

The Urban Marketplace

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Central Corridor Market Analysis

As part of the planning process for the construction of light rail in the Central Corridor in St. Paul, the city's department of Planning and Economic Development (PED) hired Toronto-based Urban Strategies to create station area plans. As part of that effort, Urban Strategies teamed with consultants from Colliers Turley Martin Tucker to analyze the real estate potential for station areas. I was brought in to work with the Colliers team, with a special emphasis on housing. Our work began in 2006 and has continued in phases through early 2009. Highlights of the proposed line and corridor market analysis are as follows:

- The line will connect downtown Minneapolis with downtown St. Paul along University Avenue. Considering those two major employment centers at either end of the line, as well as the University of Minnesota and numerous diverse neighborhoods in between, the Central Corridor is somewhat exceptional on a national level. The corridor lends itself to significant real estate demand potential, particularly housing.
- Indeed, there is demand for up to 14,000 residential units along the corridor in St. Paul by 2030, including 7,000 units downtown. Demand also exists for 5.6 million square feet of office, 1 million additional square feet of retail and up to 1,000 hotel rooms. The proximity to Interstate 94 and other major roadways greatly enhances the potential for office and commercial development at some station areas.
- One challenge is lack of funding for streetscape improvements and beautification in the project budget. There are some very good station area plans emerging, but a high quality streetscape is a critical component of transit oriented development, and helps create a sense of place.
- Another challenge is the ability for developers to turn a profit without city assistance. A separate analysis, performed by Strategic Economics, revealed that several site-specific development proposals would not be feasible and require a degree of subsidy. This is not unusual in transit oriented developments around the country, as often the city is required to assist in achieving high-quality, mixed-use, walkable places.

Challenges notwithstanding, there is considerable excitement building for the transformative effect rail transit can have on the corridor. There is considerable potential for new development along the line. Construction is set to begin on the light rail line in 2010, and the Central Corridor is scheduled for completion in 2014.

You can find a copy of the Central Corridor Development Strategy here:

<http://joe-urban.com/wp-content/uploads/2007/07/central-corridor-planning-strategy.pdf>

The St. Paul PED website for the Central Corridor, with additional information, is here:

<http://www.stpaul.gov/index.asp?NID=85>

- Sam Newberg is President of Joe Urban, Inc. With over eight years of market analysis experience, including nearly three with his own firm, Sam is well-versed in a variety of real estate types. He also is an established writer, lecturer and active member of the Urban Land Institute. His website is www.joe-urban.com.