Tried to focus on activities and sessions that provided insight on forces driving market demand today. What I found was that traditional real estate thinking is being challenged on all fronts and at all levels in the development process:

* Concept
* Design
* Construction
* Ownership structure
* Financing
* Marketing and management after completion

**Key words:**

* Transit, open space, mixed-use, pedestrian
* Local, public, experience, culture, event programming, community, social media, engagement

**Bike Tour**

Denver has phenomenal transit investments underway, including Union Station area. It is a must see. Also Stapleton, which is a model for redevelopment. But also small infill projects underway in neighborhoods around downtown, mostly rental, but a few for-sale.

**Enrique Penalosa – Institute for Transportation and Development Policy of NY**

74 million more homes in US next 38 years. Do math, that is almost 2 million per year. We better get busy. Where will they get built? In the most desirable cities and locations.

We haven’t thought “big” since Urban Renewal failures of 1960s and outcry which was justified by folks like Jane Jacobs. In order to accommodate new housing, we will be redeveloping entire neighborhoods of SFD and going denser.

**Seeing children and elderly ALONE in public spaces is test for a truly competitive city** and he is an advocate for BRT as most convenient and economically sustainable mass transit.

**Smart Technology:**

Amazing what companies like Cisco and IBM are doing with buildings and entire cities to converge all infrastructure systems (water, utilities, and traffic) to realize energy reduction and savings. **Cisco entered Duke Energy Center after ten stories of framing and saved $660k for Turner Construction; could have been $1.3 million if entered at start**

**Generation Y**

17-34 years old; 78 million and growing; surpassed Baby Boom in 2010

Online survey in 2010 for ULI; 1/3 each in city, suburban, and small town; 35% owners, 37% renters, balance with parents or college housing; not all want to live on light rail in South End

**4.5 million turning age 22 per year for next decade; good indicator for rental housing;** pampered young people want their own room and apartment

Hottest new amenity for apartments is dog spa, but number one is top of the line fitness center

**Collect experiences and share them with friends; less focused on possessions**

Rent cars, bikes, equipment, wedding dresses; woman who lives in Seattle talked about **renting tools at the West Seattle Tool Library; don’t use them often and no place to store them**

Very diverse demographically and in tastes; comfortable with that

Self expression is very important; **what we do defines who we are**; gear oriented

Intuitively understand that location is a sustainable feature, but not paying premium for “green” buildings as renters. Maybe as homeowners. Green more important for place of work. **They live at work and sleep at home.**

**Location and lifestyle trumps dream job.**

**Digital Revolution Impact on Retail Market**

Traditional brick and mortar department and specialty stores will decline in number of locations and overall footprint through 2015;

**Short Term: Reimagine and repurpose**

**Long Term: Reduce and reinvent**

Online sales are 5.5% of all sales excluding autos

**Core segments of retail; 10.5% of sales online today (excluding cars and expensive items); share is growing about 1% per year**

**Average store size increased 50% last 20 years; now declining as focus is on profitability, not market share**

**Cultural Urbanism**

Context, local preferences, chance to be different

City Centre – mall scrape; value of mixed-use; fitness center amenity; Hotel Sorella 2nd best performing in Houston; office space opened in 2009 40% occupied and now full; unique local retail; **power of public space, one of 37 acres with over 200 events per year;**

Other projects in Denver and Austin that capture the spirit of engaging the community and becoming centers of activity, true destinations in locations that previously would not have been considered competitive

**Andrea Boltho; Oxford University**

Europe is now back in recession; U.S. should not sink back unless fiscal policy becomes too austere. Economic growth and inflation are best ways to reduce debt as share of GDP

Housing prices have recovered in U.S. but still got a long way to go until folks feel good about their homes and personal finances.

**Bringing Cities back to Airports**

Denver, Frankfurt, Incheon in Korea and DFW; enormous investments being made in airport capacity but also real estate development around them after reserving adequate acreage for the airport functions and flight paths; cities with greatest airline service will be most competitive; we are so lucky in Charlotte for three reasons:

* Airport close to downtown
* Service well beyond what we could support without role as hub airport
* Land for expansion

**New Markets Tax Credits and EB-5 Funding**

They are providing equity for complicated deals in lower income areas. **Keys are qualifying locations by income or unemployment, job creation, and level of investment.**

Hotel on south side of Dallas with both NMTC and EB-5 funding, first one in Dallas to combine; deferred developer fee.

**Growth of EB-5 went from 200 deals in 2005 to 1,500 deals in 2011**; ten jobs/investor and each investor invests $200,000; **wealthy foreign nationals buying Visas into U.S., primarily for their kids; China drives market with 50% share of investment, followed by 20% from Latin America**

NMTC – controlled by about 100 community development entities that receive federal funding allocations; Wells Fargo and Bank of America have been very active; new allocation of $3.5 billion late 2012 or early 2013; **previously emphasized urban real estate, now rural areas and healthy food in low-income areas;** must create jobs, can’t be all residential

**Jobs in the New Economy**

Led by Robert Reich, formerly in Clinton administration

**18% of US economy spent on healthcare already; when you add baby boomers, it’s a public budget problem**

**How and where we provide health care will drive real estate and where we live and work**

Job growth is best predictor of real estate demand

Share of pop between 25-34 for top 50 markets

Austin, SL City, DC, Denver, Seattle, San Diego, Houston. Difference between first and last is only 2% share. Charlotte not in the top 20.

Apartment effective rent growth the last 12 months; SF, San Jose, Denver, Houston, Louisville, Charlotte, Oakland, SL City

States with highest educational attainment in 2010 ; DC, MA, CO, MD, CT. NC not in top 20.

Graph with four quadrants; axes measuring strength of economy and level of innovation (patents per capita); Austin, Houston, Raleigh, DC, Seattle, Dallas, Nashville.

Charlotte midway on economy, but weak on innovation

Manufacturing recovery is boosting smaller Midwest markets overlooked by institutional investors; path of goods and logistics; also some SE markets and Seattle (Boeing)

JLL – office sector changes in users and usage

**Technology – real estate as recruitment tool and experience; they are investing in real estate**

**FIRE – real estate as cost center and efficiency; divesting of high-cost space**

**Both sectors finding existing office space not competitive when look at typical 15-year-old suburban building**

Financial services firm in NE building facility with 108 square feet per seat and 80 square feet per employee due to telecommuting and office sharing

Fewer large intermarket large corporate relocations today than ten or 20 years ago

Now more intramarket moves; in larger markets, many from suburbs to downtown

Office financing dependent on long-term leases, but today’s market more temporary with 50% renewals, not 70%. Companies paying higher rents for 5-year terms instead of 10 years

Office demand being diminished by independent contractors representing 18% of the workforce; companies like the variable cost and no benefits, but they have fixed costs to live