DRAFT White Paper

Broadway Boulevard Corridor Revitalization

The Economics of Land Use

Prepared for:

City of Tucson

Prepared by:

Economic & Planning Systems, Inc.

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Economic & Planning Systems, Inc.
2501 Ninth Street, Suite 200
Berkeley, CA 94710-2257
510 841 9190 tel
510 841 9208 fax

Berkeley
Denver
Los Angeles
Sacramento

www.epsys.com

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1. INTRODUCTION AND FINDINGS

The City of Tucson is currently involved in planning and design for transportation and streetscape improvements to Broadway Boulevard between Euclid Avenue and Country Club Road. As part of the process, the City and a Citizens Task Force are reviewing the scope of the Project and will be considering street configuration alternatives. While the City's planning team has only just begun developing initial project alignment alternatives, the team has prepared and presented to the Task Force potential street design configurations that range from four lanes to eight lanes (six vehicle lanes plus two lanes dedicated for bus or other transit).

A preliminary review of the design configurations reveals that even a modest roadway widening, including four lanes of traffic, sidewalks, and streetscape improvements, would require the acquisition of some private property along Broadway Boulevard. A major roadway widening would require significant acquisitions to provide sufficient land for the Project. In addition, the project would repurpose informal customer parking areas for existing businesses located within a public right of way along Broadway.

The discussion of property acquisition and potential parking losses associated with the Broadway Boulevard Project has resulted in heightened sensitivity to the potential economic effects that could result. Today, Broadway Boulevard is an economically viable commercial corridor that supports a mix of retail, office, and other uses. With recognition that the Project is likely to have a significant effect on the current built environment, the question of whether a street project can create enhanced economic and real estate development opportunities has come to the forefront.

The City of Tucson engaged Economic & Planning Systems (EPS), the real estate consultant supporting the Broadway Boulevard Project planning effort, to prepare a White Paper that considers economic development and real estate issues associated with the Broadway Boulevard Project. The White Paper offers a first look at economic vitality opportunities and constraints within the Broadway Corridor, given potential street designs for Broadway Boulevard. *Additional economic and real estate research and analysis, including detailed evaluation of the roadway alternatives, will occur in a later phase of the planning process.* The findings in this White Paper are based on a number of interviews with stakeholders and local experts as well as independent research. After presentation of the **Key Findings** below, the White Paper is organized as described below.

Best Practices and Case Studies

The White Paper commences with a brief economic history of corridors and a summary-level review of corridor revitalization strategies, including "best practices" for achieving economic vitality. The review draws on planning and real estate literature to provide an overview of the range of strategies that might be employed to improve economic performance along Broadway, with or without a major street project. The review is followed by case studies of new real estate development on busy streets, intended to reveal the range and type of new investment that may be achievable on Broadway.

Broadway Corridor Competitive Position

The White Paper also considers local economic and real estate trends to evaluate the socio-economic conditions influencing the investment potential of the Broadway corridor. This high-level real estate market review assesses Broadway Boulevard within the broader Tucson economy and real estate market. The intent of the market assessment is to provide a long-term view of the land uses and development formats that may be market-supportable in the corridor in the future. Recent development activity and local project examples provide an indication emerging trends, though it is important to note that the White Paper does not make conclusions about the market or financial feasibility of near-term development.

Key Findings

1. ***Broadway Boulevard is an economically viable commercial corridor that has adapted over time to evolving physical and market conditions.***

   Despite the presence of a number of obsolete structures and poorly configured parcels, a wide variety of tenants co-exist along Broadway Boulevard and vacancies are relatively limited. Moreover, despite the small number of large developable sites and continued uncertainty surrounding the timing and alignment of the widening project, there continues to be investment in existing properties as well as new construction activity. Relatively recent projects include 840/860 East Broadway (Office Max/Del Taco) built in 2001, 2160/2180 Broadway (Family Dollar/AutoZone) built in 2005, 1821 East Broadway (Starbucks) built in 2006, 1940 East Broadway (Safeway) built in 2006, as well as the multi-family housing (Casitas) at 2121 East Broadway built in 2011. Some single-family dwellings dating back to the first half of the 20th century have been adapted for retail and other uses including child care/education. There is even an example of an automotive repair shop that was creatively adapted in 2003 for use as office space (1202 Studios). The available commercial real estate data indicate that the retail vacancy rate in the Broadway Corridor Study Area is relatively healthy at about 8 to 9 percent.

2. ***While the loss of parking and demolition of buildings associated with the Broadway Boulevard design concept and alignment may create negative economic effects to specific properties, especially in the near term, these may be reversed over time with the advancement of alternative development formats and parking programs.***

   Most recently-built retail projects have taken advantage of large sites, while older retail sites are space constrained. The Safeway and Office Max/Del Taco projects were both built on roughly five-acre sites. The parking ratios achieved at these projects are generous, at over 4 spaces per 1,000 square feet of retail space. By comparison, a number of the older retail strip centers along Broadway are built on small sites with parking ratios less than 2 spaces per 1,000 square feet (e.g., 2235-2245 East Broadway built in 1954). It is not uncommon to find that the older retail centers are actually relying on publically-owned right-of-way land to supplement their parking. Consistent with national trends, the recent developments in the corridor reveal that major retailers generally prefer to develop sites that support larger format stores with ample parking. Such sites are now rare within the Broadway Corridor Study Area.

   Street design tests indicate that even a modest streetscape improvement project along Broadway (that maintains the existing four lanes of traffic) would require use of public right-of-way land (currently used for business parking) and the acquisition of private property.

While formal street alignment alternatives have not been established at this point, the street widths under consideration would impinge on productive land (i.e., parking areas and structures), particularly at "pinch points" along Broadway. The elimination of parking, if not mitigated through coordinated parking programs or other solutions, would negatively impact the economic potential of the affected commercial real estate. The demolition of functional (i.e., occupied) existing buildings also would have localized negative economic effects to the degree that new real estate development, that replaces demolished buildings, does not occur right away.

3. ***There are a variety of corridor revitalization approaches and "best practices" associated with corridor planning that are likely to maximize the potential for economic vitality along Broadway Boulevard.***

   Urban revitalization can take many forms, ranging from modest enhancements to the existing business and the built environments to broad-scale redevelopment. In considering a major roadway project along Broadway, planning and implementing corridor improvements that respond to lifestyle trends and real estate preferences could improve economic vitality and provide social and cultural amenities along Broadway Boulevard in the future. For example, by creating activity centers ("nodes") at discrete points within the corridor, establishing distinct and authentic mixed-use places, calming traffic, and improving the pedestrian environment, among other factors, Broadway Boulevard could become a better place to shop, work, and live, thereby enhancing economic vitality. Such "place-making" efforts are consistent with national trends in real estate development and investment.

4. ***Both local and national project-level case studies reveal that there are a number of examples of successful corridor infill projects in settings similar to Broadway Boulevard.***

   Locally, there are examples of successful infill development occurring along expanded roadways such as Speedway Boulevard. A notable example is the Feast restaurant/catering space on Speedway. Feast moved from another location on Speedway to a bigger space with better parking, a patio, and a private dining room. The Feast building developer tackled the challenges associated with a small parcel by siting the building close to the roadway and providing parking on the side of the structure. Nationally, we see a range of solutions that create desirable urban fabric along busy (often widened) roadways. From a modest Safeway expansion in Berkeley, California, to infill projects in a major automobile corridor in Des Moines, Iowa, developers have proven that infill projects on major streets can be well done. Through context-sensitive designs that connect with their surroundings, establish an authentic place, create visual interest on the street, and/or support the pedestrian environment, new real estate projects in busy corridors can be successful economic and social contributors in the community.

5. ***A primary challenge associated with redevelopment along Broadway Boulevard is parcel depth and proximity to low-density residential areas.***

   Even a modest street improvement project on Broadway will require some property acquisition, a major street project that yields six lanes of traffic and two lanes for transit likely would entail significant property acquisition and building demolition. While a large-scale project would leave some "remnant" land available for commercial development, lot depths would be reduced from current conditions. In addition, these sites are adjacent to residential areas which are sensitive to encroaching commercial uses and higher-density

urban forms. A cursory look at today's site conditions along Broadway suggests that development circumstances in many areas along the corridor are very challenging now, particularly due to the presence of shallow, narrow sites.[1] The development of these smaller sites requires significant up-front development costs associated with site assembly (i.e., acquisition of adjacent parcels to form a larger site), architecture, and engineering. While some niche "micro developers" likely will take on these challenging infill sites over time, major development interests active in Tucson expressed a clear disinterest in pursuing unique, small-scale development projects on Broadway, preferring instead larger development options available elsewhere.[2] If a major street project goes forward along with significant acquisitions and demolitions, the timeframe for full redevelopment of the corridor could be quite extensive due to the site challenges at play, and due to the number and capacity of small-scale developers that would be interested in projects on Broadway.

6. ***Existing and potential future economic development incentives could expedite investment in the Broadway Boulevard Corridor, and a street project might generate additional opportunities for revitalization.***

   The City of Tucson is active in pursuing economic development, including through loan programs, development services programs, and incentive areas (including within the Broadway Boulevard Study Area). It may be appropriate to expand existing programs or to introduce new programs that further encourage investment along Broadway (e.g., infill incentive program, façade program). There also may be new investment opportunities that arise from a street project on Broadway, including city-owned land assemblages and zoning changes. Adjacent remnant parcels that are acquired for the project might be combined into desirable building sites and returned to the private sector for development. A zoning overlay might be used to refine parking requirements or potentially to increase development allowances such that development feasibility is improved.

7. ***Larger sites close to local demand drivers are best positioned for investment.***

   Despite the challenges associated with real estate development in general within the Study Area, there are some sites that appear relatively well-positioned for development investment. Larger, underutilized parcels may offer opportunities to create mixed-use activity centers in the Broadway Corridor. Executed well, new projects would leverage the existing urban fabric and historic character of the corridor. Most notably, vacant and underutilized sites at the western end of the study area, close to downtown and the University area may be attractive for development of an urban village concept or lifestyle-oriented retail/restaurant project.

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[1] Note that a future phase of analysis associated with the Broadway Boulevard Planning Study will assess the physical feasibility of development on the types of building lots that would become available after a major roadway project right of way (e.g., 6+2 lanes) is established. The assessment will seek to identify a range of design solutions to accommodate new buildings and parking.

[2] Tucson developer interviews conducted during December 2013.

2. BEST PRACTICES AND CASE STUDIES

This Chapter provides a broad-brush overview of corridor revitalization efforts in the United States and supporting case studies designed to illustrate the spectrum of economic opportunities applicable to Broadway Boulevard and adjacent properties. The goal is to provide an economic context for considering how the corridor might adapt to various transportation and streetscape improvements on Broadway Boulevard over the long term.

Economic Context of Suburban Corridors

Most of the suburban corridors that exist today in the U.S. date back to the beginnings of widespread suburbanization that accelerated during the 1950s. In the aftermath of both World War I and II, the United States experienced a dramatic exodus of young families from city centers to outlying areas. Newly-settled suburban households created new market areas for enterprising retailers. The development of automobile-oriented "strip centers" brought convenient shopping opportunities to recently-formed residential communities.

In addition to the appeal of desirable new single-family housing in safe neighborhoods, there were other factors influencing land use patterns and retail formats at that time, including:

- Interstate highway system;
- Federal home mortgage program;
- Tax codes; and
- Commercial zoning.

By the 1980s, with the automobile firmly entrenched in American land use patterns, retailers sought to locate stores in large concentrations close to highways. Developers constructed regional malls at large sites near freeway interchange locations. Building on this trend, big-box and superstore-anchored centers later became a highly successful suburban shopping format.

The evolution of retailing away from suburban strip centers toward big-box supercenters has resulted in a competitive disadvantage for commercial uses along many suburban corridors. Today, in most U.S. locations, strip centers struggle to compete and commonly suffer from disinvestment as higher-value retail tenants seek out spaces in large, highly-accessible retail clusters or, conversely, in revitalizing urban cores.

Trends in Corridor Revitalization

With mid-20th century corridors facing increased competition from modern shopping and business centers, as well as rejuvenated downtowns in some cases, cities around the country have taken on the challenge of corridor revitalization. Corridor revitalization strategies and plans vary greatly in response to the specific local conditions, trends, opportunities, and constraints at play. Some revitalization strategies focus on simple, low-cost approaches to sustaining existing economic activity, while corridors that have suffered major economic decline require more aggressive strategies to attract investment. Examples of revitalization approaches, across the range of intensity include:

- Business Retention / Attraction Strategies
- Property and / or District-wide Tenanting Strategies
- Financial Incentives (e.g., grants / loans)
- Regulatory Incentives (e.g., parking, height, allowable uses)
- Marketing (e.g., branding, Sunshine Mile, "buy local")
- Streetscape Improvements
- Transportation Improvements
- Rehabilitation / Reuse (e.g., historic preservation, façade program)
- Infill Development and Re-Development

These types of corridor revitalization can be undertaken by the public sector, private sector, or in many cases through a public-private partnership.

Best Practices in Corridor Revitalization

Planning and real estate professionals who have studied the challenges and opportunities associated with corridor revitalization have established guiding principles for corridor planning. While these "best practices" do not apply to all corridor strategies, in general, the guidelines provide good principles for addressing the challenges associated with repositioning existing corridors to be more competitive in the face of competition from major retail/business centers.

Figure 1 Corridor Revitalization Best Practices

1. Figure Ignite Leadership and Nurture Partnership
2. Anticipate Evolution
3. Know the Market
4. Prune Back Retail-Zoned Land
5. Establish Nodes of Development
6. Tame the Traffic
7. Create the Place
8. Diversify the Character
9. Eradicate the Ugliness
10. Put Your Money Where Your Policy Is

Source: Urban Land Institute

For the purposes of this White Paper, the best practices (5) Establish Nodes of Development, (7) Create the Place, and (8) Diversify the Character seem particularly relevant to the Broadway Corridor.

The concept of a "node" of development comes from the field of urban planning and design. A well-accepted definition of the term comes from academic and professional planner Kevin A. Lynch (The Image of the City, 1960). Lynch is credited with defining a node as:

"…points within the city, strategically located, into which the individual enters and which is often the main focal point to which she or he is traveling to or from. There are often junctions - a crossing or converging of paths. They often have a physical element such as a popular hangout for the individual or a plaza area."

The concept of the node is important to corridor revitalization, and relevant within the Broadway Boulevard corridor, because a corridor's primary purpose is conveyance. The establishment of stronger place nodes, with a critical mass of land use intensity and mix of use, can create successful environments for economic activity within a corridor such that they become destinations in their own right.

Related to the importance of nodes is the concept of "placemaking." In addition to creating better urban design, placemaking encourages cultural, social, and environmental investments that help to define a place and support its overall sustainability. Recent development along Broadway, in many cases, has offered little design distinction and failed to provided community benefits beyond the primary purpose of the development (e.g., public spaces). In revitalizing Broadway, there may be a role for unique structures, uses, and public spaces that support a more inviting and community-supportive fabric.

The Broadway Boulevard Corridor might also benefit from a greater diversity of uses. Today, Broadway is dominated by retail along with a minimal amount of related service commercial and office uses. Mixed-use development, that brings more residential and possibly offices, hospitality, entertainment, cultural, and civic spaces into the corridor, is one potential approach to the establishing strengthened nodes and a "sense of place" within the corridor.

These corridor revitalization strategies are consistent with well-established and emerging trends in consumer preferences and retail. Increasingly, consumers are seeking multi-faceted retail experiences that include opportunities to "play, eat, be entertained, and engaged."[3] For example, in the past decade the retail "lifestyle centers" have enjoyed a meteoric rise in popularity. These centers are typically outdoor/pedestrian oriented formats, tenanted with upscale retailers and restaurants, commonly offering entertainment. Particularly due to the rise of on-line shopping (and bargain big-box retail), many retailers are competing for business by locating in richer environments where people want to spend their time and money.

[3] Shopping 'Til We Drop, Cheryl Pearson-McNeil

Case Studies

This section presents a variety of recently-constructed, improved, or otherwise relevant real estate projects on busy or widened streets. While not perfect "comparables" for projects on Broadway, the case studies seek to illustrate the spectrum of real estate investment, reuse, and development activity that might occur over the long-term, including the design approaches that might be employed to create attractive urban fabric within a suburban corridor setting. The following case studies cover both local and national examples.

1202 Studios – Broadway Boulevard

Property Type:	Office-Freestanding
Size:	6,540 Square Feet
Year Built:	1988 (Renovated 2003)
Land Area:	0.4 Acres
Tenancy:	Owner-occupied
Context:	Broadway Blvd.

Notes:

An example of the creative adaptive reuse of an automobile repair shop on Broadway into an owner-occupied office space.
(Architect: DesignBuild Collaborative)


Source: Google


Source: EPS

Feast Building – Speedway Boulevard

Property Type:	Retail-Restaurant
Size:	3,242 Square Feet
Year Built:	2012
Land Area:	0.7 Acres
Tenancy:	Single-Tenant
Context:	Speedway Blvd.

Notes:

An example of small-scale infill retail on a shallow site, the building comes up to the street with an urban setback; parking is on the side and in back of the building.

Bentley's Building– Speedway Blvd.

Property Type:	Retail-Freestanding
Size:	1,610 Square Feet
Year Built:	1960
Land Area:	0.07 Acres
Tenancy:	Single-Tenant
Context:	Speedway Blvd.

Notes:

An example of a small, viable retail use that remains after road widening. Side parking lot is shared with neighboring retail stores, as part of the larger Nob Hill Center.

Safeway – Berkeley, CA

Property Type:	Retail-Supermarket
Size:	45,000 Square Feet
Year Built:	1965 (Renovated 2012)
Land Area:	2.09 Acres
Tenancy:	Single-Tenant
Context:	Shattuck Ave Arterial and Shopping District

Notes:

An example of conversion of a traditional suburban food store to a more urban form; renovations brought the building to the road creating visual interest on the street, provided bicycle parking, and reconfigured the parking lot.

Safeway Renovation Completed 2012

Source: EPS

BEFORE RENOVATION

Source: Google

AFTER RENOVATION

Source: Google M

Source: EPS

Adio Building – Des Moines, IA

Property Type:	Office
Size:	14,500 Square Feet
Year Built:	2009
Land Area:	0.39 Acres
Tenancy:	Single-Tenant
Context:	Four lane road with additional turning lanes


Source: CoStar

Notes:

An example of an attractive urban infill office project on a busy street corridor; the 3-story building is sited near the street and parking is provided in back. Previously, the site had supported a residential structure, which became out of place in the corridor.


Source: Google Maps

2105 Ingersoll Ave – Des Moines, IA

Property Type:	Retail – (Strip Center)
Size:	7,500 Square Feet
Year Built:	2012
Land Area:	0.39 Acres
Tenancy:	Single-Tenant
Context:	Four lane road with additional turning lanes

Notes:

An example of a small retail center that uses modern design, with contrasting façade materials and streetscape plantings to create visual interest. The building is sited near the street and parking is on the side and in back.

Mosaic District – Fairfax, VA

Property Type:	Mixed-Use
Size:	Over 1.9 million Square Feet
Year Built:	2012
Land Area:	31.0 Acres
Tenancy:	Multi-Tenant
Context:	Major arterial road widening from four to six lanes along Gallows Road and Route 29 (0.8 miles)

Notes:

An example of a large-scale mixed-use project on a major arterial; includes 500,000 square feet of retail, 73,000 square feet of Class-A Office Space, 1,000 residential units, 112 townhomes, and a 148-room boutique hotel. The design of the project capitalized on a road widening project (to six lanes) that expanded vehicular capacity and access.

Source: Dyal and Partners

3. BROADWAY CORRIDOR COMPETITIVE POSITION

While relatively slow-growing as compared with Pima County and the State of Arizona overall, Tucson has seen notable real estate investment in recent years. Most significantly, there have been a number of major real estate developments (and renovation projects) in the downtown and areas proximate to the University of Arizona. The University has been a key driver of investment, with student housing needs generating a multifamily housing boom in the city. In addition, consumer preferences for urban living and public investments in the modern streetcar project have propelled urban projects around downtown. Though outside of the downtown and University areas, the Broadway Boulevard Corridor is proximate to these evolving areas, and well-positioned for investment in the future. This section provides a summary-level overview of socio-economic and real estate market trends relevant to the long-term economic performance of Broadway Corridor.

Socio-Economic Conditions

The following figures present population growth, median age, and household income in Tucson, as compared with Pima County and the State of Arizona overall.

The data reveal that Tucson is relatively slow growing, with only about 7 percent population growth 2000 to 2011, versus over 23 percent statewide. With Pima County data showing over 15 percent growth during this time period, it appears that suburban growth is outpacing urban infill by a wide margin within the region.

Figure 2 Population Growth 2000-2011

	Tucson	Pima County	Arizona
Population Change	34,282	130,435	1,206,741
Population Growth Rate	7.0%	15.5%	23.5%

Source: Headwaters Economics and U.S. Census Bureau

The population age data show that Tucson is a youthful place, with a median age of 33, lower than the county or state. Undoubtedly, this fact is attributable to the presence of the 40,000-student University of Arizona, directly through student enrollment as well as indirectly through the cultural environment it helps foster. The young-adult demographic is typically more supportive of higher-density in-fill development. By comparison, the average age in Pima County overall is nearly 38, higher than statewide.

Figure 3 Median Population Age 2000-2011

	Tucson	Pima County	Arizona
2000	32.1	35.7	34.2
2011	33.0	37.5	35.7

Source: Headwaters Economics and U.S. Census Bureau

Relative to the County and the state overall, incomes are somewhat low in Tucson. The per-capita income of the Tucson population is roughly four fifths (80 percent) of that observed countywide and statewide. Median household income in Tucson is 80 percent of median household income in Pima County and only 74 percent of household income in Arizona overall. While some of the differential in income is explained by the student population, university students only make up about 8 percent of the city population.

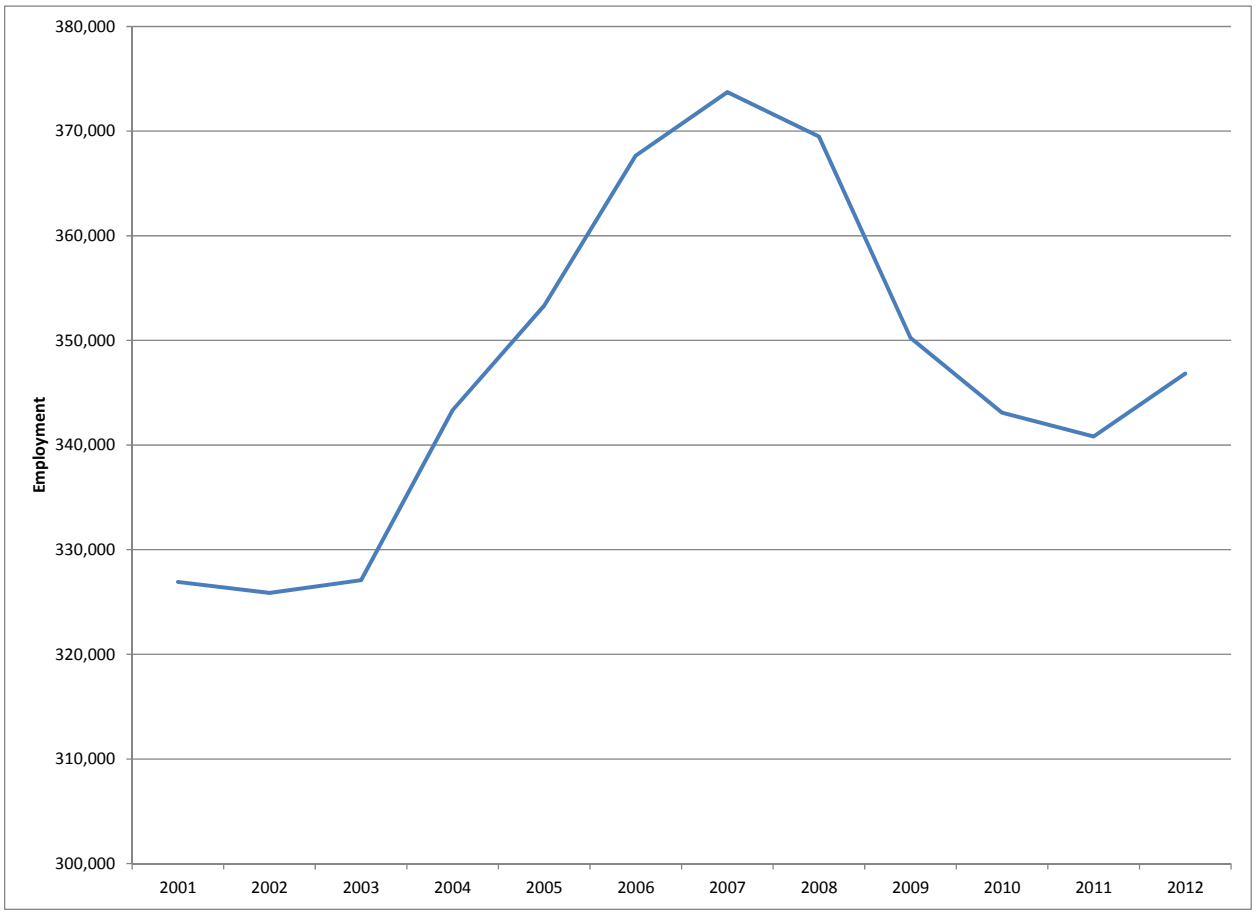
Figure 4 Household Income

	Tucson	Pima County	Arizona
Per Capita Income	$20,460	$25,477	$25,784
Median Household Income	$37,448	$46,341	$50,752

Source: Headwaters Economics and U.S. Census Bureau

The employment trend in Pima County closely followed the recent national economic cycle, with strong job growth leading up to a peak in 2007, the start of the recession. The county lost nearly 9 percent of total jobs between 2007 and 2011. Data from 2012 suggest that economic recovery has taken hold and that employment levels are again on the rise in the region.

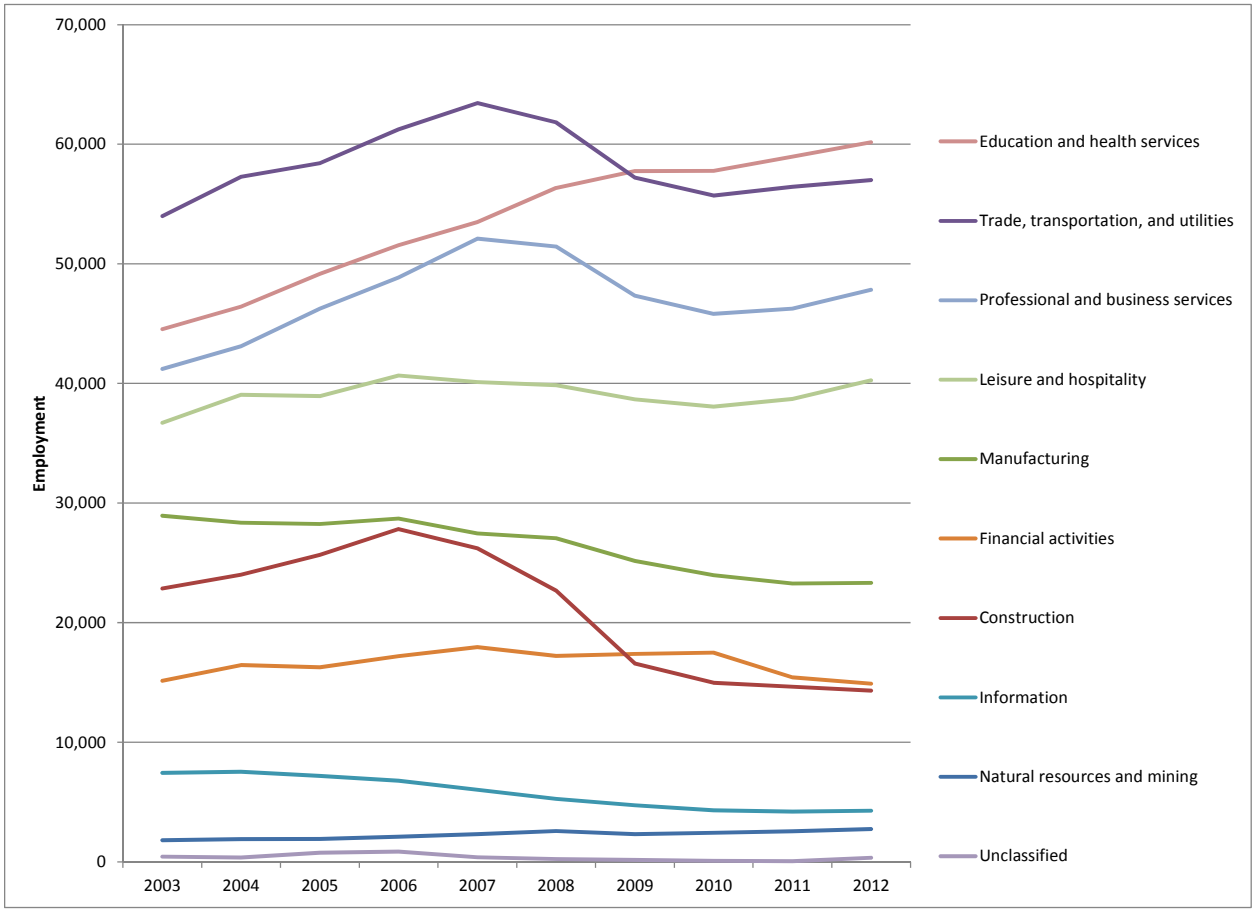
Figure 5 Pima County Employment Trend



Source: US Bureau of Labor Statistics

Looking at industry-level trends, the employment data reveal that the Trade, Transportation, and Utilities industry has suffered markedly in recent years. Once Pima County's top employer, this industry has contracted, losing over 7,700 jobs between 2007 and 2010. Also notable is the effect of the recession on the Construction industry, which lost nearly 12,000 jobs between 2007 and 2012. On the bright side, the Education and Health Services industry has grown steadily, including through the recession, to become the county's number one employer.

Figure 6 Pima County Private Sector Employment by Industry

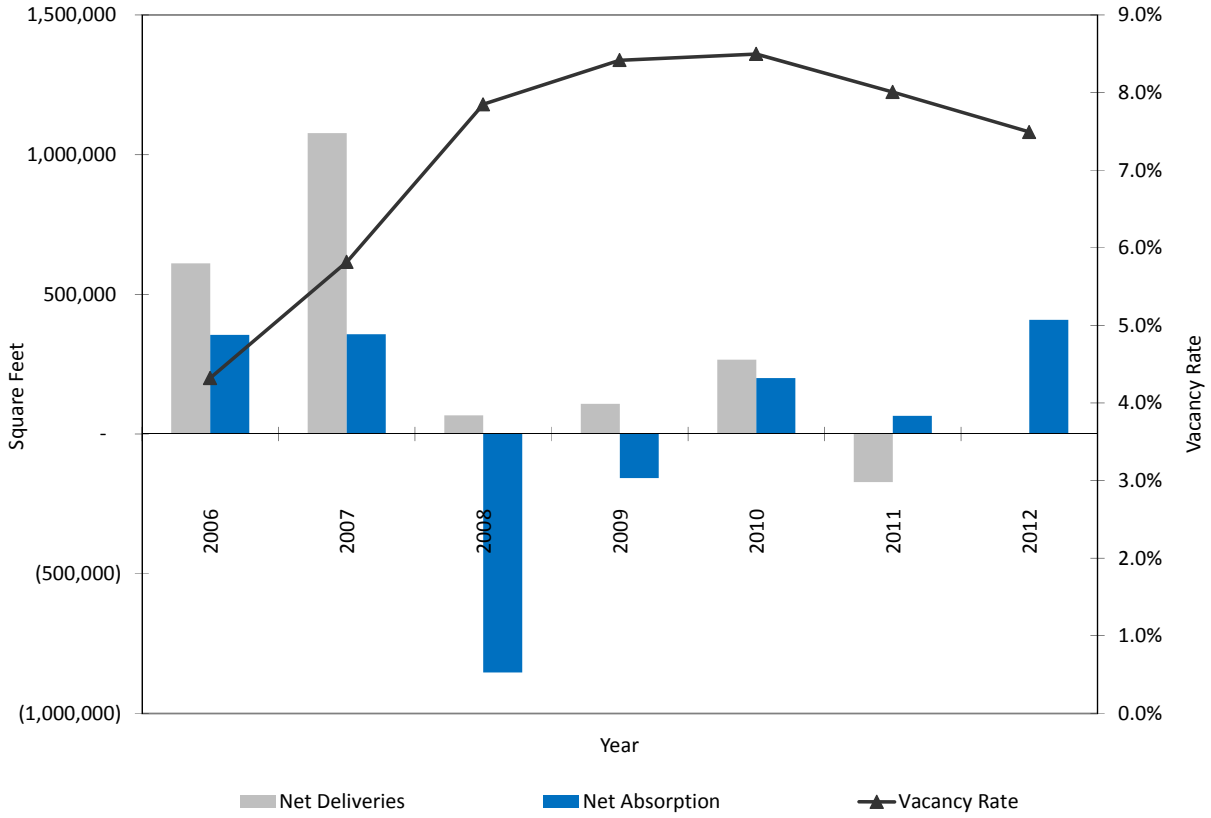


Source: US Bureau of Labor Statistics

Real Estate Trends

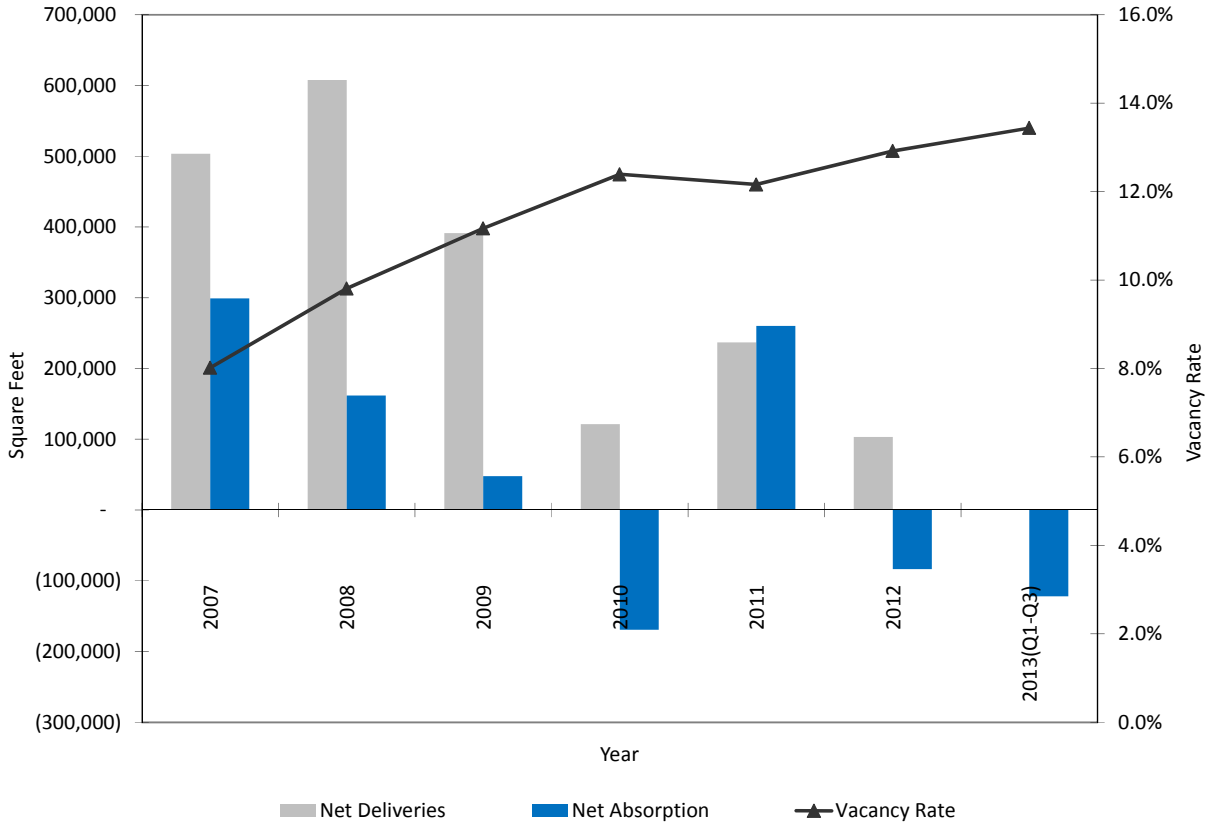
This section looks at real estate supply and demand dynamics in Tucson and within the Broadway Boulevard Corridor Study Area more specifically. The data reveal that Tucson's retail real estate market is fairly healthy with relatively low vacancy, though vacancy today is dramatically higher than before the recession. Retail vacancy peaked in 2011 and has been improving since. The City's office market trend is less encouraging, with near-steadily increasing vacancy since 2006. Both the citywide retail and office markets have been affected in recent years by significant increases in supply (i.e., project deliveries) as well as negative net absorption (i.e., decreases in occupied space).

Figure 7 City of Tucson Retail Market



Source: CoStar Group

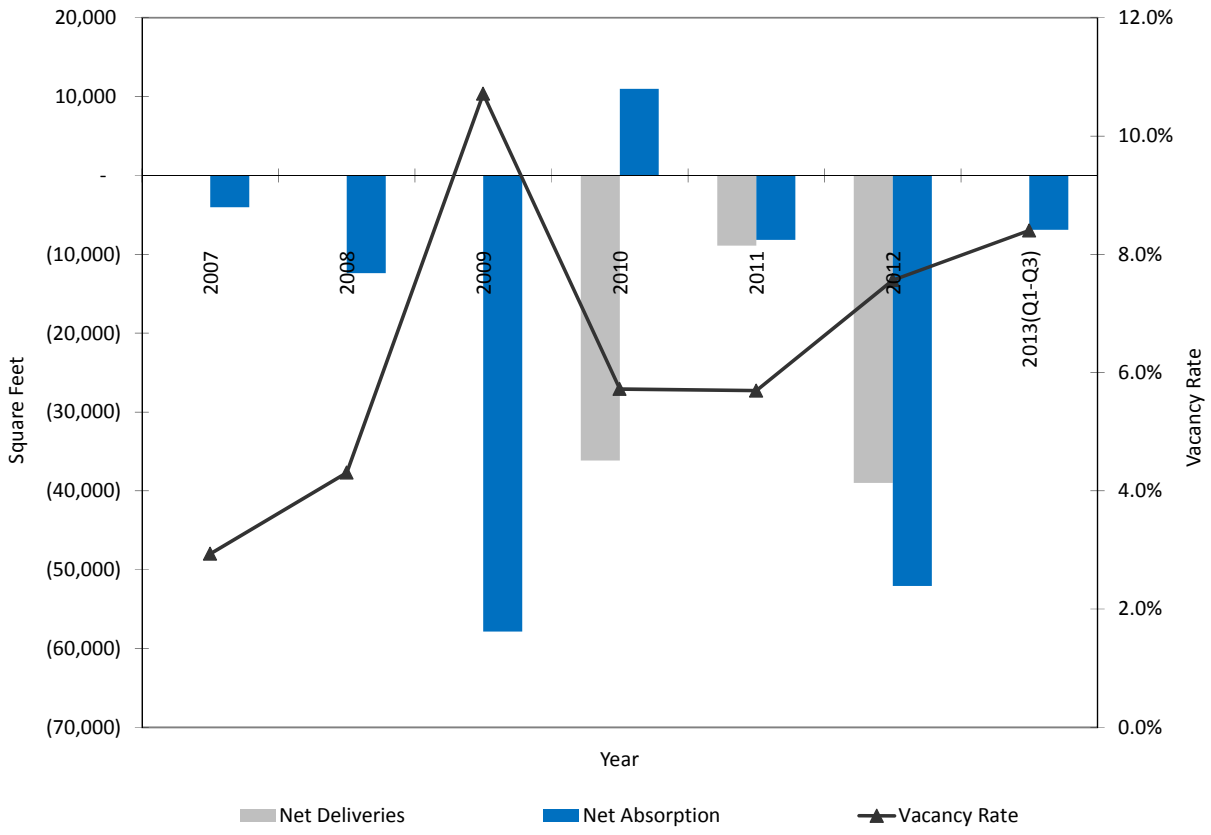
Figure 8 City of Tucson Office Market



Source: CoStar Group

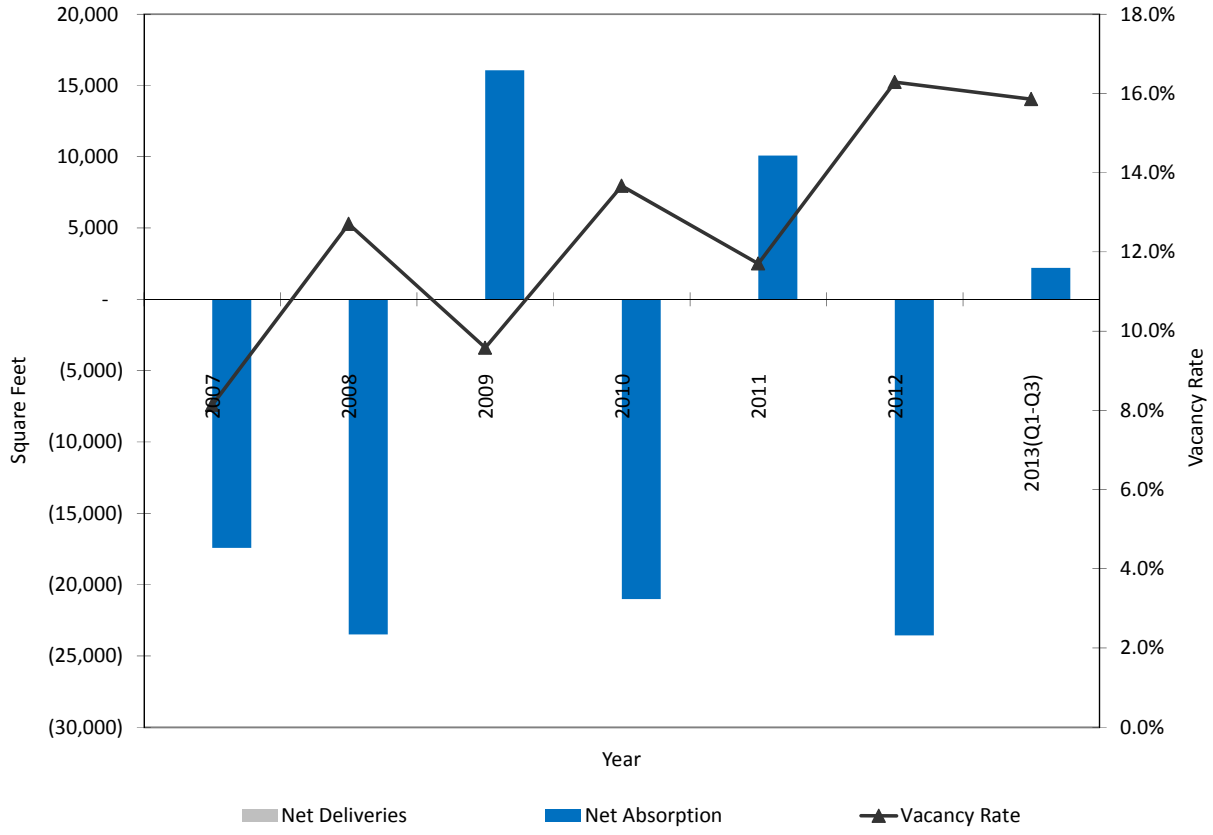
Within the Broadway Boulevard Corridor Study Area, the available commercial real estate data indicate a similar finding to the citywide data, which is that the retail market is relatively healthy while the office market is struggling with somewhat high vacancy. A key difference between the Broadway Boulevard Corridor and the city, however, is that the Study Area has not supported the recent construction activity seen elsewhere. Since 2007, there have been no retail or office product deliveries in the Broadway Boulevard Study Area. In fact, the retail market has been able to maintain a relatively healthy vacancy rate despite decreases in occupied space because there have been demolitions that have reduced the amount of retail space in the market. In considering the potential of the Broadway Corridor to support new development, the lack of consistent positive net absorption (i.e., overall increases in occupied space) is a concern, though the characteristics of the space available today and the uncertainty surrounding the Broadway Boulevard Street Project may explain the apparent disinvestment in the corridor.

Figure 9 Broadway Boulevard Corridor Retail Market



Source: CoStar Group

Figure 10 Broadway Boulevard Corridor Office Market



Source: CoStar Group

Profiles of Most Recently-Constructed Retail Projects in the Broadway Corridor

Below, profiles of the six most-recently-developed retail buildings along Broadway Boulevard within the Study Area illustrate the character of new development. There have not been office projects in recent years and no new commercial development is known to have occurred on Broadway in the Study Area since 2006.

840 East Broadway

Property Type:	Retail - Fast Food
Center Name:	Del Taco
Size:	2,446 Square Feet
Year Built:	2001
Land Area:	1 Acre
Tenancy:	Single Tenant

860 East Broadway

Property Type:	Retail - Freestanding
Center Name:	Office Max
Size:	20,370 Square Feet
Year Built:	2001
Land Area:	3.56 Acres
Tenancy:	Single Tenant

2160 East Broadway

Property Type:	Retail - Freestanding
Center Name:	Family Dollar
Size:	6,500 Square Feet
Year Built:	2005
Land Area:	0.57 Acres
Tenancy:	Single Tenant

2180 East Broadway

Property Type:	Retail - Freestanding
Center Name:	Auto Zone
Size:	6,300 Square Feet
Year Built:	2005
Land Area:	0.69 Acres
Tenancy:	Single Tenant

1821 East Broadway

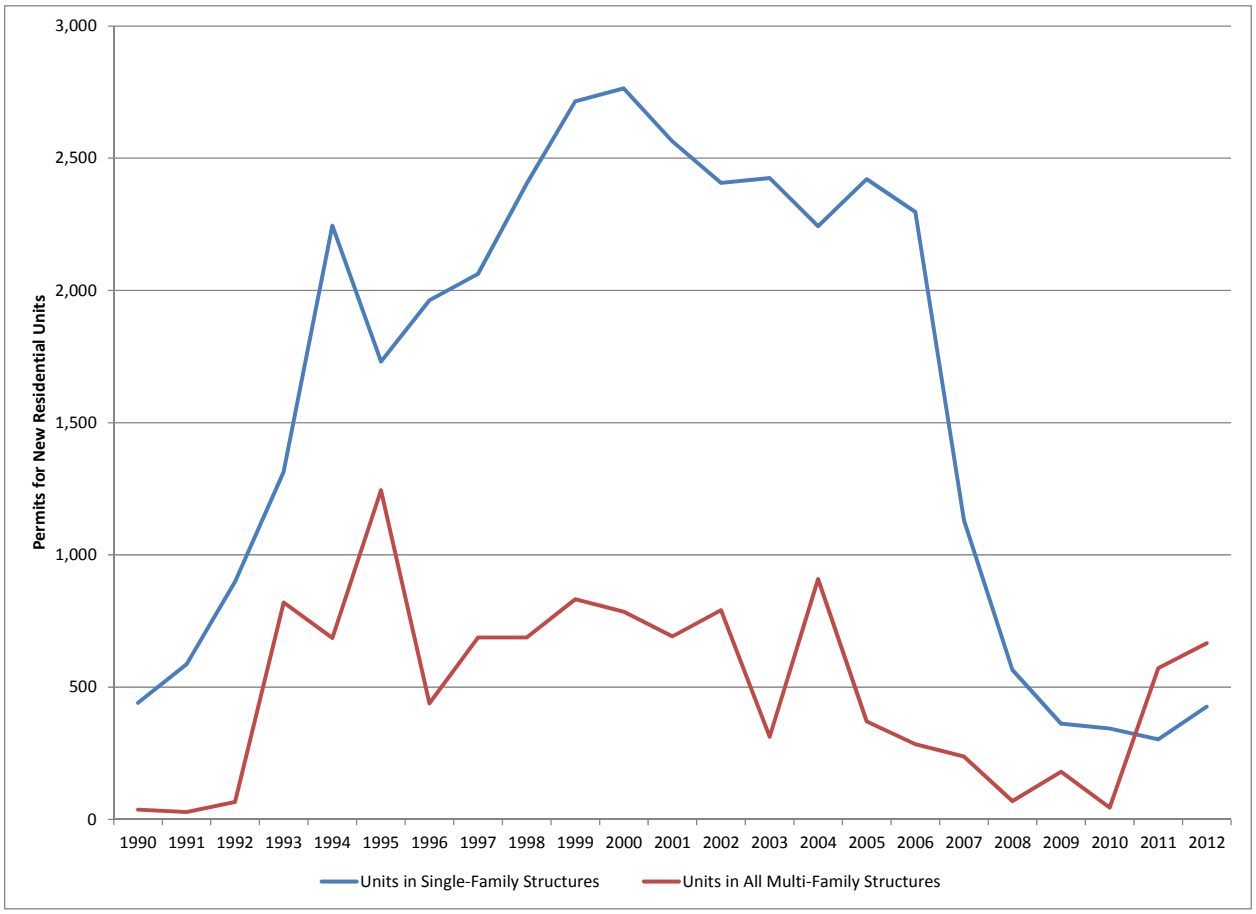
Property Type:	Retail - Freestanding
Center Name:	Starbucks
Size:	6,300 Square Feet
Year Built:	2006
Land Area:	0.16 Acres
Tenancy:	Single Tenant

1940 East Broadway

Property Type:	Retail - Supermarket
Center Name:	Safeway-Thrifty
Size:	6,300 Square Feet
Year Built:	2006
Land Area:	4.59 Acres
Tenancy:	Single Tenant

Like much of the country, the new construction of housing in the City of Tucson has slowed dramatically since the recent recession. Since 1990, Tucson's peak residential permitting year was 2000, with over 3,500 hundred permits for new residential units issued. There was gradual slowing in new housing permits between 2000 and 2007. Between 2007 and 2008, permitting fell dramatically, by more that 50 percent. In 2011, multifamily permitting picked up after hitting a low of 44 permits in 2010. Single-family residential permitting bottomed out in 2011 at about 300 units citywide, but showed a modest increase from that low in 2012. With the recovering housing market, changing demographics, and shifting preferences for more urban living, there may be opportunities for mixed-use urban village concepts within the Broadway Corridor. While, the student housing market appears to be well satisfied over the near term, given recently-developed and under construction projects, there may be longer-term (7 or more years) opportunities for multifamily housing for students as well as other demographic groups (e.g., empty nesters seeking urban amenities).

Figure 11 City of Tucson Residential Permitting



Source: US Department of Housing and Urban Development

The available data concerning new multifamily (condominium and apartment) projects reveal significant diversity in the recently-built multifamily housing stock. About 30 projects have been completed since 2004 in central Tucson, with wide-ranging sizing, format, and pricing. In addition, two 13-story student housing towers are under construction near the University of Arizona.

Figure 12 Characteristics of Recently-Constructed Multifamily Housing Structures

	Average Unit Size (SF)	Rent Per Unit (Asking)	Number of Units	Number of Stories
Minimum	387	$730	4	1
Maximum	2,623	$2,326	300	14
Median	1,051	$921	21	2

Source: CoStar Group

On Broadway Boulevard, the Casitas on East Broadway were delivered in 2011. The project includes 56 low-rise apartments on about 1.6 acres. According to LRD Architects, the Casitas on East Broadway is the first HUD 202 Senior Housing project in Arizona to achieve LEED Gold certification.

Source: Lizard Rock Designs

4. NEXT STEPS

This White Paper offers a first look at economic vitality opportunities and constraints within the Broadway Corridor, given potential street designs for Broadway Boulevard. Additional economic and real estate research and analysis, including detailed evaluation of the roadway alternatives will occur in a later phase of the planning process.

It is anticipated that later phases of work related to economic vitality may include, but not be limited to, detailed analysis of the following:

- **Existing Business Revenue and Tax Generation** - the annual sales by businesses along the corridor, the amount of sales tax collected, and property tax currently produced
- **Viability of Existing Parcels** - the suitability of existing properties for current commercial or residential use, or repositioning/adaptive reuse
- **Redevelopment Potential** - the suitability of remnant parcels for various types of redevelopment, potentially including more detailed market analysis, financial feasibility, and tenanting assessments, under various corridor development approaches
- **Future Business and Revenue** - estimates of future business potential, sales, and property tax revenue produced by businesses under various corridor development approaches
- **Business and Jobs Impacts** – consideration of potential business and employment effects, including size and market orientation, under various corridor development approaches