOTAL COUNTY DIFFERENCE

**Percent Difference in Development by Product Type  
Due to Phase 2 Extension  
2011-2040**



- ▶ 4,798 residential units
- ▶ 1,039,000 square feet of office development
- ▶ 647,000 square feet of retail development
- ▶ 219 hotel rooms

# RESIDENTIAL DEVELOPMENT FORECAST

## New Residential Development Forecast by Planning Subarea and Station Area, 2011-2040

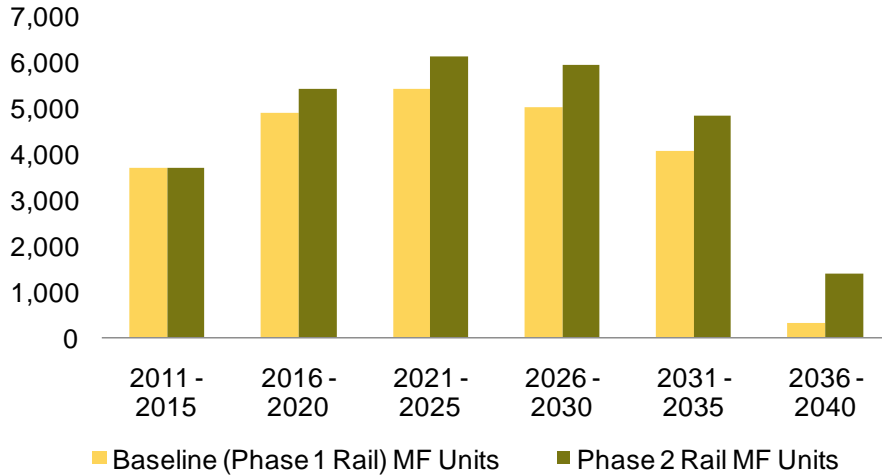
	Baseline	Phase 2	Difference
Ashburn	15,731	19,195	22%
Rt. 606 Station	0	0	0%
Rt. 772 Station	5,303	8,788	66%
Dulles	19,354	19,376	0%
Leesburg	4,562	4,567	0%
Northwest	1,698	1,728	2%
Potomac	627	628	0%
Route 15 North	1,957	1,957	0%
Route 15 South	1,442	1,442	0%
Route 7 West	3,760	3,761	0%
Southwest	718	730	2%
Sterling	6,041	7,304	21%
Route 28 Station	0	1,265	N/A
<b>Countywide</b>	<b>55,890</b>	<b>60,688</b>	<b>9%</b>
<b>Station Areas</b>	<b>5,303</b>	<b>10,053</b>	<b>90%</b>

- ▶ Phase 2 Extension increases housing forecast by 9% (4,798 units) countywide
- ▶ Residential demand is limited by capacity constraints
- ▶ 99% of added housing units projected to be near Metro stations, due to density bonuses
- ▶ Units within ½ mile of Metro projected to receive a 10%-15% value premium and generate less school enrollment

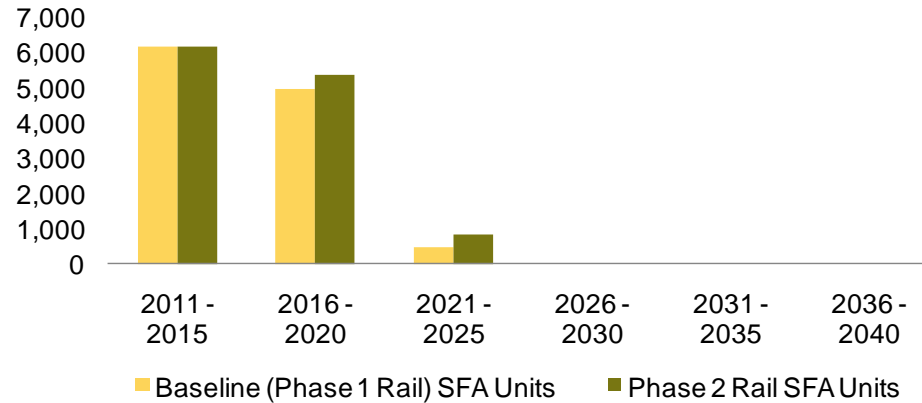


# RESIDENTIAL DEVELOPMENT FORECAST

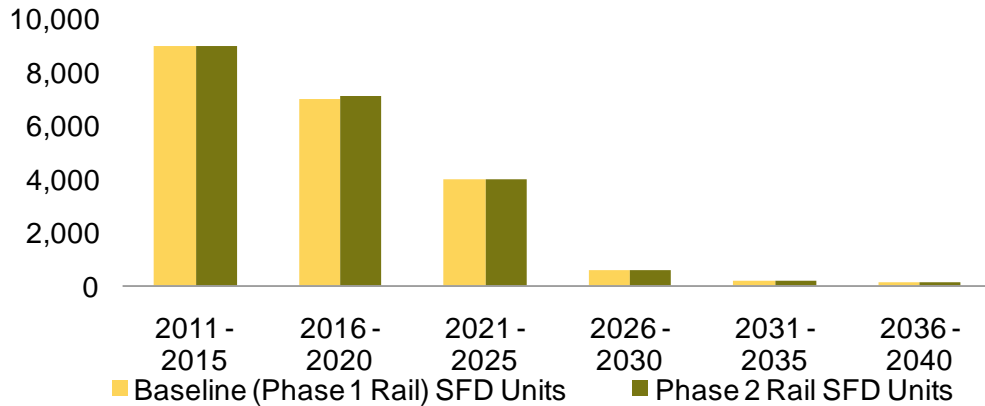
## Multifamily



## Single-Family Attached



## Single-Family Detached



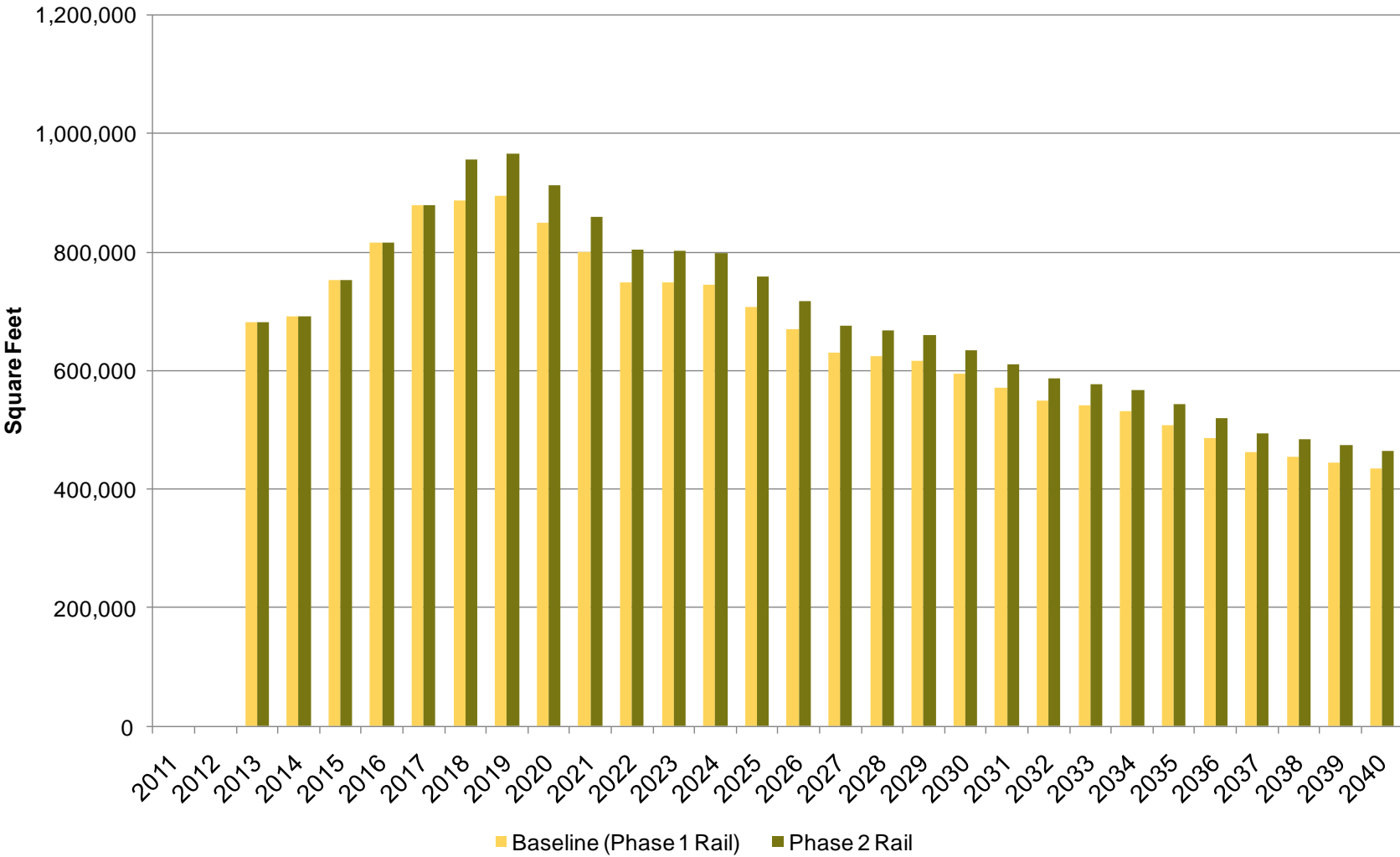
# OFFICE DEVELOPMENT FORECAST

## Office Development Forecast by Corridor and Station Area, 2011-2040 (Square Feet)

	Baseline	Phase 2	Difference
Route 7	4,235,000	3,147,000	-26%
Route 28	4,581,000	5,359,000	17%
Station Area	1,832,000	2,792,000	52%
Route 50	550,000	550,000	0%
Route 267	3,130,000	4,270,000	36%
Station Area	1,252,000	2,459,000	96%
Route 606	1,664,000	2,234,000	34%
Station Area	1,081,000	1,616,000	49%
Route 625	2,418,000	2,055,000	-15%
Other	1,745,000	1,747,000	0%
<b>County Total</b>	<b>18,323,000</b>	<b>19,362,000</b>	<b>6%</b>
<b>Station Areas Total</b>	<b>4,165,000</b>	<b>6,867,000</b>	<b>65%</b>

- ▶ Phase 2 Extension increases office development forecast by 6% (1.039M sq. ft.) countywide
- ▶ Impact at station areas (65%) much greater due to redistribution of office development within county
- ▶ 10%-15% value and rent premium within ½ mile of Metro

# OFFICE DEVELOPMENT FORECAST



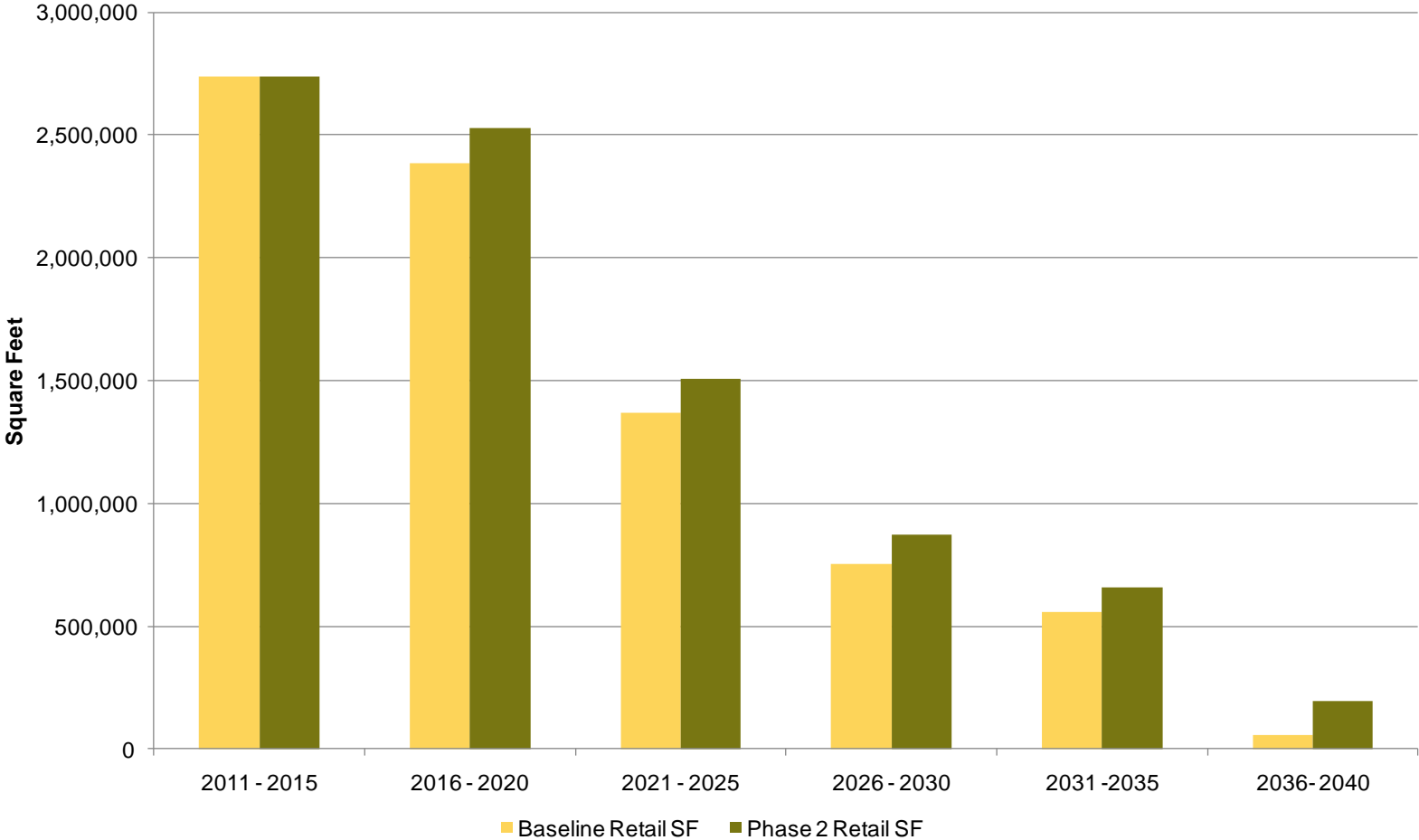
# RETAIL DEVELOPMENT FORECAST

## Retail Development Forecast by Planning Subarea and Station Area, 2011-2040 (Square Feet)

	Baseline	Phase 2	Difference
Ashburn	2,370,600	2,746,980	16%
Route 606 Station Area	47,000	82,000	74%
Route 772 Station Area	95,000	192,000	102%
Dulles	2,556,720	2,615,080	2%
Leesburg	631,990	676,010	7%
Northwest	0	0	0%
Potomac	78,540	85,010	8%
Route 15 North	78,540	85,010	8%
Route 15 South	78,540	85,010	8%
Route 7 West	283,420	295,650	4%
Southwest	0	0	0%
Sterling	1,775,650	1,912,250	8%
Route 28 Station Area	284,000	344,000	21%
<b>County Total</b>	<b>7,854,000</b>	<b>8,501,000</b>	<b>8%</b>
<b>Station Area Total</b>	<b>426,000</b>	<b>618,000</b>	<b>45%</b>

- ▶ Phase 2 Extension increases retail development forecast by 8% (647,000 sq. ft.) countywide
- ▶ Retail development is tied to household growth
- ▶ Retail in station areas projected to be primarily town center retail
- ▶ 0%-4% value, rent and sales premium within ½ mile of Metro

# RETAIL DEVELOPMENT FORECAST



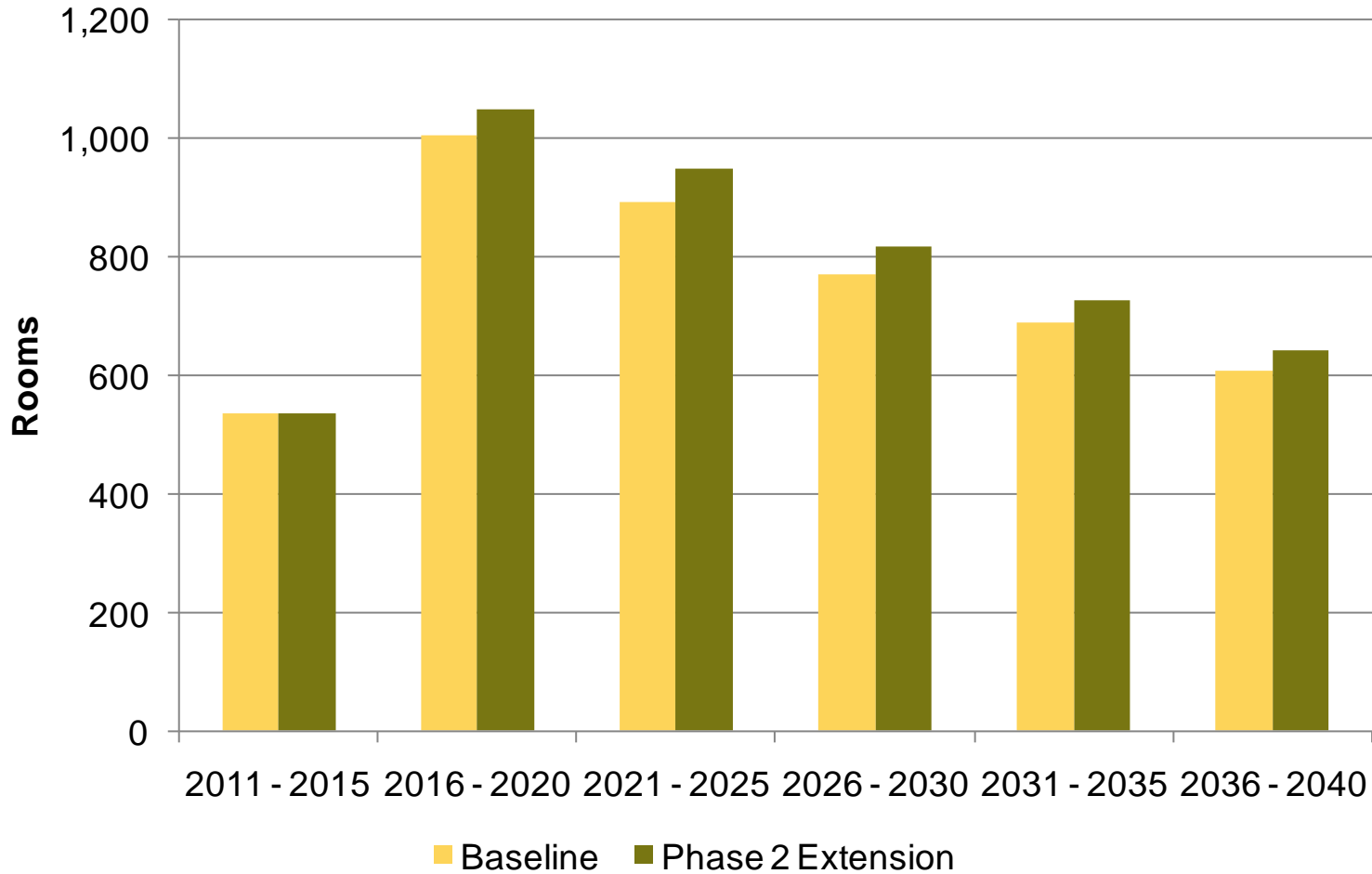
# HOTEL DEVELOPMENT FORECAST

## Hotel Development Forecast by Planning Subarea and Station Area, 2011-2040 (No. of Rooms)

	Baseline	Phase 2	Difference
Route 7	450	472	5%
Route 28	1,801	1,416	-21%
Station Area	540	779	44%
Route 50	225	236	5%
Route 267	675	944	40%
Route 772 Station Area	439	708	61%
Route 606	675	944	40%
Station Area	405	661	63%
Route 625	225	236	5%
Other	450	472	5%
<b>County Total</b>	<b>4,501</b>	<b>4,720</b>	<b>5%</b>
<b>Station Areas</b>	<b>1,384</b>	<b>2,147</b>	<b>55%</b>

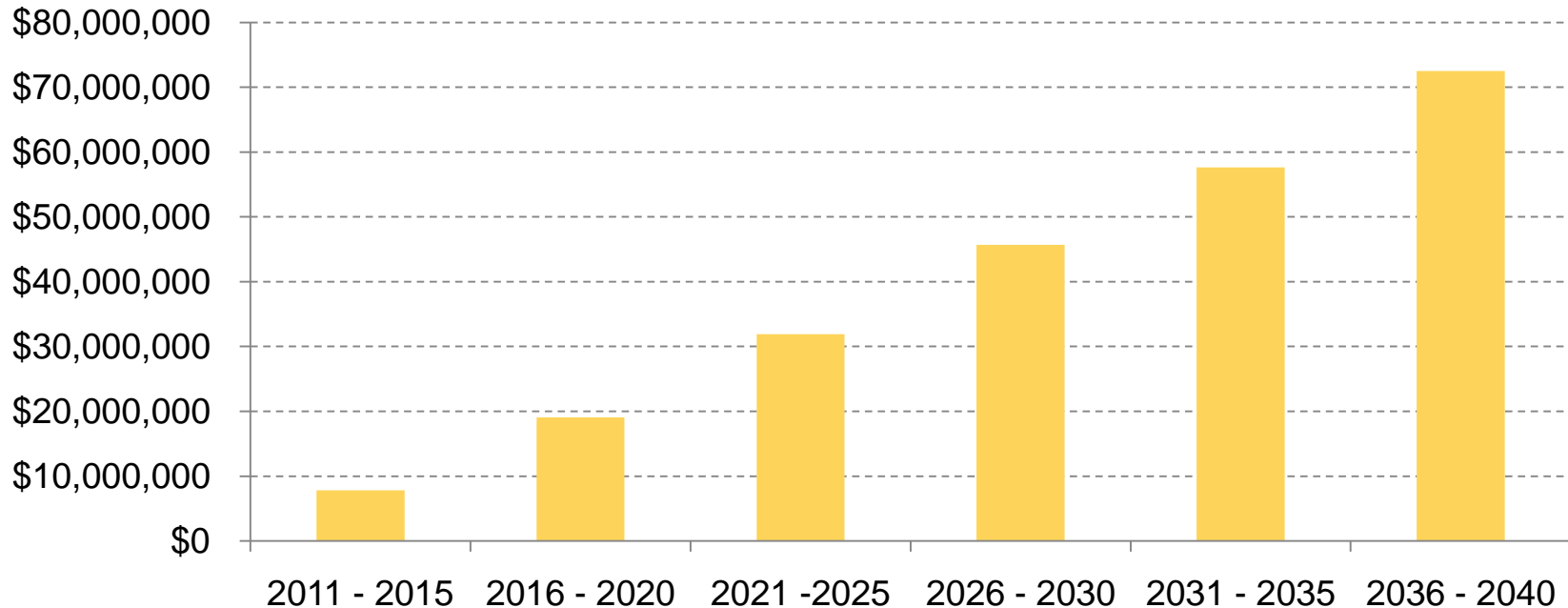
- ▶ Phase 2 Extension increases hotel development forecast by 5% (219 rooms) countywide
- ▶ Hotel development driven primarily by office development
- ▶ Hotel development will concentrate near Metro stations
- ▶ 5%-10% value and room rate premium within ½ mile of Metro

# HOTEL DEVELOPMENT FORECAST



# COUNTYWIDE NET FISCAL IMPACT OF PH. 2 RAIL COUNTS ONLY “NET NEW” DEVELOPMENT

**Net Fiscal Impact of Phase 2 Extension Countywide  
2011-2040**

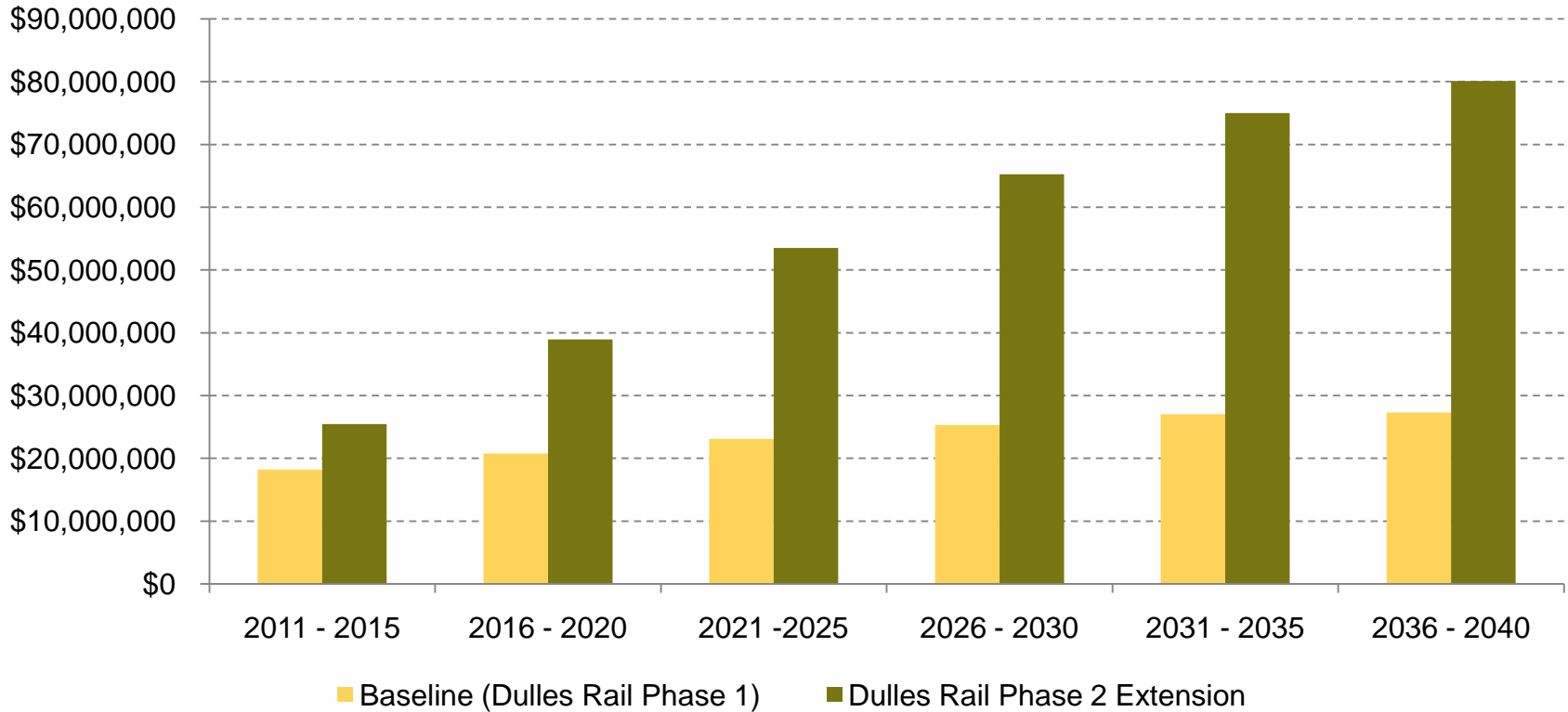


- ▶ Total revenues associated with net new development: \$542,668,000
- ▶ Total expenditures associated with net new development: \$308,111,000
- ▶ Total net fiscal impact estimated to be \$234,577,000 in 2010 dollars



# ROUTE 772 STATION AREA

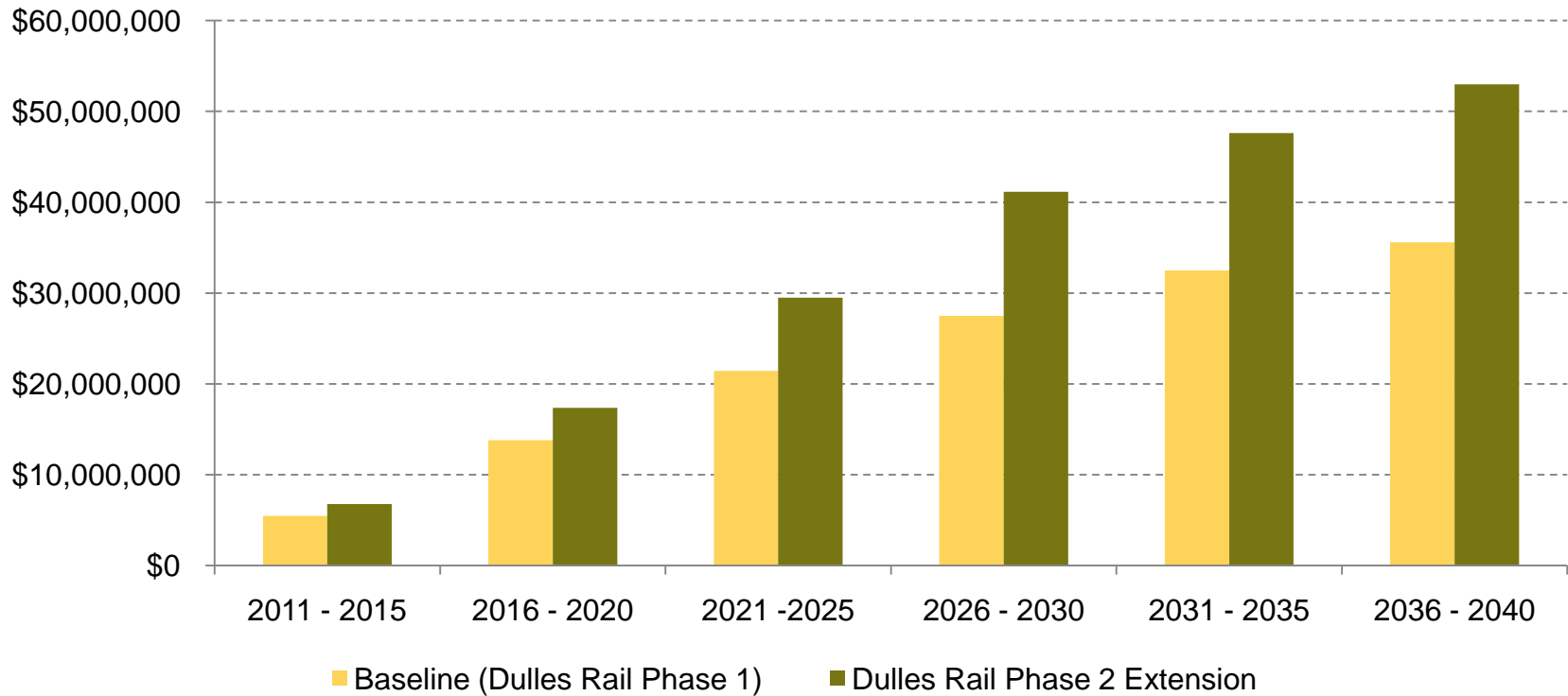
## Net Fiscal Impact of Route 772 Station Area Development 2011-2040



- ▶ Total net fiscal impact of Phase 2 Extension estimated to be \$196,576,000 in 2010 dollars

# ROUTE 28 STATION AREA

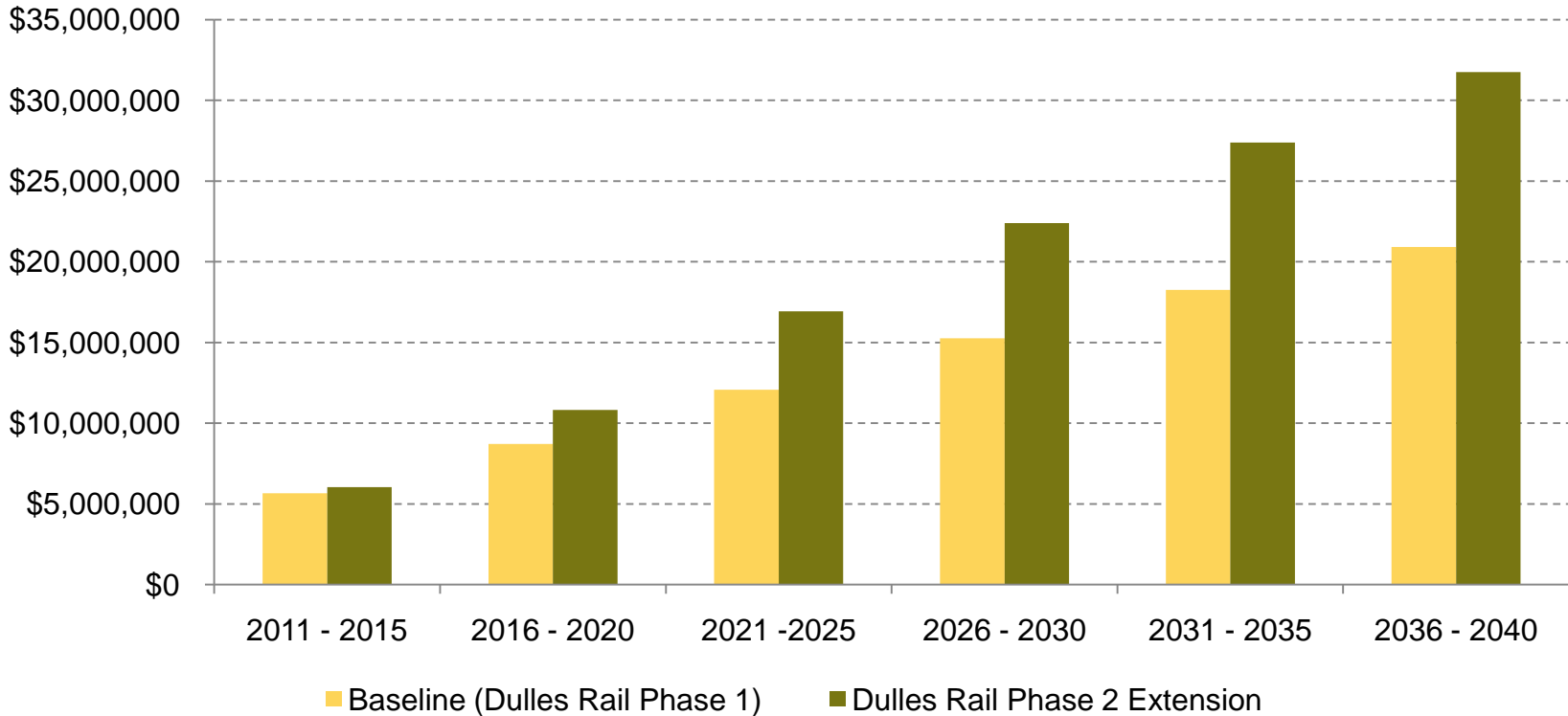
## Net Fiscal Impact of Route 28 Station Area Development 2011-2040



- ▶ Total net fiscal impact of Phase 2 Extension estimated to be \$59,097,000 in 2010 dollars

# ROUTE 606 STATION AREA

## Net Fiscal Impact of Route 606 Station Area Development 2011-2040



▶ Total net fiscal impact of Phase 2 Extension estimated to be \$34,410,000 in 2010 dollars

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