

THE NEW GEOGRAPHY

OF URBAN NEIGHBORHOODS



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ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and Asia Pacific regions, with members in 76 countries.

The extraordinary impact that ULI makes on land use decision making is based on its members sharing expertise on a variety of factors affecting the built environment, including urbanization, demographic and population changes, new economic drivers, technology advancements, and environmental concerns.

More information is available at uli.org. Follow ULI on Twitter, Facebook, LinkedIn, and Instagram.

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The ULI Terwilliger Center for Housing conducts research, performs analysis, and develops best practice and policy recommendations that reflect the land use and development priorities of ULI members across all residential product types. The Center's mission is to facilitate creating and sustaining a full spectrum of housing opportunities—including workforce and affordable housing—in communities across the country. The Center was founded in 2007 with a gift from longtime ULI member and former ULI chairman J. Ronald Terwilliger.

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PREFACE

The dialectic of “urban” and “suburban”—once a useful framework for describing our historical cities and the lower-density communities that grew up around them—no longer describes the places in which Americans live, work, learn, and play. The spatial organization is too varied, and the place types are too nuanced, to lend themselves to the binary definitions we have traditionally used. From the cobblestone streets of New England to the cul-de-sacs of the Sun Belt, there now exist many different types of places—both urban and suburban.

This idea was the driving force behind an ongoing relationship between RCLCO and the ULI Terwilliger Center for Housing, which began in 2016 when the ULI Terwilliger Center for Housing engaged RCLCO to develop a new analytical framework for classifying different types of housing markets. Originally focused on the suburbs, this framework examined the development character and economic makeup of different communities to differentiate among neighborhoods. The resulting report, *Housing in the Evolving American Suburb*, outlined five separate suburban paradigms, each of which offers unique opportunities and challenges for real estate. The objective of this research was to move beyond a framework of “us versus them” or “urban versus suburban,” and to consider suburban places on their own merits.

A year later, the ULI Terwilliger Center for Housing partnered with RCLCO once again, with the goal of expanding its original methodology to offer the same level of detail for urban places. Similar to suburban places, urban neighborhoods are remarkably diverse. Although there are many different types of places that people consider “urban,” these places are, in fact, attracting very different types of people, jobs, and development. The analytical approach used in this study highlights the demographic and economic trends that are occurring within each type of urban neighborhood, as well as how those trends are shaping new development. Based on feedback following the original suburbs work, RCLCO also reclassified several urbanizing suburbs so they are now included in an urban category that reflects their transitional nature.

For reference, RCLCO has also created a Neighborhood Atlas, which displays the classification of each community in more than 60 of the largest metropolitan areas. To access the fully interactive map, please visit www.rclco.com/neighborhood-atlas.

The classifications are a snapshot of these communities today. In reality, neighborhoods are constantly evolving, and the classifications are not intended to permanently define any individual place. Instead, the following report aims to provide an analytical, non-binary framework on which to base future discussion about urban and suburban places—a topic that is becoming increasingly significant as our regions continue to mature.

This framework will be helpful, we hope, in providing a context for describing and discussing the variety of urban place types in urban America today.

KEY FINDINGS

1

Population growth rates in urban places are approaching suburban growth rates for the first time in decades.

Between 2000 and 2015, the population of urban places increased by only 1%, well below the 13% population growth seen in suburban places. However, urban and suburban places grew at roughly the same rate between 2010 and 2015. During this time, denser urban locations grew significantly faster than more residential neighborhoods, suggesting that new urban residents are demonstrating a preference for mixed-use environments.

2

Today, more than 29 million Americans live in urban neighborhoods.

This figure represents 17% of the total population in just 1% of the land area in the 50 largest metropolitan statistical areas (MSAs). Three-quarters of these urbanities live in somewhat dense but predominantly residential neighborhoods, contrary to popular perception and most media attention focused on true mixed-use places.

3

Urban places are now capturing more than their fair share of new job growth.

In the 50 largest MSAs, urban places accounted for 30% of existing jobs and 36% of new job growth between 2005 and 2015. Contrary to popular belief, the suburbs are experiencing job growth too, at rates that are nearly equal to the job growth seen in urban places. But, downtowns are booming, and the job base in established urban employment cores—referred to as Economic Centers in this report—increased at a faster rate than the number of jobs in any other type of neighborhood during this time.

4

Upscale urban places are among the most racially and ethnically diverse types of neighborhoods.

Although the majority of minorities live in the suburbs and many economically challenged urban neighborhoods are predominantly nonwhite, upscale urban places are often more diverse than similarly high-end suburbs. In fact, there is close to a 50/50 split between the white and non-white populations in Economic Centers and Mixed-Use Districts, the two urban neighborhoods where average rents are highest.



5

Almost a third of urban households are headed by millennials.

While the majority of these younger households live in suburbs, more than 29% of households in urban locations are under the age of 35, relative to only 18% in the suburbs. Within urban places, young households are disproportionately more likely to gravitate toward dense neighborhoods with a mix of uses.

6

Rental apartment development is now concentrated in urban locations.

Between 2010 and 2017, the rental apartment inventory in urban places grew twice as fast as the inventory in the suburbs, by 32% compared with 16%. During this time, Emerging Economic Centers accounted for one-fifth of new apartment units, despite representing only 6% of the overall apartment inventory in 2010. On the other hand, more residential urban places accounted for less than their fair share of new units; during this same time period, Stable and Challenged Neighborhoods accounted for only 8% of new units, despite representing 43% of the inventory in 2010.

7

Urban locations tend to face greater affordability issues than the suburbs.

Urban places have an average household income of \$66,000, relative to \$89,000 for the suburbs. However, the average monthly rent of a multifamily apartment in urban places is \$1,650, well above the \$1,275 seen in the suburbs; likewise, the average home value is more than \$50,000 higher in urban places. These differences highlight the issues of affordability that are prevalent in many urban places. In particular, residents who live in dense, mixed-use neighborhoods—such as Economic Centers and Mixed-Use Districts—tend to pay more of their incomes for housing.

8

Roughly half of urbanites take transit, walk, bike, or carpool to work.

Just over 50% of workers living in urban locations drive alone to work, compared with 78% of workers living in the suburbs. In particular, people who live in Economic Centers and Mixed-Use Districts are more likely to use alternative transportation methods, as only 32% and 35% of the workers who live in those respective places drive to work alone every day.

STUDY OBJECTIVES & METHODOLOGY

When many people talk about urban places, they often refer to the dense, mixed-use neighborhoods in which new development is taking place. In other cases, they might reference the blighted in-town residential neighborhoods facing issues of poverty and crime. However, urban places are far more diverse than many people realize, and there are many unique opportunities and challenges in a variety of different urban neighborhoods.

The approach used in this report builds upon the analytical framework that RCLCO developed in *Housing in the Evolving American Suburb*, a previous study conducted with the ULI Terwilliger Center for Housing. Originally published in December 2016, *Housing in the Evolving American Suburb* concluded that the suburbs are far more diverse than their critics typically acknowledge, and illustrated the many differences that exist between five distinct types of suburban neighborhoods.

To analyze the differences between these places, RCLCO examined the census tracts in the 50 largest MSAs, using variables like population density, employment density, housing type, and distance from the city center to first differentiate between urban and suburban places. As a part of this initial framework, RCLCO placed each census tract in one of six categories:

- » High-density urban: downtowns and outer employment cores
- » Urban: dense in-town neighborhoods and outer employment cores
- » Low-density urban: relatively dense, in-town residential neighborhoods
- » High-density suburban: relatively dense outer neighborhoods and commercial corridors
- » Suburban: well-populated neighborhoods where most of the housing stock consists of single-family detached homes
- » Low-density suburban: neighborhoods where most of the housing stock consists of single-family detached homes, and where there is some undeveloped land

In *Housing in the Evolving American Suburb*, RCLCO focused specifically on the last three categories to illustrate housing dynamics in the suburbs. For these types of census tracts, RCLCO identified five suburban paradigms to reflect the impact of land value and availability on development trends and to group locations that are likely to have similar existing conditions, supply and demand dynamics, property values, and types of available development sites among suburban areas. For the purpose of this original report, urban neighborhoods—defined as those classified as high-density urban, urban, or low-density urban—were placed in one category, as a point of comparison to the five suburban typologies.

In *The New Geography of Urban Neighborhoods*, RCLCO refocuses its original analysis to offer the same level of detail for urban areas. Like the suburbs, urban neighborhoods are varied and vibrant, and many differences exist among them. The approach used in this study provides a more nuanced view of the demographic and economic trends that affect each type of urban neighborhood and an understanding of how they vary among different types of metropolitan areas.

To differentiate among urban places, RCLCO used a variety of variables, including population density, employment density, housing type, home values, rent levels, vacancy rates, employment rates, and the amount of new apartment development. Based on this analysis, RCLCO identified six urban paradigms, each of which experiences unique development patterns, demographic trends, economic forces, and supply and demand dynamics.

The first three categories contain urban places that offer traditional “downtown” environments:

- » **Economic Center:** These locations offer significant concentrations of employment and are often the historic urban cores of the cities in which they are located. While office buildings currently outnumber residential buildings in most Economic Centers, new development is bringing a mix of uses to many of these formerly 9-to-5 neighborhoods. Examples include the central business districts of most major cities, as well as established suburban office cores like Bethesda, Maryland, and Jersey City, New Jersey.
- » **Emerging Economic Center:** Once characterized by single-family residential or low-density commercial land uses, these locations are rapidly emerging as new urban cores. These places are generally well-located but underutilized, and they tend to offer more opportunities for ground-up (re)development than other, more established urban locations. These areas include former industrial neighborhoods, such as South Lake Union in Seattle, Washington, as well as urbanizing suburbs like Sandy Springs, Georgia, and King of Prussia, Pennsylvania.
- » **Mixed-Use District:** Similar to neighborhoods like Back Bay in Boston, Massachusetts, or Over-the-Rhine in Cincinnati, Ohio, these areas offer vibrant mixed-use environments, typically with high-density housing and upscale retail. In many metropolitan areas, these neighborhoods are situated near major employment cores but tend to be more residentially focused. While these places once attracted a large share of new development, construction has moderated in recent years as land availability has declined.

The final three categories include predominantly lower-density neighborhoods, often located near the historic urban core or along major transportation corridors:

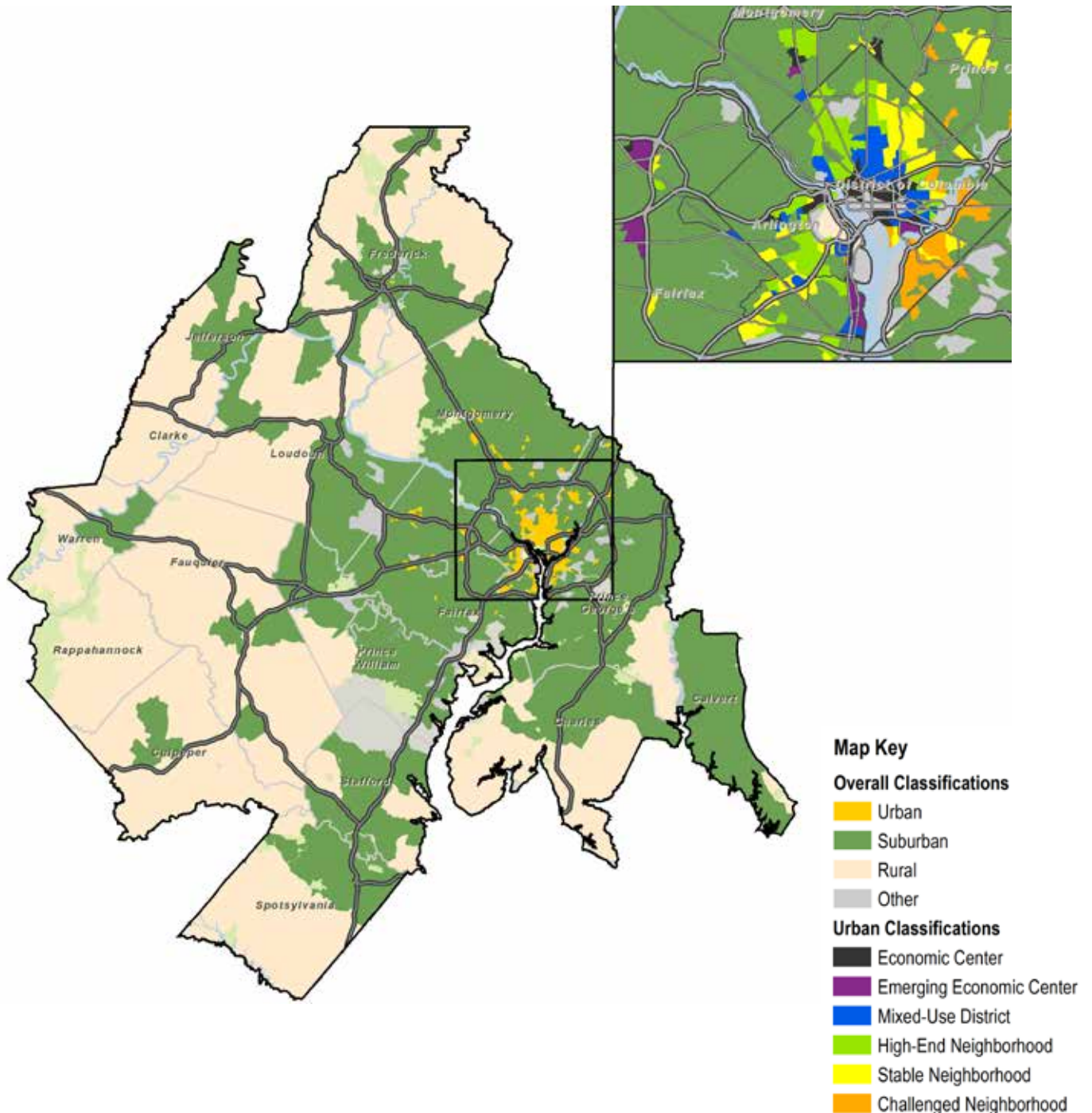
- » **High-End Neighborhood:** These areas generally comprise in-town residential locations with high home values and apartment rents, as well as convenient access to shops and restaurants. Often characterized by the prevalence of single-family housing, these neighborhoods are typically lower density and more historic than other urban places, but more walkable and mixed-use than their upscale suburban counterparts. In many regions, these locations include original streetcar suburbs, such as Virginia-Highland in Atlanta, Georgia, or Hyde Park in Austin, Texas.
- » **Stable Neighborhood:** Similar to places like East Nashville in Nashville, Tennessee, or Little Havana in Miami, Florida, these historically working-class neighborhoods feature diverse housing types that are attainable to a broad range of households. These neighborhoods tend to be attractive to households looking for a price alternative to more expensive or established urban locations, given their older and often more affordable housing inventories. In many regions, these areas are therefore beginning to confront issues of gentrification.
- » **Challenged Neighborhood:** These locations have significantly lower home values and apartment rents than other urban neighborhoods, along with aging infrastructure and minimal new development. As a result, these areas tend to be less attractive to households that can afford to live elsewhere, resulting in very high vacancy and unemployment rates. Examples of these areas include many of the blighted residential neighborhoods that border the historic central business districts of former industrial or manufacturing cities, such as Detroit, Michigan, or Hartford, Connecticut.

For detailed information on these classifications, please see the Appendix at the end of this report.

OVERVIEW & COMPARISON OF URBAN NEIGHBORHOODS BY TYPE

The following tables reflect the analysis of urban neighborhoods by type in the 50 largest MSAs. An illustrative example of one map is shown below. Searchable maps showing both urban and suburban neighborhood types for other MSAs are available at www.rclco.com/neighborhood-atlas.

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA



KEY CHARACTERISTICS OF URBAN NEIGHBORHOODS BY TYPE

| | Distribution of Urban Population | Distribution of Population Growth (2010-2015) | Population Change (2010-2015) | Distribution of Urban Employment | Distribution of Job Growth (2005-2015) | Employment Change (2005-2015) |
|---------------------------------|----------------------------------|---|-------------------------------|----------------------------------|--|-------------------------------|
| Economic Center | 5.5% | 11.4% | 7.4% | 37.3% | 16.7% | 27.5% |
| Emerging Economic Center | 2.1% | 5.6% | 9.9% | 7.7% | 2.1% | 14.9% |
| Mixed-Use District | 14.8% | 20.5% | 4.8% | 10.5% | 4.2% | 24.2% |
| High-End Neighborhood | 16.7% | 19.4% | 4.0% | 17.9% | 6.5% | 21.2% |
| Stable Neighborhood | 44.1% | 36.8% | 2.8% | 20.1% | 6.0% | 16.9% |
| Challenged Neighborhood | 16.9% | 6.3% | 1.2% | 6.5% | 0.4% | 2.7% |

| | Average Household Income | Median Age Within Household | % Minority | % of Households with Kids | % of Households Under 35 | Unemployment Rate |
|---------------------------------|--------------------------|-----------------------------|------------|---------------------------|--------------------------|-------------------|
| Economic Center | \$96,900 | 36 | 54.0% | 11.0% | 38.8% | 6.5% |
| Emerging Economic Center | \$85,600 | 37 | 38.2% | 18.5% | 35.5% | 5.5% |
| Mixed-Use District | \$86,000 | 36 | 46.5% | 17.1% | 35.4% | 6.3% |
| High-End Neighborhood | \$86,800 | 38 | 42.6% | 21.3% | 30.3% | 5.5% |
| Stable Neighborhood | \$52,700 | 35 | 69.9% | 33.5% | 25.6% | 7.3% |
| Challenged Neighborhood | \$37,900 | 34 | 81.3% | 35.7% | 24.9% | 14.6% |

| | % Housing Units, Owner-Occupied | % Housing Units, Renter-Occupied | % of Housing Units, Vacant | Average Home Value (\$) | Average Apartment Rent (\$) | Median Year Built |
|---------------------------------|---------------------------------|----------------------------------|----------------------------|-------------------------|-----------------------------|-------------------|
| Economic Center | 23.5% | 63.3% | 13.2% | \$564,000 | \$2,405 | 1968 |
| Emerging Economic Center | 40.8% | 49.4% | 9.8% | \$409,000 | \$1,845 | 1979 |
| Mixed-Use District | 26.1% | 63.1% | 10.9% | \$582,000 | \$1,975 | 1959 |
| High-End Neighborhood | 37.5% | 52.0% | 10.5% | \$520,000 | \$1,570 | 1958 |
| Stable Neighborhood | 35.6% | 55.6% | 8.8% | \$314,000 | \$1,235 | 1958 |
| Challenged Neighborhood | 27.6% | 53.2% | 19.2% | \$143,000 | \$970 | 1955 |

| | % of Single-Family Detached Housing Units | Distribution of Urban Rental Apartment Units | Distribution of Rental Apartment Growth (2010-2017) | Change in Rental Apartments (2010-2017) | Rental Apartment FSGI (2010-2017) | % of Workers Who Drive Alone to Work |
|---------------------------------|---|--|---|---|-----------------------------------|--------------------------------------|
| Economic Center | 3.5% | 14.8% | 24.7% | 69.0% | 2.13 | 32.0% |
| Emerging Economic Center | 22.9% | 9.3% | 20.2% | 114.9% | 3.55 | 67.6% |
| Mixed-Use District | 4.0% | 18.8% | 22.2% | 40.7% | 1.26 | 34.5% |
| High-End Neighborhood | 29.3% | 23.0% | 24.7% | 35.5% | 1.10 | 58.9% |
| Stable Neighborhood | 22.8% | 26.3% | 8.2% | 8.2% | 0.25 | 52.8% |
| Challenged Neighborhood | 29.3% | 7.9% | 0.0% | 0.0% | 0.00 | 58.9% |

ECONOMIC CENTERS

COMMUNITY

5.5%

Percentage of urban population

7.4%

Population growth (2010-2015)

37.3%

Percentage of urban employment

16.7%

Employment growth (2005-2015)

32.0%

Percentage of workers who drive alone to work

PEOPLE

\$96,900

Average household income

35.9

Median age of head of household

54.0%

Percentage minority

11.0%

Percentage of households with children

38.8%

Percentage of households headed by person under age 35

HOUSING

\$564,000

Average home value

\$2,405

Average apartment rent

63.3%

Percentage of housing units renter-occupied

14.8%

Percentage of urban rental apartments

69.0%

Rental apartment growth (2010-2017)

Economic Centers offer significant concentrations of employment and are often the historic urban cores of the cities in which they are located. While office buildings have traditionally outnumbered residential buildings in most Economic Centers, new development is bringing a mix of uses to many of these formerly 9-to-5 neighborhoods.

Most Economic Centers have an established urban form. With a critical mass of high-density office and supporting retail, these neighborhoods already look and feel urban, making them attractive locations for new development as people look to live, work, and play in the same places. Going forward, opportunities include the following:

- » Integration of residential: Despite a historic focus on commercial land uses, many Economic Centers will continue to evolve into true mixed-use neighborhoods where people will want to live.
- » Development of new office or repositioning of aging office: Even as Economic Centers evolve to include residential uses, they will still serve as major regional employment cores, where many employers will continue to search for newer, nicer spaces to work.
- » Investment in public spaces or infrastructure: As residential development occurs, incoming residents will fuel a need for neighborhood amenities, such as public parks, transit systems, or bike share services.



Examples of Economic Centers

THE LOOP

Chicago, IL



Home to approximately 325,000 jobs, 58,000 college students, and 16,000 residents, the Loop is the historic central business district of Chicago and one of the largest employment cores in the country. While the Loop has always boasted a significant concentration of office, the neighborhood has recently solidified itself as a residential submarket as well, following the construction of more than 8,000 units of housing over the last decade.

BELLEVUE

Bellevue, WA



Following the development of two bridges to Seattle, Bellevue gradually transformed from a rural agricultural community to a major economic and cultural hub. Despite its otherwise suburban location, Downtown Bellevue now functions as the metropolitan area's second downtown; today, there are over 53,000 employees in Downtown Bellevue, and the number of residents has doubled to nearly 14,000 since 2010.

MIDTOWN

Atlanta, GA



The second-largest business district in the city of Atlanta, Midtown boasts more than 15 million square feet of Class A office space, concentrated in just 1.2 square miles. Situated directly between Downtown Atlanta and the bustling mixed-use neighborhood of Buckhead, Midtown is emerging as an attractive place to live, with more than 30,000 new residents moving to the neighborhood in the last decade.



EMERGING ECONOMIC CENTERS

COMMUNITY

2.1%

Percentage of urban population

9.9%

Population growth (2010-2015)

7.7%

Percentage of urban employment

2.1%

Employment growth (2005-2015)

67.6%

Percentage of workers who drive alone to work

PEOPLE

\$85,600

Average household income

37.2

Median age of head of household

38.2%

Percentage minority

18.5%

Percentage of households with children

35.5%

Percentage of households headed by person under age 35

HOUSING

\$409,000

Average home value

\$1,845

Average apartment rent

49.4%

Percentage of housing units renter-occupied

9.3%

Percentage of urban rental apartments

114.9%

Rental apartment growth (2010-2017)

Once characterized by single-family residential or low-density commercial uses, Emerging Economic Centers are rapidly densifying into new mixed-use cores. These places are generally well-located but underutilized, and they tend to offer more opportunities for ground-up infill and (re)development than other, more established urban locations.

Because many Emerging Economic Centers comprise former single-family residential or low-density commercial neighborhoods, they tend to feature a large supply of vacant land or redevelopment opportunities. As a result, they are attractive locations for the following types of development:

- » **Densification of residential uses:** Emerging Economic Centers are poised to attract significant amounts of high-density residential development, particularly given increasing land constraints in the types of urban neighborhoods where this form of development has historically occurred.
- » **Ground-up office development:** These locations can also attract new office, especially in metropolitan areas where this form of development can be achieved in Economic Centers only through the repositioning of older spaces.
- » **Lifestyle retail:** In many cases, lifestyle retail can enable Emerging Economic Centers to generate foot traffic and solidify positioning that is competitive with more traditionally mixed-use neighborhoods.
- » **Placemaking:** Similarly, placemaking can help Emerging Economic Centers establish unique environments that can be competitive with more conventionally urban locations.



Examples of Emerging Economic Centers

THE CAPITOL RIVERFRONT

Washington, D.C.



Capitol Riverfront BID

Driven in large part by public investment in Nationals Park and other features like parks, trails, and transit, the Capitol Riverfront has emerged as a vibrant destination for new development, as modern buildings have replaced former industrial buildings and parking lots. In the last decade, the neighborhood attracted more than 7,000 residents, as well as millions of visitors attending baseball games, concerts, and other events each year. Today, 3,400 residential units and 500,000 square feet of office are under construction in this rapidly emerging mixed-use neighborhood, which is expected to nearly quadruple its residential population and double its employment base by the time it builds out.

SOUTHPARK

Charlotte, NC



Terrace Restaurants

Located six miles south of Downtown Charlotte, SouthPark is undergoing an exciting transformation, from an established suburban commercial core to an emerging urban activity center. The neighborhood is anchored by the SouthPark Mall, which was built in the 1970s and continues to serve as a significant economic contributor to the region. While office and multifamily development has occurred in the surrounding area over the last few decades, this development is becoming increasingly urban, enabling the area to emerge as a walkable, mixed-use neighborhood for people to live, work, and play.

CARMEL CITY CENTER

Carmel, IN



Carmel City Center

Carmel City Center is the emerging downtown of Carmel, an upscale suburb of Indianapolis. Situated along the 10-mile Monon Trail, Carmel City Center boasts a significant concentration of office, retail, multifamily, and civic uses, located in a walkable urban format that stands out from its otherwise single-family and low-density commercial surroundings. While many of the existing uses at Carmel City Center delivered in its first and second phases between 2010 and 2015, a number of projects are currently under construction or planned, and these projects will continue to help shape Carmel City Center as an urban core within the northern suburbs of Indianapolis.



MIXED-USE DISTRICTS

COMMUNITY

14.8%

Percentage of urban population

4.8%

Population growth (2010-2015)

10.5%

Percentage of urban employment

4.2%

Employment growth (2005-2015)

34.5%

Percentage of workers who drive alone to work

PEOPLE

\$86,000

Average household income

36.4

Median age of head of household

46.5%

Percentage minority

17.1%

Percentage of households with children

35.4%

Percentage of households headed by person under age 35

HOUSING

\$582,000

Average home value

\$1,975

Average apartment rent

63.1%

Percentage of housing units renter-occupied

18.8%

Percentage of urban rental apartments

40.7%

Rental apartment growth (2010-2017)

Mixed-Use Districts offer vibrant streetscapes, often with an assortment of high-density housing and upscale retail. In many metropolitan areas, these neighborhoods are situated near major employment cores but tend to be more residentially focused. While these areas once attracted a large share of new development, construction has moderated in recent years as land availability has declined.

In many regions, Mixed-Use Districts function as the urban neighborhoods-of-choice for people who want to live, work, and play in the same place. While these locations are facing increasing constraints on the supply of developable land, there remain many infill opportunities for the following types of new development:

- » More high-density residential: Already popular locations for people to live, Mixed-Use Districts tend to offer the types of dynamic, exciting environments that attract and support new rental apartment and for-sale condo development.
- » Future retail deliveries through vertical mixed-use development: While some Mixed-Use Districts feature standalone retail, this form of development is unlikely to be the highest and best use for new projects, given the strong appetite for housing and declining availability of land in these locations. As a result, most new retail is likely to be delivered on the ground floors of residential buildings, and standalone retail will make good redevelopment sites in the future.
- » Re-tenanting of existing retail: Nevertheless, there will remain many opportunities to re-tenant existing or underutilized retail spaces, particularly in Mixed-Use Districts that are still emerging as the premiere urban submarkets of the areas in which they are located. In more established Mixed-Use Districts, these types of spaces will be attractive to local-serving office users.



Examples of Mixed-Use Districts

UPTOWN

Dallas, TX



Uptown Dallas

Situated across the Woodall Rodgers Freeway from Downtown Dallas, Uptown is an upscale, pedestrian-oriented neighborhood with a diverse assortment of residential, office, retail, and hotel buildings. A dynamic shopping district and nightlife destination, Uptown is attractive to people who want to live in a mixed-use urban environment with easy access to employment opportunities and cultural attractions in adjacent neighborhoods.

OVER-THE-RHINE

Cincinnati, OH



Choose Cincy

Once a decaying neighborhood to the north of Downtown Cincinnati, Over-the-Rhine emerged as a premiere urban hotspot after more than a decade of public and private investment into the restoration of buildings, parks, and other important neighborhood features. Today, the neighborhood maintains its historic, lower-density feel, but boasts an award-winning restaurant and bar scene, anchored by the 165-year old Findlay Market and a number of local breweries. Convenient to employment, the neighborhood is also home to a streetcar route that runs south to Downtown Cincinnati.

FELLS POINT

Baltimore, MD



Union Wharf Apartments

Fells Point is a vibrant mixed-use neighborhood, located southeast of Downtown Baltimore and along the north shore of the Baltimore Harbor. Formerly home to many longshoremen and immigrants, the neighborhood has maintained its historic charm and maritime roots, even as new high-end development has occurred. Today, Fells Point remains a premiere waterfront destination and popular residential submarket, known for its cobblestone streets and harbor views.



HIGH-END NEIGHBORHOODS

COMMUNITY

16.7%

Percentage of urban population

4.0%

Population growth (2010-2015)

17.9%

Percentage of urban employment

6.5%

Employment growth (2005-2015)

58.9%

Percentage of workers who drive alone to work

PEOPLE

\$86,800

Average household income

37.5

Median age of head of household

42.6%

Percentage minority

21.3%

Percentage of households with children

30.3%

Percentage of households headed by person under age 35

HOUSING

\$520,000

Average home value

\$1,570

Average apartment rent

52.0%

Percentage of housing units renter-occupied

23.0%

Percentage of urban rental apartments

35.5%

Rental apartment growth (2010-2017)

High-End Neighborhoods are in-town residential locations with high home values and apartment rents, as well as convenient access to shops and restaurants. Often characterized by the prevalence of single-family housing, these neighborhoods are typically lower density and more historic than other urban places, but more walkable and mixed-use than their upscale suburban counterparts.

High-End Neighborhoods are broadly appealing to many different types of households; while millennials often relocate to these neighborhoods when they start to look for more space or a quieter place to live, many mature households choose these locations because of their urban amenities or quaint feel. Despite this broad appeal, there is often community opposition to new development projects in High-End Neighborhoods, particularly when these projects are higher-density or otherwise different from the existing development patterns. Nevertheless, these locations continue to offer the following development opportunities:

- » “Missing middle” housing on infill sites: When infill sites arise in these neighborhoods, they are strong locations for “missing middle” housing, including duplexes, townhomes, or for-sale multifamily products that are typically smaller or less expensive than most single-family homes.
- » Teardowns of existing homes: Like upscale suburbs, High-End Neighborhoods comprise locations where older single-family homes can be torn down and then replaced with bigger and significantly more expensive homes. Similarly, groups of adjacent homes can also be acquired, torn down, and redeveloped with denser residential uses.
- » Redevelopment or re-tenanting of retail and other commercial uses: In many High-End Neighborhoods, there are opportunities to re-tenant existing commercial structures with higher-end, or otherwise more desirable, users. As these structures age, their sites offer compelling opportunities for redevelopment with vertical mixed-use.



Examples of High-End Neighborhoods

VIRGINIA-HIGHLAND

Atlanta, GA



James Duckworth

A historic streetcar suburb of Atlanta, Virginia-Highland is a popular residential neighborhood known for its historic homes and walkable retail. Located near both Downtown Atlanta and Midtown, the neighborhood is proximate to many of the largest job concentrations in the area, making it attractive for households looking to combine urban convenience with community charm. Virginia-Highland is also situated along the BeltLine, a multi-use trail that provides pedestrian, bike, and streetcar access to cultural attractions and employment opportunities around the entire city.

THE AVENUES

Salt Lake City, UT



Plumb and Company

Nestled between the Wasatch Mountains and Downtown Salt Lake City, the Avenues is a quiet but accessible neighborhood that features narrow streets lined with single-family homes and eclectic retail. The neighborhood is known for its artsy feel and historic charm, which are broadly attractive to diverse demographic groups, including professionals and businesspeople as well as artists and students.

ELMWOOD VILLAGE

Buffalo, NY



Visit Buffalo Niagara

Elmwood Village is a quaint residential neighborhood, situated to the north of Downtown Buffalo. Though most of the community consists of picturesque single-family homes, it is oriented around a lively main street that bustles with independent coffeehouses, neighborhood-serving restaurants, local boutiques, and art galleries. This commercial corridor boasts extra-wide sidewalks, helping to create a pedestrian-friendly atmosphere that emphasizes the historic charm and walkable urban feel of the community.



STABLE NEIGHBORHOODS

COMMUNITY

44.1%

Percentage of urban population

2.8%

Population growth (2010-2015)

20.1%

Percentage of urban employment

6.0%

Employment growth (2005-2015)

52.8%

Percentage of workers who drive alone to work

PEOPLE

\$52,700

Average household income

35.4

Median age of head of household

69.9%

Percentage minority

33.5%

Percentage of households with children

25.6%

Percentage of households headed by person under age 35

HOUSING

\$314,000

Average home value

\$1,235

Average apartment rent

55.6%

Percentage of housing units renter-occupied

26.3%

Percentage of urban rental apartments

8.2%

Rental apartment growth (2010-2017)

Stable Neighborhoods include historically working-class locations with diverse housing types that are attainable to a broad range of households. Although these places are currently the most common type of urban place, many are beginning to gentrify into more upscale communities, as younger households look for price alternatives to more expensive urban neighborhoods.

In general, Stable Neighborhoods include places with moderately affordable home prices and rents, which tend to appeal to price-conscious households. Although many middle-income families, immigrants, and other minorities live in Stable Neighborhoods, some of these places are starting to evolve, as young professionals begin to search for affordable urban neighborhoods in which to purchase homes. Coupled with pressure from existing households, this movement is fueling the following opportunities:

- » Entry-level or middle-market housing: High-density townhome and low-rise multifamily development is particularly prevalent in Stable Neighborhoods, since the price points tend to appeal to both the existing households that live in these places, as well as the younger households that are beginning to move to them.
- » Main street retail: In many Stable Neighborhoods, there is a strong appetite for neighborhood-serving retail, driven in large part by the new households moving to these places. While some of these neighborhoods already offer small-scale or main street-style retail, the local business and tenant bases of these places often lag behind their spending power. In other locations, these types of neighborhoods are significantly underserved.
- » Neighborhood amenities: Similarly, these new households are likely to fuel opportunities for neighborhood amenities like public spaces and bike lanes.



Examples of Stable Neighborhoods

EAST NASHVILLE

Nashville, TN



West Nashville Guru

Located across the Cumberland River from Downtown Nashville, East Nashville is a hip residential community with retail and businesses lining many of its main thoroughfares. Historically more affordable than many other, more established urban neighborhoods in Nashville, East Nashville has recently attracted a number of first-time homebuyers and young families, resulting in significant neighborhood reinvestment. Although some parts of the community are still predominately working class, others have gentrified in recent years, as luxury townhomes, duplexes, and condos have replaced older, less expensive homes.

BOYLE HEIGHTS

Los Angeles, CA



Zocalo Public Square

A predominately Latino neighborhood located across I-10 from Downtown Los Angeles, Boyle Heights offers a diverse assortment of moderately priced homes and local-serving retail. Coupled with the arrival of two light rail stations in 2009, this relative affordability has made Boyle Heights an attractive location for younger households, potentially changing the historically working class demographics of the neighborhood. In recent years, new art galleries and coffee shops have begun to emerge, and a handful of residential development projects have been proposed.

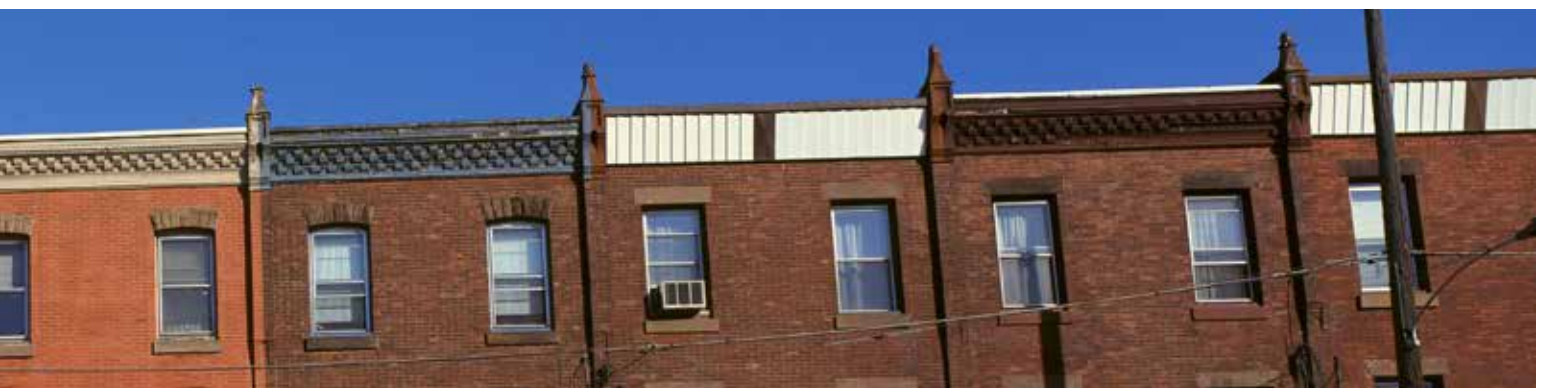
DORCHESTER

Boston, MA



WBUR Boston

The largest neighborhood in Boston, Dorchester is a diverse community with working class roots. The predominately residential neighborhood serves a mix of immigrants and long-time Bostonians, resulting in an eclectic assortment of local businesses and retail. Given the large size of Dorchester, the neighborhood has seen some new townhome and condo development as Boston has faced increasing constraints on the supply of moderately priced housing. Nevertheless, many portions of the neighborhood remain relatively affordable, particularly in comparison to the many relatively upscale neighborhoods that surround Downtown Boston and Cambridge.



CHALLENGED NEIGHBORHOODS

COMMUNITY

16.9%

Percentage of urban population

1.2%

Population growth (2010-2015)

6.5%

Percentage of urban employment

0.4%

Employment growth (2005-2015)

58.9%

Percentage of workers who drive alone to work

PEOPLE

\$37,900

Average household income

33.7

Median age of head of household

81.3%

Percentage minority

35.7%

Percentage of households with children

24.9%

Percentage of households headed by person under age 35

HOUSING

\$143,000

Average home value

\$970

Average apartment rent

53.2%

Percentage of housing units renter-occupied

7.9%

Percentage of urban rental apartments

0.0%

Rental apartment growth (2010-2017)

Challenged Neighborhoods include predominantly residential locations with significantly lower home values and apartment rents than other urban places, along with very high vacancy and unemployment rates. These locations tend to be less attractive to households that can afford to live elsewhere, resulting in minimal new development and little household growth.

The prevalence of Challenged Neighborhoods varies widely from one metropolitan area to the next. While there are relatively few Challenged Neighborhoods in areas with strong economies and established downtowns, these places comprise a large share of the neighborhoods in many slower-growth or less urbanized markets.

As schools worsen, crime rates escalate, and infrastructure ages in these neighborhoods, residents who can afford to move choose to do so, resulting in higher vacancies and further decay. As a result, relatively few major development projects are occurring in these types of urban neighborhoods, particularly given the large number of Stable Neighborhoods that are also affordable but less distressed. For this reason, most opportunities in Challenged Neighborhoods are likely to be smaller-scale or public-driven:

- » Teardowns of existing homes: Given the low prices of homes, Challenged Neighborhoods offer opportunities for small-scale, organic redevelopment through the demolition of existing homes and construction of new ones.
- » Public/private reinvestment: In some metropolitan areas, there are opportunities for public-private partnerships that can help reinvigorate Challenged Neighborhoods.



Examples of Challenged Neighborhoods

PHILLIPS

Minneapolis, MN



MPR News

Located on the opposite side of I-94 from Downtown Minneapolis, Phillips is an ethnically and racially diverse community comprised mostly of lower-income and immigrant households. Today, the neighborhood struggles with high crime and unemployment rates, and it has struggled to attract the same level of private reinvestment that has occurred in many other urban parts of Minneapolis. However, a handful of public-private partnerships have facilitated new development in Phillips, such as the redevelopment of an abandoned Sears retail complex into mixed-income housing, retail space, and a new headquarters for a health care and medical services firm.

SOUTHWEST

Detroit, MI



Bloomberg

A number of challenged neighborhoods are situated along the urban fringe of Detroit, in locations with a significant number of vacant housing units. While many of these neighborhoods are seeing little to no new development, many offer smaller-scale investment opportunities for individual households and businesses looking to capitalize on the low property values.

FIFTH WARD

Houston, TX



Wikimedia Commons

Situated immediately to the northeast of Downtown Houston, Fifth Ward is nestled between I-69 to its west and industrial uses to its east. Partially as a result of this somewhat isolated location, Fifth Ward struggles with higher vacancy rates and lower property values than many other neighborhoods in Houston, particularly those neighborhoods with such proximity to its downtown. Nevertheless, the central location and availability of land in Fifth Ward offer long-term opportunities for developers and investors who may be willing to overlook its historically challenged reputation.



DISTRIBUTION OF POPULATION BY TYPE OF PLACE

| METROPOLITAN STATISTICAL AREA | OVERALL CLASSIFICATIONS | | | URBAN CLASSIFICATIONS | | | | | |
|--|-------------------------|----------|-------|-----------------------|--------------------------|--------------------|-----------------------|---------------------|-------------------------|
| | URBAN | SUBURBAN | OTHER | ECONOMIC CENTER | EMERGING ECONOMIC CENTER | MIXED-USE DISTRICT | HIGH-END NEIGHBORHOOD | STABLE NEIGHBORHOOD | CHALLENGED NEIGHBORHOOD |
| Atlanta-Sandy Springs-Roswell, GA | 7.4% | 86.8% | 5.8% | 5.4% | 10.5% | 18.4% | 33.9% | 15.4% | 16.5% |
| Austin-Round Rock, TX | 17.6% | 71.9% | 10.6% | 5.0% | 7.2% | 6.2% | 43.0% | 29.5% | 9.1% |
| Baltimore-Columbia-Towson, MD | 23.4% | 71.7% | 4.9% | 1.8% | 2.0% | 10.8% | 7.2% | 40.2% | 37.9% |
| Birmingham-Hoover, AL | 10.3% | 69.5% | 20.1% | 3.4% | 11.4% | 3.0% | 34.7% | 8.6% | 38.8% |
| Boston-Cambridge-Newton, MA-NH | 20.3% | 76.3% | 3.4% | 8.9% | 2.0% | 21.0% | 19.2% | 44.1% | 4.9% |
| Buffalo-Cheektowaga-Niagara Falls, NY | 19.9% | 72.0% | 8.0% | 2.2% | 0.0% | 2.5% | 17.9% | 33.4% | 44.0% |
| Charlotte-Concord-Gastonia, NC-SC | 6.4% | 85.9% | 7.7% | 2.8% | 10.6% | 7.6% | 27.5% | 35.1% | 16.4% |
| Chicago-Naperville-Elgin, IL-IN-WI | 12.1% | 83.8% | 4.1% | 7.6% | 0.3% | 23.2% | 14.8% | 42.5% | 11.6% |
| Cincinnati, OH-KY-IN | 12.5% | 78.6% | 8.9% | 3.5% | 0.4% | 3.1% | 17.8% | 36.2% | 38.9% |
| Cleveland-Elyria, OH | 13.8% | 83.2% | 3.0% | 2.7% | 0.0% | 2.0% | 22.0% | 17.9% | 55.4% |
| Columbus, OH | 15.4% | 71.1% | 13.4% | 6.4% | 2.9% | 3.5% | 22.8% | 29.8% | 34.5% |
| Dallas-Fort Worth-Arlington, TX | 10.1% | 84.1% | 5.8% | 3.6% | 7.7% | 11.2% | 30.1% | 38.1% | 9.3% |
| Denver-Aurora-Lakewood, CO | 16.5% | 77.9% | 5.6% | 4.7% | 4.4% | 8.0% | 30.8% | 49.7% | 2.3% |
| Detroit-Warren-Dearborn, MI | 4.8% | 90.5% | 4.6% | 3.6% | 2.7% | 4.1% | 11.2% | 11.5% | 66.9% |
| Hartford-West Hartford-East Hartford, CT | 16.0% | 81.5% | 2.5% | 2.7% | 2.1% | 0.0% | 12.4% | 15.2% | 67.6% |
| Houston-The Woodlands-Sugar Land, TX | 11.0% | 84.8% | 4.2% | 4.9% | 3.2% | 12.2% | 21.9% | 39.1% | 18.7% |
| Indianapolis-Carmel-Anderson, IN | 10.9% | 78.4% | 10.8% | 3.8% | 6.3% | 4.7% | 9.2% | 26.8% | 49.1% |
| Jacksonville, FL | 11.4% | 81.6% | 7.0% | 5.4% | 11.9% | 0.0% | 18.2% | 30.9% | 33.6% |
| Kansas City, MO-KS | 9.5% | 77.8% | 12.7% | 4.4% | 3.9% | 2.8% | 18.5% | 19.2% | 51.3% |
| Las Vegas-Henderson-Paradise, NV | 27.1% | 70.0% | 3.0% | 1.1% | 0.2% | 2.5% | 8.3% | 54.0% | 33.9% |
| Los Angeles-Long Beach-Anaheim, CA | 16.5% | 82.2% | 1.3% | 5.7% | 0.7% | 17.9% | 8.2% | 58.6% | 9.0% |
| Louisville/Jefferson County, KY-IN | 14.8% | 70.4% | 14.8% | 2.4% | 0.0% | 3.1% | 23.4% | 32.6% | 38.5% |
| Memphis, TN-MS-AR | 7.6% | 78.9% | 13.5% | 3.5% | 1.4% | 11.7% | 22.9% | 24.4% | 36.0% |
| Miami-Fort Lauderdale-West Palm Beach, FL | 15.5% | 82.5% | 2.0% | 5.4% | 4.0% | 13.3% | 12.7% | 47.3% | 17.4% |
| Milwaukee-Waukesha-West Allis, WI | 25.8% | 70.1% | 4.1% | 2.1% | 1.6% | 6.1% | 13.1% | 30.2% | 46.8% |
| Minneapolis-St. Paul-Bloomington, MN-WI | 14.3% | 73.4% | 12.3% | 6.0% | 0.9% | 11.0% | 23.3% | 53.7% | 5.1% |
| Nashville-Davidson-Murfreesboro-Franklin, TN | 8.4% | 72.6% | 19.0% | 7.8% | 8.9% | 3.0% | 28.8% | 39.2% | 12.3% |
| New Orleans-Metairie, LA | 29.3% | 63.7% | 7.0% | 3.6% | 0.0% | 6.7% | 26.5% | 29.4% | 33.7% |
| New York-Newark-Jersey City, NY-NJ-PA | 35.5% | 60.0% | 4.5% | 7.4% | 0.4% | 25.5% | 10.7% | 51.8% | 4.2% |
| Oklahoma City, OK | 14.4% | 70.7% | 14.9% | 2.4% | 0.3% | 1.8% | 5.7% | 60.1% | 29.6% |
| Orlando-Kissimmee-Sanford, FL | 13.8% | 82.8% | 3.4% | 2.7% | 6.8% | 10.2% | 31.4% | 23.3% | 25.6% |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | 23.2% | 72.6% | 4.3% | 3.9% | 0.5% | 6.8% | 4.3% | 42.5% | 42.0% |
| Phoenix-Mesa-Scottsdale, AZ | 11.1% | 84.3% | 4.6% | 1.6% | 2.1% | 6.9% | 18.1% | 32.8% | 38.6% |
| Pittsburgh, PA | 13.6% | 74.6% | 11.7% | 3.2% | 1.1% | 8.1% | 22.0% | 52.1% | 13.4% |
| Portland-Vancouver-Hillsboro, OR-WA | 14.7% | 76.8% | 8.5% | 2.7% | 3.4% | 8.5% | 41.5% | 43.0% | 0.9% |
| Providence-Warwick, RI-MA | 26.0% | 70.4% | 3.6% | 1.9% | 0.0% | 4.0% | 5.8% | 54.0% | 34.3% |
| Raleigh, NC | 8.6% | 85.6% | 5.7% | 2.9% | 10.3% | 2.4% | 18.9% | 55.2% | 10.3% |
| Richmond, VA | 12.4% | 69.4% | 18.2% | 4.4% | 5.4% | 16.1% | 19.3% | 29.3% | 25.5% |
| Riverside-San Bernardino-Ontario, CA | 1.4% | 92.4% | 6.2% | 0.0% | 0.0% | 0.0% | 0.0% | 49.4% | 50.6% |
| Sacramento-Roseville-Arden-Arcade, CA | 10.1% | 82.5% | 7.5% | 2.2% | 0.0% | 5.7% | 23.9% | 35.3% | 32.9% |
| Salt Lake City, UT | 17.6% | 78.4% | 3.9% | 1.9% | 9.5% | 2.8% | 34.8% | 43.6% | 7.4% |
| San Antonio-New Braunfels, TX | 19.8% | 71.4% | 8.8% | 0.8% | 3.3% | 2.6% | 13.2% | 70.8% | 9.3% |
| San Diego-Carlsbad, CA | 19.0% | 79.3% | 1.8% | 2.6% | 1.4% | 11.6% | 16.1% | 57.1% | 11.3% |
| San Francisco-Oakland-Hayward, CA | 20.8% | 76.7% | 2.5% | 10.2% | 1.8% | 22.6% | 29.2% | 31.6% | 4.5% |
| San Jose-Sunnyvale-Santa Clara, CA | 28.0% | 69.0% | 3.0% | 1.5% | 0.7% | 0.0% | 9.4% | 82.2% | 6.2% |
| Seattle-Tacoma-Bellevue, WA | 10.1% | 85.5% | 4.3% | 12.9% | 1.0% | 20.3% | 52.4% | 12.1% | 1.2% |
| St. Louis, MO-IL | 7.5% | 80.4% | 12.0% | 5.6% | 3.8% | 5.3% | 21.3% | 18.5% | 45.5% |
| Tampa-St. Petersburg-Clearwater, FL | 12.0% | 84.0% | 4.0% | 1.5% | 4.1% | 12.8% | 24.9% | 37.5% | 19.2% |
| Virginia Beach-Norfolk-Newport News, VA-NC | 16.6% | 75.7% | 7.7% | 1.5% | 2.4% | 3.7% | 19.8% | 52.9% | 19.7% |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 17.1% | 74.9% | 7.9% | 10.3% | 4.0% | 21.7% | 21.8% | 28.6% | 13.6% |

DISTRIBUTION OF LAND AREA BY TYPE OF PLACE

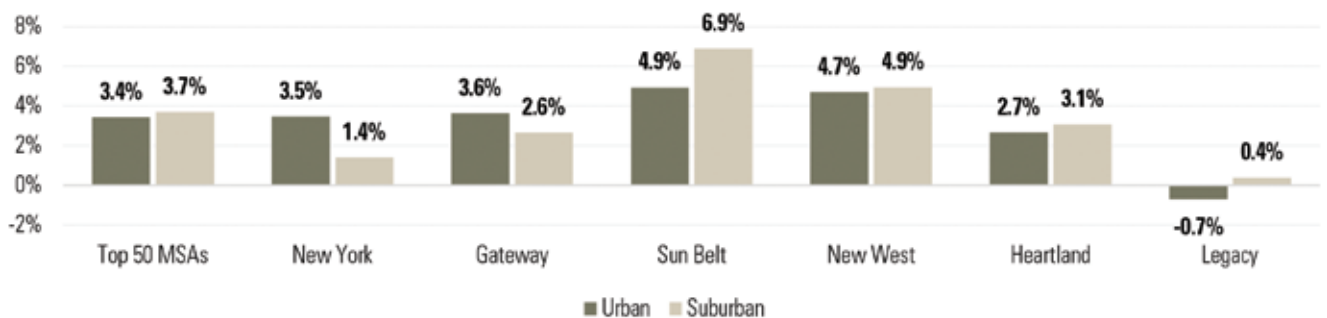
| MSA NAME | OVERALL CLASSIFICATIONS | | | URBAN CLASSIFICATIONS | | | | | |
|--|-------------------------|----------|-------|-----------------------|--------------------------|--------------------|-----------------------|---------------------|-------------------------|
| | URBAN | SUBURBAN | OTHER | ECONOMIC CENTER | EMERGING ECONOMIC CENTER | MIXED-USE DISTRICT | HIGH-END NEIGHBORHOOD | STABLE NEIGHBORHOOD | CHALLENGED NEIGHBORHOOD |
| Atlanta-Sandy Springs-Roswell, GA | 1.0% | 54.1% | 45.0% | 2.6% | 16.2% | 10.3% | 39.2% | 13.1% | 18.6% |
| Austin-Round Rock, TX | 1.4% | 33.5% | 65.1% | 3.1% | 11.3% | 2.2% | 48.9% | 27.4% | 7.1% |
| Baltimore-Columbia-Towson, MD | 2.8% | 60.9% | 36.3% | 1.2% | 7.1% | 6.0% | 9.2% | 44.3% | 32.1% |
| Birmingham-Hoover, AL | 0.7% | 28.6% | 70.7% | 4.9% | 16.0% | 2.1% | 36.7% | 5.8% | 34.6% |
| Boston-Cambridge-Newton, MA-NH | 1.4% | 82.2% | 16.3% | 7.5% | 4.0% | 12.7% | 24.7% | 46.8% | 4.4% |
| Buffalo-Cheektowaga-Niagara Falls, NY | 1.7% | 44.3% | 54.0% | 3.5% | 0.0% | 1.8% | 15.5% | 30.5% | 48.8% |
| Charlotte-Concord-Gastonia, NC-SC | 0.8% | 52.0% | 47.1% | 2.2% | 13.3% | 3.9% | 30.5% | 33.1% | 17.0% |
| Chicago-Naperville-Elgin, IL-IN-WI | 0.8% | 49.9% | 49.3% | 7.6% | 0.5% | 17.9% | 17.5% | 41.1% | 15.5% |
| Cincinnati, OH-KY-IN | 1.3% | 41.4% | 57.3% | 2.8% | 1.5% | 2.3% | 24.4% | 34.8% | 34.3% |
| Cleveland-Elyria, OH | 2.6% | 70.8% | 26.7% | 4.6% | 0.0% | 1.4% | 24.7% | 17.6% | 51.7% |
| Columbus, OH | 1.2% | 26.6% | 72.2% | 6.4% | 5.1% | 1.4% | 29.3% | 28.5% | 29.3% |
| Dallas-Fort Worth-Arlington, TX | 1.5% | 40.2% | 58.3% | 2.7% | 25.1% | 5.7% | 34.4% | 23.1% | 9.0% |
| Denver-Aurora-Lakewood, CO | 0.7% | 13.2% | 86.1% | 2.5% | 5.7% | 4.7% | 33.7% | 50.6% | 2.8% |
| Detroit-Warren-Dearborn, MI | 0.8% | 54.1% | 45.0% | 5.5% | 4.2% | 2.2% | 12.2% | 11.8% | 64.0% |
| Hartford-West Hartford-East Hartford, CT | 2.0% | 87.1% | 10.9% | 4.8% | 10.8% | 0.0% | 19.8% | 16.5% | 48.1% |
| Houston-The Woodlands-Sugar Land, TX | 1.3% | 46.3% | 52.4% | 6.1% | 6.8% | 9.2% | 24.4% | 39.2% | 14.2% |
| Indianapolis-Carmel-Anderson, IN | 1.3% | 32.8% | 65.9% | 5.6% | 10.2% | 2.3% | 15.2% | 25.6% | 41.1% |
| Jacksonville, FL | 1.4% | 40.2% | 58.3% | 3.7% | 14.5% | 0.0% | 19.4% | 34.1% | 28.2% |
| Kansas City, MO-KS | 0.6% | 18.1% | 81.3% | 2.7% | 8.2% | 1.9% | 18.3% | 20.1% | 48.8% |
| Las Vegas-Henderson-Paradise, NV | 0.5% | 3.1% | 96.5% | 2.9% | 0.3% | 1.3% | 20.1% | 45.7% | 29.7% |
| Los Angeles-Long Beach-Anaheim, CA | 1.8% | 33.3% | 64.8% | 6.8% | 4.9% | 12.8% | 16.4% | 51.2% | 7.9% |
| Louisville/Jefferson County, KY-IN | 1.1% | 24.8% | 74.1% | 5.1% | 0.0% | 2.8% | 23.7% | 37.9% | 30.5% |
| Memphis, TN-MS-AR | 0.5% | 18.7% | 80.8% | 5.2% | 3.0% | 8.7% | 23.5% | 23.3% | 36.3% |
| Miami-Fort Lauderdale-West Palm Beach, FL | 1.5% | 30.3% | 68.1% | 5.8% | 11.5% | 6.7% | 14.9% | 44.2% | 16.9% |
| Milwaukee-Waukesha-West Allis, WI | 3.1% | 69.6% | 27.3% | 1.7% | 7.2% | 3.1% | 12.4% | 38.1% | 37.4% |
| Minneapolis-St. Paul-Bloomington, MN-WI | 1.0% | 24.8% | 74.1% | 3.5% | 5.5% | 5.4% | 28.1% | 54.7% | 2.9% |
| Nashville-Davidson-Murfreesboro-Franklin, TN | 0.7% | 27.4% | 71.9% | 5.8% | 12.4% | 1.0% | 35.9% | 36.0% | 8.9% |
| New Orleans-Metairie, LA | 1.8% | 24.6% | 73.6% | 4.9% | 0.0% | 5.1% | 25.5% | 31.7% | 32.7% |
| New York-Newark-Jersey City, NY-NJ-PA | 1.4% | 68.7% | 29.9% | 10.5% | 0.9% | 17.7% | 16.6% | 50.5% | 3.7% |
| Oklahoma City, OK | 0.8% | 17.2% | 82.0% | 2.6% | 2.4% | 0.8% | 12.0% | 49.9% | 32.4% |
| Orlando-Kissimmee-Sanford, FL | 2.0% | 46.9% | 51.1% | 2.1% | 11.8% | 8.2% | 35.2% | 22.7% | 19.9% |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | 2.0% | 76.7% | 21.2% | 5.9% | 6.3% | 4.0% | 7.3% | 37.2% | 39.3% |
| Phoenix-Mesa-Scottsdale, AZ | 0.7% | 13.6% | 85.8% | 2.3% | 2.6% | 4.1% | 26.2% | 30.1% | 34.8% |
| Pittsburgh, PA | 0.8% | 40.4% | 58.7% | 2.6% | 3.1% | 4.2% | 22.1% | 54.4% | 13.5% |
| Portland-Vancouver-Hillsboro, OR-WA | 0.7% | 16.3% | 83.0% | 1.2% | 4.9% | 3.9% | 39.3% | 49.8% | 1.0% |
| Providence-Warwick, RI-MA | 3.0% | 71.3% | 25.6% | 1.6% | 0.0% | 3.1% | 5.9% | 55.6% | 33.7% |
| Raleigh, NC | 1.5% | 62.9% | 35.6% | 2.6% | 9.9% | 1.2% | 26.1% | 53.7% | 6.5% |
| Richmond, VA | 0.7% | 19.0% | 80.3% | 4.3% | 9.3% | 8.0% | 19.1% | 38.0% | 21.3% |
| Riverside-San Bernardino-Ontario, CA | 0.0% | 13.4% | 86.5% | 0.0% | 0.0% | 0.0% | 0.0% | 54.9% | 45.1% |
| Sacramento-Roseville-Arden-Arcade, CA | 0.7% | 19.4% | 79.9% | 2.2% | 0.0% | 3.4% | 31.2% | 36.3% | 26.9% |
| Salt Lake City, UT | 0.5% | 4.7% | 94.8% | 3.8% | 15.3% | 1.5% | 28.6% | 45.3% | 5.5% |
| San Antonio-New Braunfels, TX | 1.4% | 22.0% | 76.6% | 1.4% | 6.7% | 2.1% | 17.4% | 65.5% | 6.9% |
| San Diego-Carlsbad, CA | 3.5% | 46.8% | 49.7% | 1.2% | 2.7% | 7.4% | 29.5% | 48.3% | 11.0% |
| San Francisco-Oakland-Hayward, CA | 1.6% | 40.4% | 58.0% | 9.1% | 4.3% | 11.1% | 39.6% | 32.2% | 3.8% |
| San Jose-Sunnyvale-Santa Clara, CA | 2.7% | 19.4% | 77.8% | 1.7% | 0.5% | 0.0% | 13.5% | 79.9% | 4.4% |
| Seattle-Tacoma-Bellevue, WA | 0.6% | 26.8% | 72.6% | 7.7% | 1.1% | 9.1% | 65.7% | 14.5% | 1.8% |
| St. Louis, MO-IL | 0.5% | 25.2% | 74.3% | 4.4% | 10.4% | 2.2% | 23.6% | 16.8% | 42.6% |
| Tampa-St. Petersburg-Clearwater, FL | 3.0% | 60.8% | 36.2% | 1.6% | 6.2% | 9.2% | 30.2% | 36.8% | 16.0% |
| Virginia Beach-Norfolk-Newport News, VA-NC | 2.3% | 32.6% | 65.1% | 1.0% | 5.1% | 2.1% | 23.6% | 50.4% | 17.7% |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | 1.3% | 44.8% | 53.8% | 7.6% | 9.3% | 10.8% | 27.9% | 31.7% | 12.7% |

TRENDS IN URBAN NEIGHBORHOODS

1. Population growth rates in urban places are approaching suburban growth rates for the first time in decades.

Between 2000 and 2015, the population of urban places increased by only 1%, well below the 13% population growth seen in suburban places. However, urban and suburban places grew at roughly the same rate between 2010 and 2015. During this time, denser urban locations grew significantly faster than more residential neighborhoods, suggesting that new urban residents are demonstrating a preference for mixed-use environments.

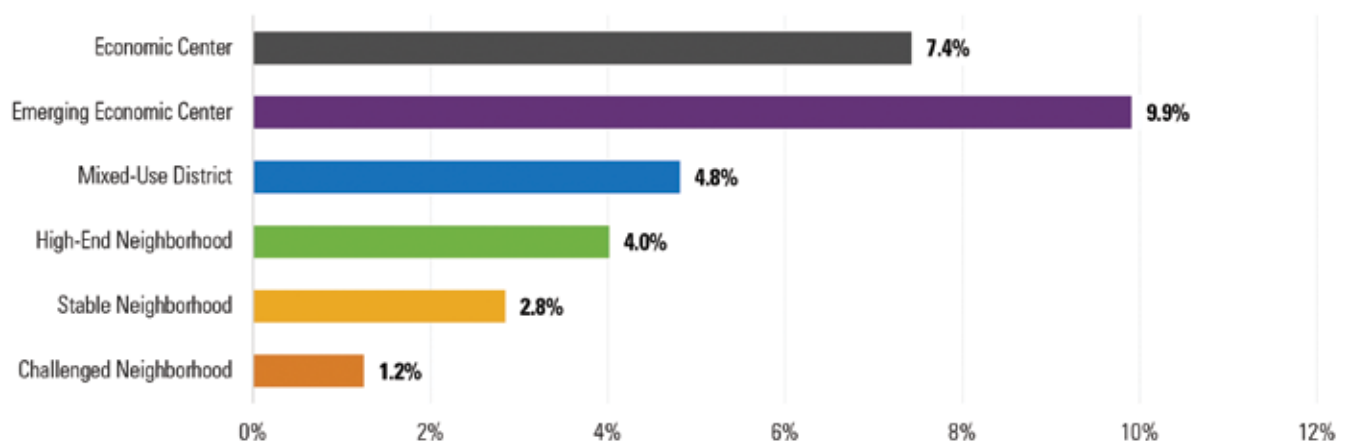
Population Growth Rate by MSA Category, 2010–2015; Top 50 MSAs



In the 50 largest MSAs as a whole, the number of people living in urban and suburban neighborhoods increased at approximately the same rate between 2010 and 2015, indicating that growth occurred in line with the existing distribution of population. Nevertheless, there are some MSAs where the difference is significantly wider. For example, urban neighborhoods in New York and other Gateway metropolitan areas outpaced their respective suburbs in terms of population growth during this time period, while the suburbs in many Sun Belt markets continued to attract an outsized share of new residents. Meanwhile, the population of urban neighborhoods in Legacy metropolitan areas actually declined, while the suburbs experienced a slight uptick in the number of residents.

Within urban neighborhoods, denser places with a broader mix of uses grew faster than more residential locations between 2010 and 2015. In the 50 largest MSAs, Emerging Economic Centers experienced the fastest population growth during this time (9.9%), followed by Economic Centers (7.4%) and Mixed-Use Districts (4.8%). Meanwhile, predominantly residential urban neighborhoods grew at slower rates, with the population of Challenged Neighborhoods, in particular, only increasing by 1.2%.

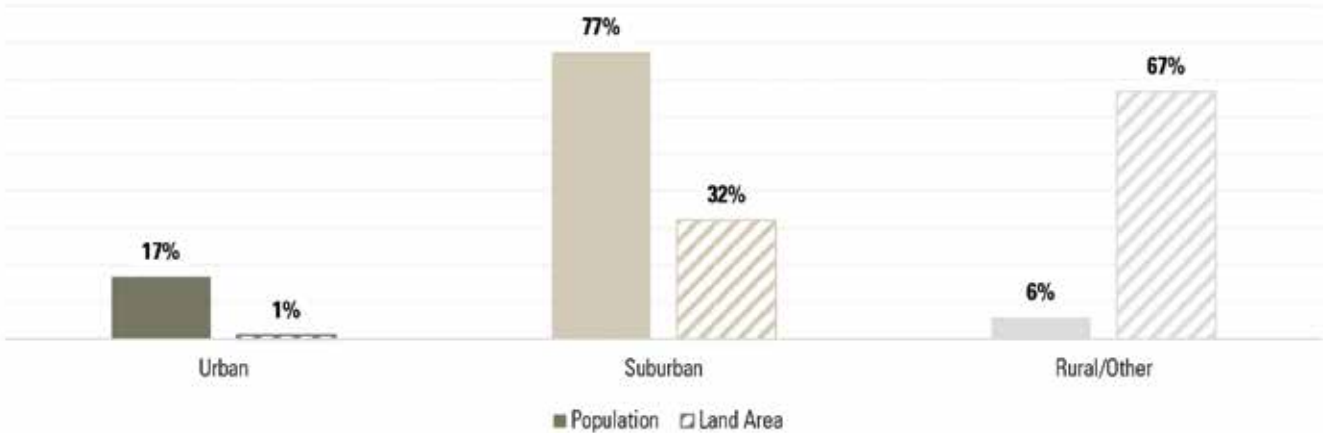
Population Growth Rate by Type of Urban Neighborhood, 2010–2015; Top 50 MSAs



2. Today, more than 29 million Americans live in urban neighborhoods.

This figure represents 17% of the total population in just 1% of the land area in the 50 largest metropolitan statistical areas (MSAs). Three-quarters of these urbanities live in somewhat dense but predominantly residential neighborhoods, contrary to popular perception and most media attention focused on true mixed-use places.

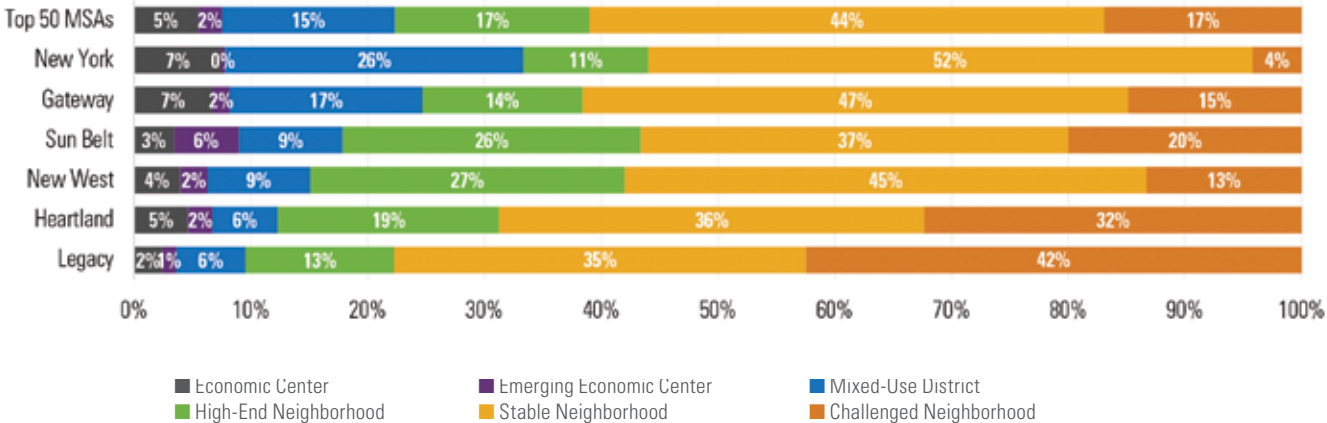
Distribution of Population and Land Area, 2015: Top 50 MSAs



While most Americans live in the suburbs, urban places account for a significant share of the population, especially considering their geographic concentration. In the 50 largest MSAs, the share of people living in urban places is more than 15 times larger than the share of total land area that those places represent; in comparison, the suburbs account for roughly twice their “fair share” of the population based on land area.

Within urban places, most people live in predominantly residential locations. Nevertheless, people in established urban markets, such as New York and other Gateway metropolitan areas, are somewhat more likely to live in denser neighborhoods with a broader mix of uses. Meanwhile, people in secondary markets are more likely to live in lower-density, and often lower-value, urban neighborhoods. This trend is particularly true in Heartland and Legacy metropolitan areas without as many established urban neighborhoods. For example, only 5% of the urban population in the Cleveland MSA lives in Economic Centers, Emerging Economic Centers, or Mixed-Use Districts, as compared with 35% of the urban population in the San Francisco MSA.

Distribution of Urban Population by MSA Category, 2015: Top 50 MSAs

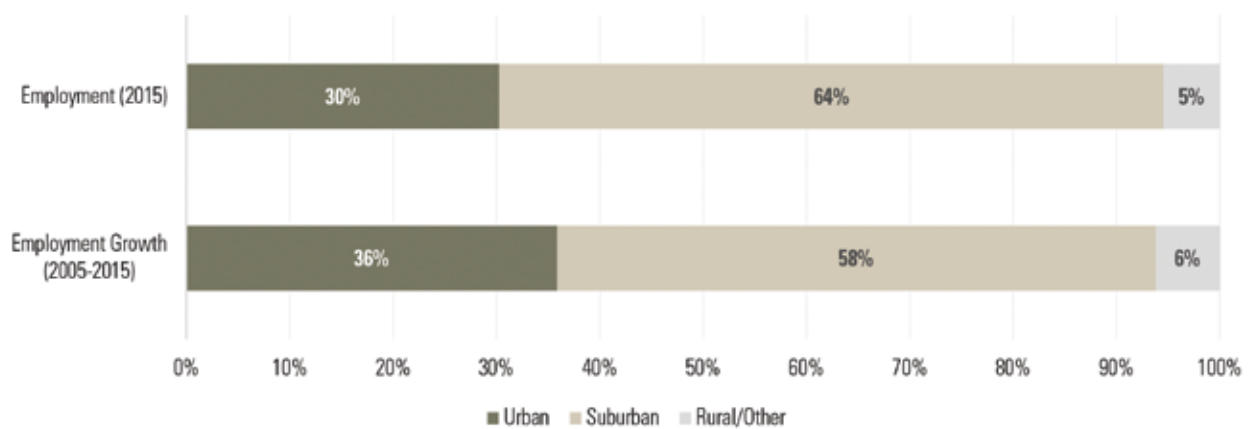


3. Urban places are now capturing more than their fair share of new job growth.

In the 50 largest MSAs, urban places accounted for 30% of existing jobs and 36% of new job growth between 2005 and 2015. Contrary to popular belief, the suburbs are experiencing job growth too, at rates that are nearly equal to the job growth seen in urban places. But, downtowns are booming, and the job base in established urban employment cores—referred to as Economic Centers in this report—increased at a faster rate than the number of jobs in any other type of neighborhood during this time.

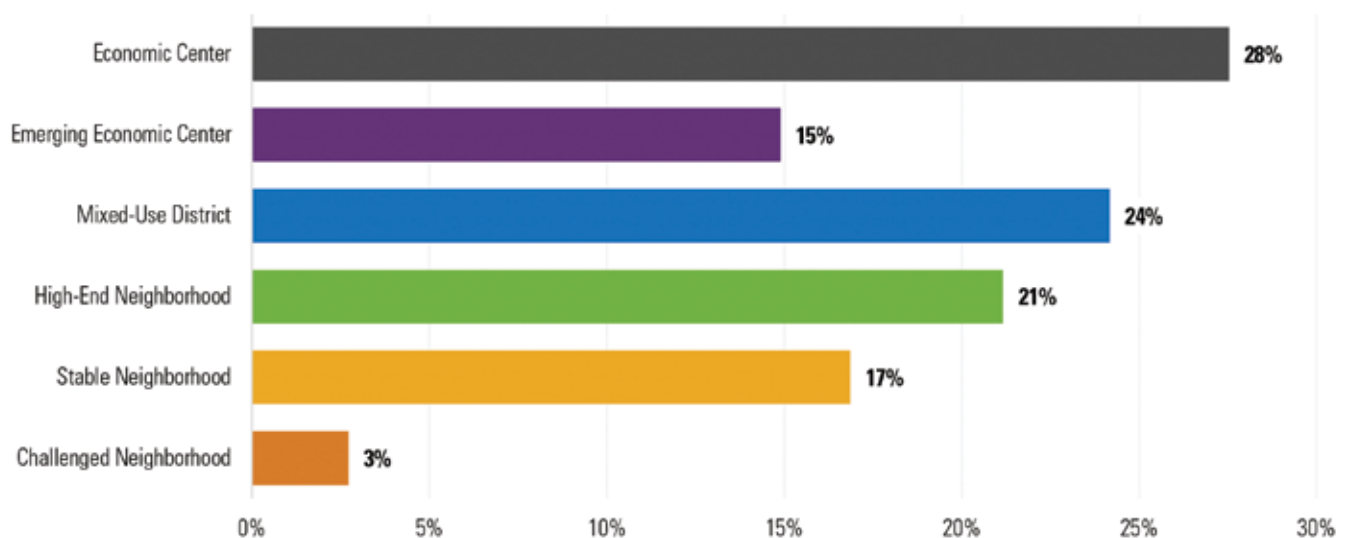
In the 50 largest MSAs, the number of jobs in urban places increased by approximately 20% between 2005 and 2015, when urban places captured 36% of new jobs in those metropolitan areas. Meanwhile, suburban employment increased at a slightly lower, but generally similar, rate of 15% during this time period.

Distribution of Employment and Employment Growth, 2005–2015; Top 50 MSAs



Between 2005 and 2015, Economic Centers experienced faster job growth than any other type of urban or suburban neighborhood (28%), indicating that established central business districts continue to attract a significant number of employers. In comparison, the number of jobs in the fastest-growing type of suburb, Greenfield Lifestyle suburbs, increased by 25% during this time.

Employment Growth Rate by Type of Urban Neighborhood, 2005–2015; Top 50 MSAs

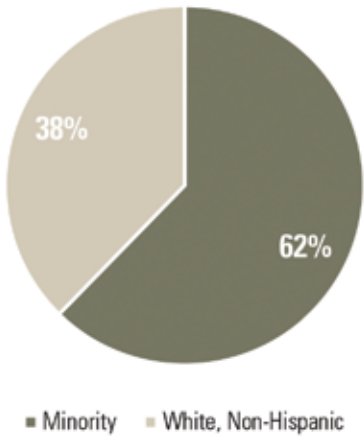


4. Upscale urban places are among the most racially and ethnically diverse types of neighborhoods.

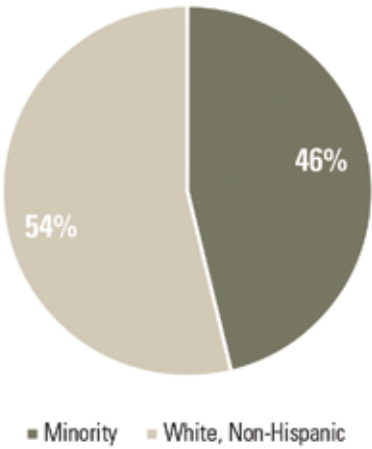
Although the majority of minorities live in the suburbs and many economically challenged urban neighborhoods are predominantly nonwhite, upscale urban places are often more diverse than similarly high-end suburbs. In fact, there is close to a 50/50 split between the white and non-white populations in Economic Centers and Mixed-Use Districts, the two urban neighborhoods where average rents are highest.

In the 50 largest MSAs, minorities comprise 62% of the population living in urban neighborhoods, while only 38% of the residents are white, non-Hispanic. Meanwhile, this dynamic is flipped in the suburbs, where 46% of residents are minorities and 54% are white, non-Hispanic.

Urban Places by Ethnicity, 2015; Top 50 MSAs

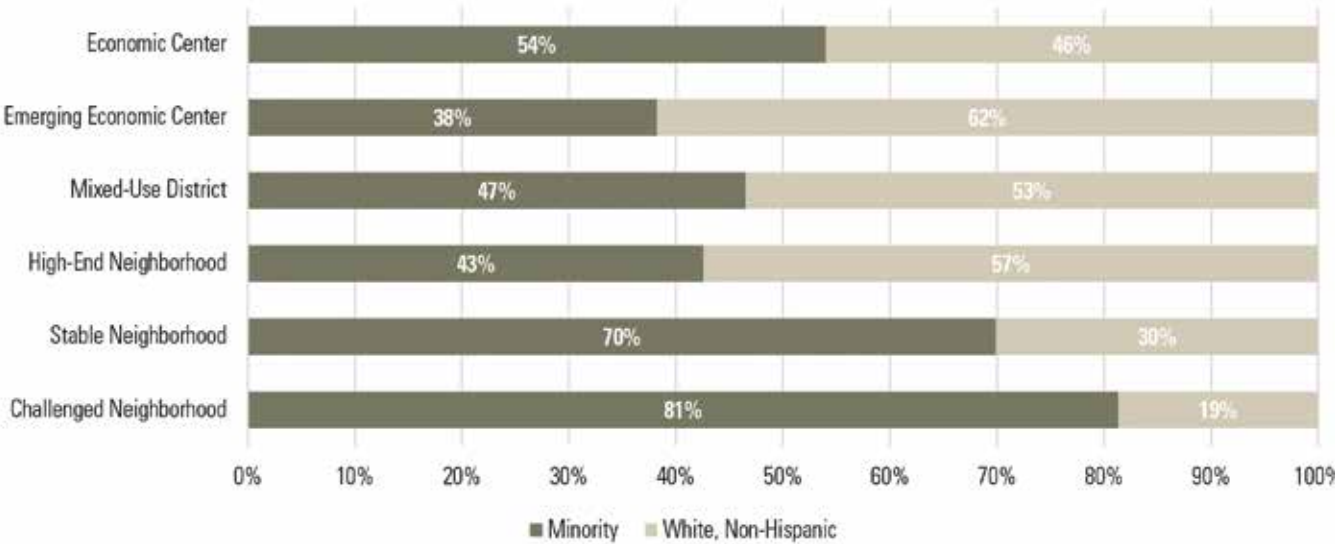


Suburban Places by Ethnicity, 2015; Top 50 MSAs



While conventional wisdom often suggests that the most expensive or desirable urban neighborhoods are predominantly white, these locations are surprisingly diverse. Although minorities account for a significant share of the population living in Challenged Neighborhoods (81%) and Stable Neighborhoods (70%), they also represent close to half of the population in Economic Centers and Mixed-Use Districts (54% and 47%, respectively), which have higher average apartment rents than any other type of urban neighborhoods. In comparison, only 35% of people living in Established High-End Suburbs are nonwhite.

Ethnic Breakdown by Urban Neighborhood Type, 2015; Top 50 MSAs

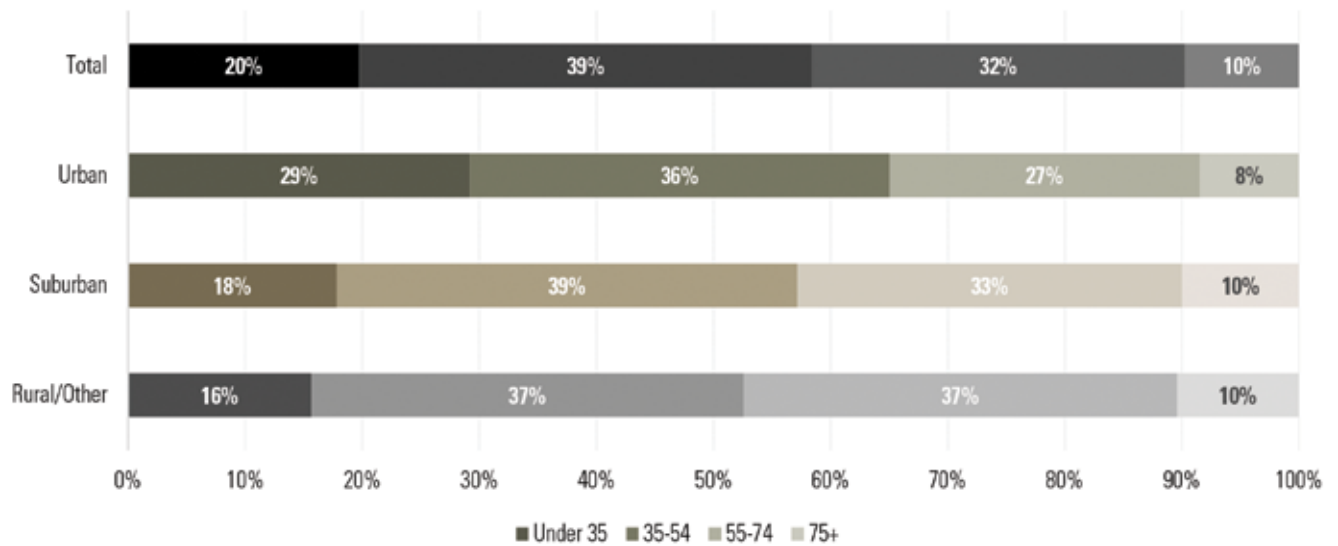


5. Almost a third of urban households are headed by millennials.

While the majority of these younger households live in suburbs, more than 29% of households in urban locations are under the age of 35, relative to only 18% in the suburbs. Within urban places, young households are disproportionately more likely to gravitate toward dense neighborhoods with a mix of uses.

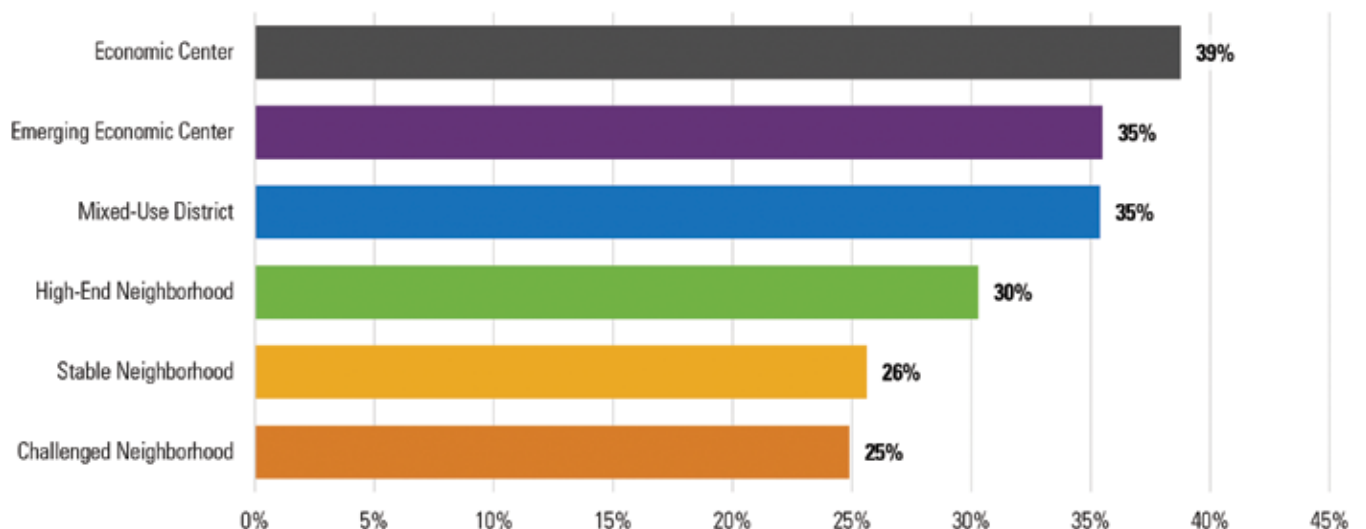
While the majority of young (under 35) households live in the suburbs (68%), these households represent an outsized share of the overall household base in urban neighborhoods. This trend indicates that Millennials are substantially more likely to live in urban neighborhoods, relative to other demographic groups.

Distribution of Households by Age of Head-of-Household, 2015; Top 50 MSAs



Within urban neighborhoods, young (under 35) households account for a significant number of all households living in Economic Centers (39%), Emerging Economic Centers (35%), and Mixed-Use Districts (35%). Meanwhile, these young households represent 30% or less of the total household base in predominantly residential neighborhoods, highlighting a preference for denser or more mixed-use neighborhoods.

Percentage of Households with Head-of-Household Under 35, 2015; Top 50 MSAs



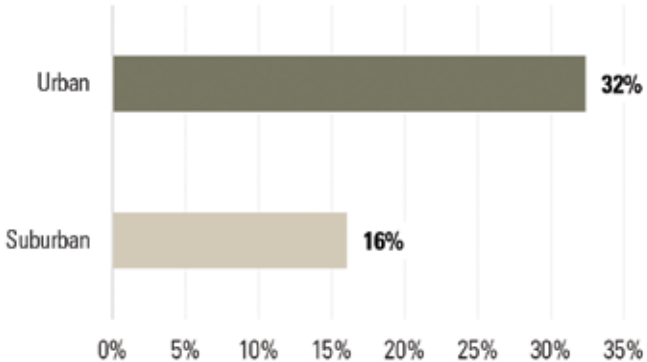
6. Rental apartment development is now concentrated in urban locations.

Between 2010 and 2017, the rental apartment inventory in urban places grew twice as fast as the inventory in the suburbs, by 32% compared with 16%. During this time, Emerging Economic Centers accounted for one-fifth of new apartment units, despite representing only 6% of the overall apartment inventory in 2010. On the other hand, more residential urban places accounted for less than their fair share of new units; during this same time period, Stable and Challenged Neighborhoods accounted for only 8% of new units, despite representing 43% of the inventory in 2010.

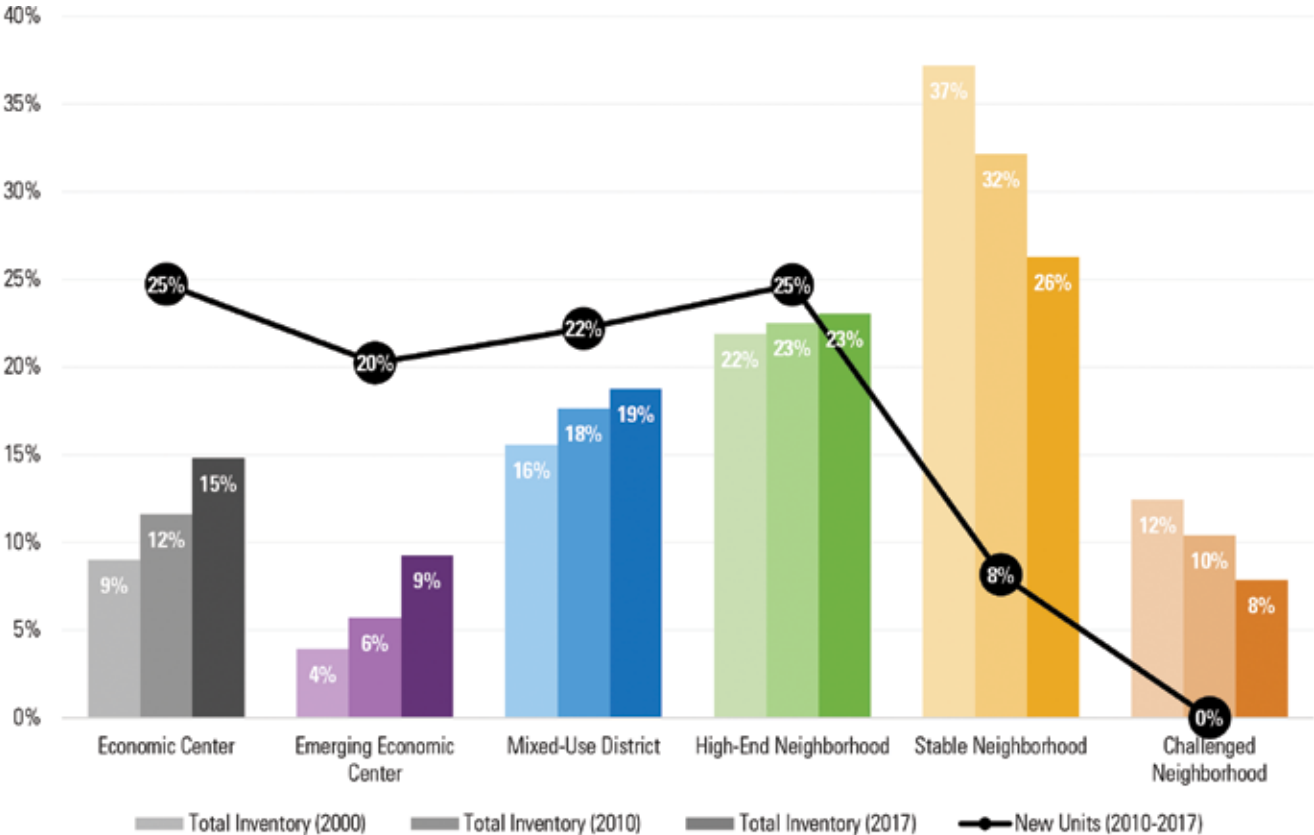
Between 2010 and 2017, 43% of new rental apartment units delivered in urban places, despite the fact that these locations accounted for only 27% of the existing inventory at the beginning of this time period. As a result of this outsized capture, the number of rental apartment units in urban places increased nearly twice as fast as the number of rental apartment units in the suburbs.

During this time, a significant amount of new urban rental apartment development occurred in Economic Centers (25%), High-End Neighborhoods (25%), Mixed-Use Districts (22%), and Emerging Economic Centers (20%). This level of growth is particularly substantial for Emerging Economic Centers, where the share of urban rental apartment units more than doubled since 2000. On the other hand, Stable Neighborhoods and Challenged Neighborhoods attracted less than their fair share of new rental apartment units during this time, when their overall capture of inventory declined as a result.

Growth in Rental Apartment Units, 2010–2017; Top 50 MSAs



Distribution of New and Total Rental Apartment Inventory by Urban Neighborhood Type, 2000–2017; Top 50 MSAs



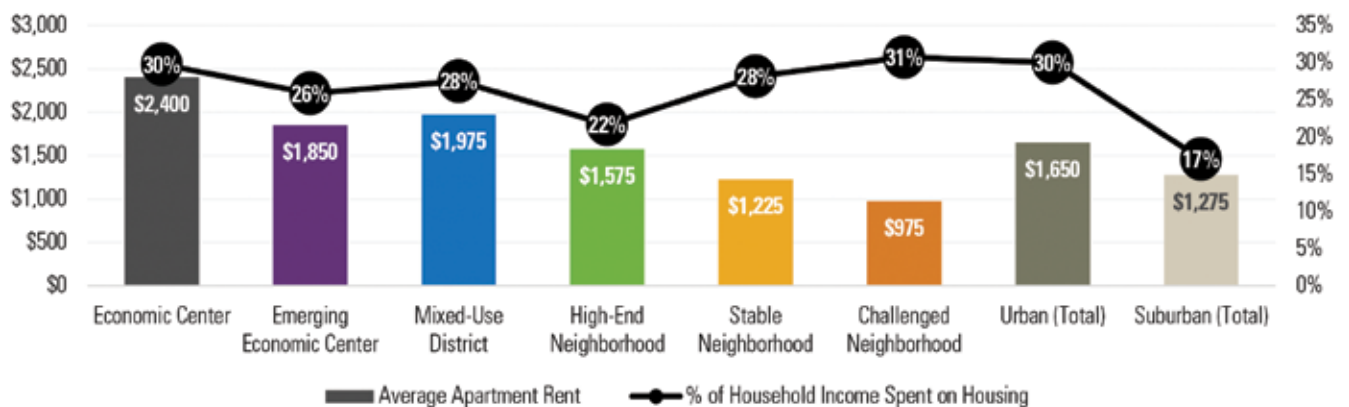
7. Urban locations tend to face greater affordability issues than the suburbs.

Urban places have an average household income of \$66,000, relative to \$89,000 for the suburbs. However, the average monthly rent of a multifamily apartment in urban places is \$1,650, well above the \$1,275 seen in the suburbs; likewise, the average home value is more than \$50,000 higher in urban places. These differences highlight the issues of affordability that are prevalent in many urban places. In particular, residents who live in dense, mixed-use neighborhoods—such as Economic Centers and Mixed-Use Districts—tend to pay more of their incomes for housing.

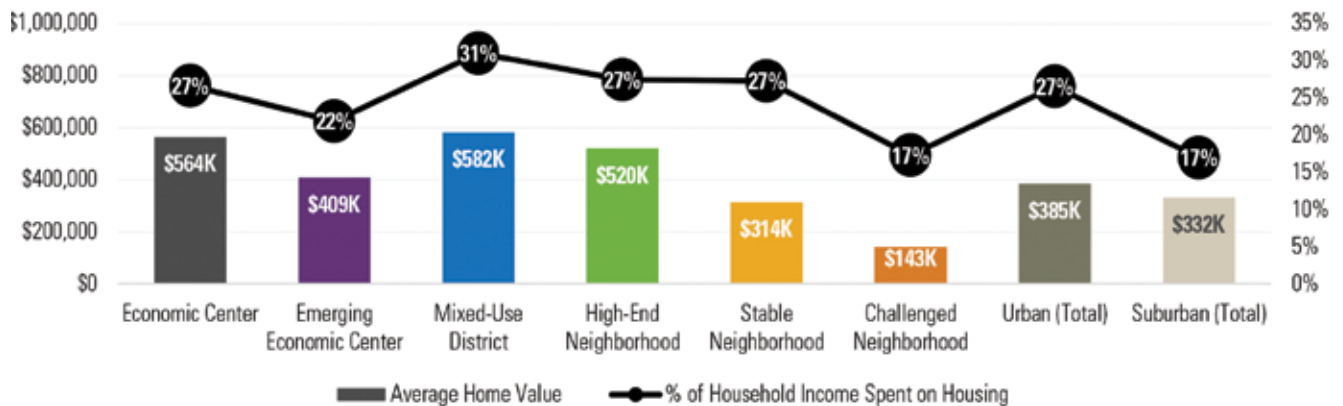
While suburban households tend to have higher incomes than households living in urban places, home values and multifamily apartment rents are generally more expensive in urban neighborhoods. As a result, people who live in urban neighborhoods tend to spend a greater share of their incomes on housing. In the 50 largest metropolitan areas, urban households living in multifamily apartment buildings pay roughly 30% of their incomes in rent each year, compared with only 17% for households living in the suburbs.¹ Home values tell a similar story, indicating that households living in urban neighborhoods pay approximately 27% of their incomes each year for housing, while suburban households pay just 17%.²

These differences are perhaps most apparent in established high-density urban neighborhoods, such as Economic Centers and Mixed-Use Districts. Of all types of urban neighborhoods, these places tend to have the highest apartment rents and home value, causing residents to spend some of the highest shares of their incomes on housing each year.

Average Multifamily Apartment Rent and Income Spent on Housing by Neighborhood Type, 2015; Top 50 MSAs



Average Home Value and Income Spent on Housing by Neighborhood Type, 2015; Top 50 MSAs



¹ It is important to note that the primary multifamily rental unit data source used for this report does not account for many “small- and medium-sized” multifamily properties (those with fewer than 50 units). Research has shown that these units are most likely to house the lowest-income renters; in fact these buildings “comprise 56% of all subsidized units, and they house 60% of households earning between \$0 and \$10,000 annually.” Brian An, Bostic, Jakobovics, Orlando, and Rodnyansky, “Understanding the Small and Medium Multifamily Housing Stock,” Enterprise Community Partners, 2017, and “Small and Medium Multifamily Housing Units: Affordability, Distribution, and Trends,” 2015.

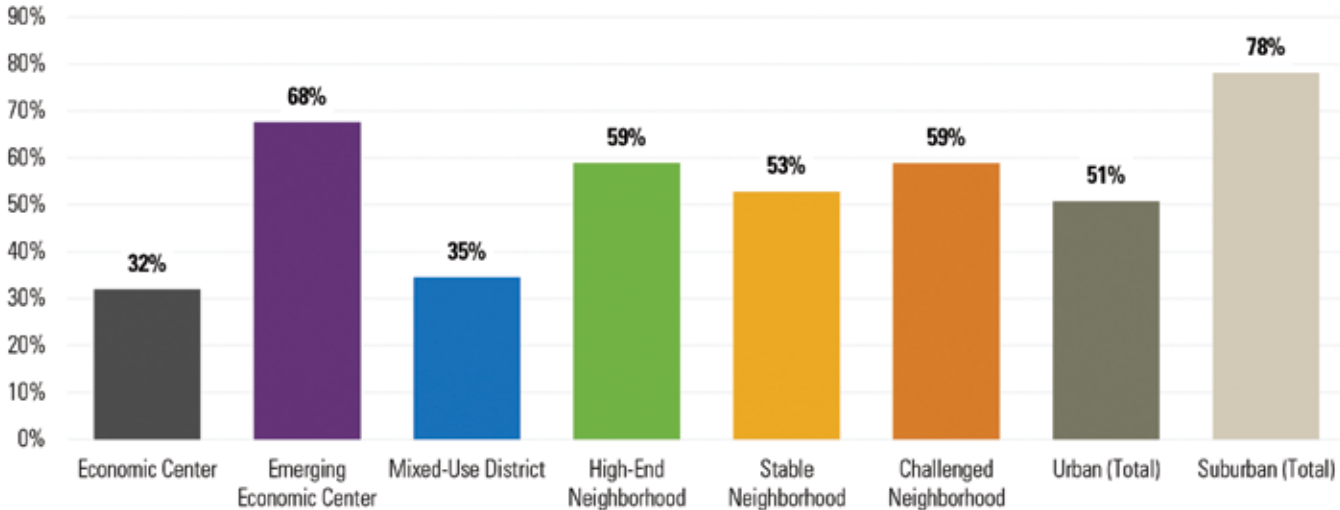
² Assumes a 30-year mortgage with a 20% down payment and an interest rate of 4.0%

8. Roughly half of urbanites take transit, walk, bike, or carpool to work.

Just over 50% of workers living in urban locations drive alone to work, compared with 78% of workers living in the suburbs. In particular, people who live in Economic Centers and Mixed-Use Districts are more likely to use alternative transportation methods, as only 32% and 35% of the workers who live in those respective places drive to work alone every day.

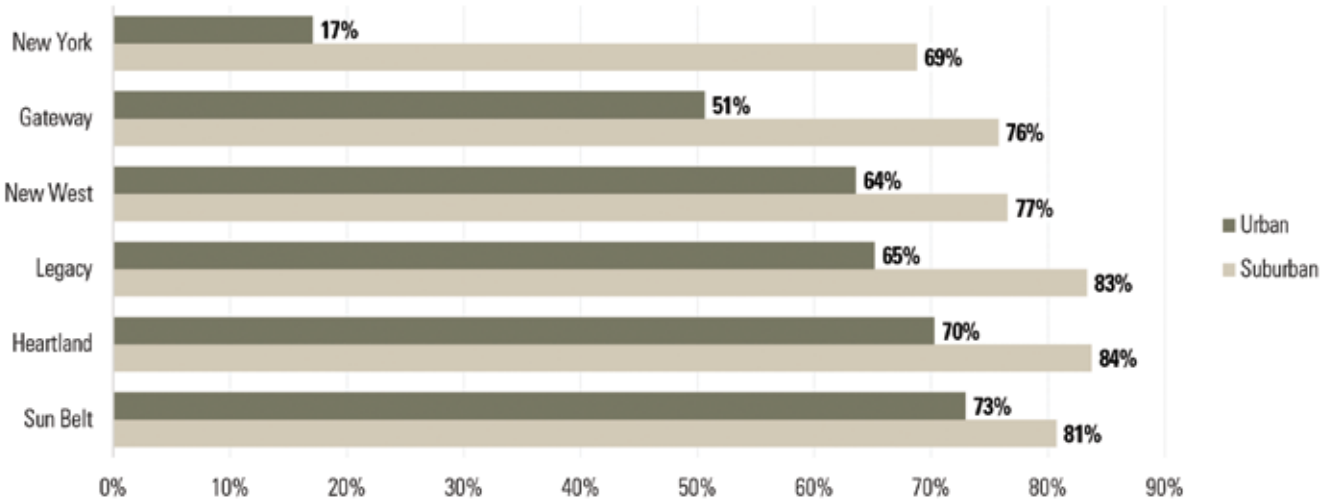
In the 50 largest metropolitan areas, people living in urban neighborhoods are substantially less likely to drive alone to work (51%) than people living in the suburbs (78%). Within urban places, people living in Economic Centers and Mixed-Use Districts are the most likely to take transit, walk, bike, or carpool to work, likely because many of these neighborhoods are centrally located or offer public transit.

Percentage of Workers Who Drive Alone to Work by Neighborhood Type, 2015; Top 50 MSAs



Although people who live in urban neighborhoods are consistently more likely to use alternative transportation methods than people who live in the suburbs, this difference is widest in primary markets such as New York and other Gateway metropolitan areas. In many of these areas, urban neighborhoods tend to have comprehensive transit systems, making it easier for residents to get to work without cars. In fact, the New York-Newark-Jersey City MSA accounts for nearly 40% of urban residents who live in the 50 largest metropolitan areas and have an alternative commute to work. Excluding this MSA from the analysis, an additional 10% of urban residents drive alone to work, bringing the overall figure to 61%.

Percentage of Urban Residents Who Drive Alone to Work by MSA Category, 2015; Top 50 MSAs



CONCLUSION

This document, we hope, provides an alternative to the winner-versus-loser framework we too often bring to discussions about urbanized places. Much of this dialogue pits cities against suburbs without acknowledging the variety of places that actually exists within each of those broad categories. Even within cities, we frequently bring an unhealthy place hierarchy to our thinking about urban neighborhoods.

Just as the character of housing development varies from one suburb to the next, there are many different types of urban places, ranging from established central business districts to densifying residential neighborhoods. Recognizing this diversity is key to facilitating productive conversations about the economic, demographic, and societal trends that are occurring in each type of neighborhood, as well as the implications that these trends are having on real estate.

As development and neighborhood change continues to occur in new locations, the places that surround us will continue to evolve. Nevertheless, it is unlikely that this evolution will ever lead to a clear winner in the ongoing debate about cities and suburbs. Rather, it is likely that healthy metropolitan areas will continue to feature a wide range of urban and suburban neighborhoods, and the approach used in this report is intended to provide an analytical, non-binary framework on which to base future discussion about these places.

APPENDIX: ANALYTIC APPROACH & METHODOLOGY

RCLCO developed a methodology to broadly categorize geographies in the top 50 metropolitan statistical areas (MSAs) as urban, suburban, or rural/other at the census-tract level. Within this classification, census tracts were delineated into more specific categories. Urban categories are high-density urban, urban, and low-density urban. Suburban categories are high-density suburban, suburban, and low-density suburban. Rural/other categories are low-density commercial/institutional/park, rural, and non-residential.

To account for regional differences in development patterns and densities, RCLCO classified each MSA into one of six categories—Gateway, Sun Belt, New West, Heartland, and Legacy—with a sixth and separate category for New York, which has a unique urban fabric and is nearly twice as dense as the next densest MSA. These categories are meant to provide a localized view of regions and were used with different metrics to determine urbanity under the assumption that certain regions are more likely to follow similar development patterns than are others. As a result of this approach, the methodology assumes that a metro area like Columbus, Ohio, is more likely to exhibit patterns similar to Indianapolis than it is to San Francisco.

First, the methodology classified census tracts on the basis of the number of housing units in each tract, identifying those without any housing units as nonresidential. Next, RCLCO examined population and employment densities, using whichever metric was higher, to identify and separate the geographies that function as downtowns or rural areas. Tracts that exceeded a density of 20,000 jobs or residents per square mile were labeled high-density urban. Tracts with fewer than 100 jobs or residents per square mile were labeled rural. Those categories were applied consistently across all of the MSAs.

For the remaining tracts, RCLCO used a standard deviation methodology to determine relative densities and value dynamics within the 50 largest MSAs. As a part of this methodology, RCLCO combined and added MSAs in order to reflect the practical and geographic boundaries of regional economies and housing markets. For example, RCLCO analyzed San Francisco and San Jose together, and it did the same for Los Angeles and Riverside as well. In addition, RCLCO considered nine smaller MSAs which tend to have overlapping regional economies and housing markets with larger MSAs, including Oxnard (overlaps with Los Angeles), Ogden and Provo (overlaps with Salt Lake City), Boulder and Greeley (overlaps with Denver), Bremerton (overlaps with Seattle), Worcester (overlaps with Boston), Bridgeport (overlaps with New York), and Durham (overlaps with Raleigh). While RCLCO used these additional MSAs for the purpose of determining the relative densities of census tracts in the 50 largest MSAs, it did not include these other MSAs when calculating the economic and demographic trends seen in the “Top 50 MSAs.” Likewise, the trends shown for certain MSA categories refer to only those areas

which fall within the 50 largest MSAs. For more information on the MSAs included in this analysis, please reference Exhibit 3.

Using these MSA categories, RCLCO examined the remaining tracts, those with between 100 and 20,000 jobs or residents per square mile, based on:

1. Population or employment densities, again considering whichever density was higher.
 - A. High-density.
 - i. 0+ standard deviations from the mean for residential tracts.
 - ii. 0.5+ standard deviations from the mean for employment tracts.
 - B. Medium-density.
 - i. -0.5 to 0 standard deviations from the mean for residential tracts.
 - ii. -0.5 to 0.5 standard deviations from the mean for employment tracts.
 - C. Low-density.
 - i. Less than -0.5 standard deviations from the mean for both residential and employment tracts.
2. Percentage of housing units that are in single-family detached homes.
 - A. Within high-density.
 - i. Tracts with less than 10 percent single-family detached were classified as urban.
 - B. Within medium-density.
 - i. Tracts with more than 30 percent single-family detached were classified as suburban.
 - C. Within low-density.
 - i. Tracts with more than 30 percent single-family detached were classified as low-density suburban.
 - ii. Tracts with less than 30 percent single-family detached were classified as Low-Density Commercial/Institutional/Park, after RCLCO observed where this classification was occurring (airports, military institutions, regional parks, etc.).
 - D. For high-density tracts with more than 10 percent single-family detached and medium-density tracts with less than 30 percent single-family detached, density and housing type alone did not provide enough differentiation to determine whether tracts were more urban or more suburban. These tracts were therefore analyzed on the basis of the distance from the city center and whether they were primarily employment or households.
 - i. Tracts less than five miles from the city center were classified as low-density urban.
 - ii. Employment-driven tracts between five and ten miles from the city center were classified as low-density urban, and residential-driven ones were classified as high-density suburban.

- iii. Tracts more than ten miles from the city center were classified as high-density suburban.

This classification system resulted in six key categories of residential places within regions:

- » High-Density Urban: Downtowns and outer employment cores
- » Urban: Dense in-town neighborhoods and outer employment corridors
- » Low-Density Urban: Relatively dense, in-town residential neighborhoods
- » High-Density Suburban: Relatively dense outer neighborhoods and commercial corridors
- » Suburban: Well-populated neighborhoods where most of the housing stock consists of single-family detached homes
- » Low-Density Suburban: Neighborhoods where most of the housing stock consists of single-family detached homes, and some land is undeveloped

Using these categories, RCLCO then selected the high-density urban, urban, and low-density urban tracts as areas to consider “urban” for the purpose of this analysis. To further characterize urban areas relative to their likely current and future development potential, RCLCO outlined six paradigms to incorporate the impact of land value and availability on development trends:

- » **Economic Center:** These locations offer significant concentrations of employment and are often the historic urban cores of the cities in which they are located. While office buildings typically outnumber residential buildings in these areas, new multifamily and mixed-use development is starting to bring a mix of uses to many of the 9-to-5 neighborhoods they comprise.
 - › “High-Density Urban” census tracts with more jobs than people; and/or
 - › The two census tracts with the highest employment densities
- » **Emerging Economic Center:** Once characterized by single-family residential or low-density commercial land uses, these locations are rapidly emerging as new urban cores. These places are generally well-located but underutilized, and they tend to offer more opportunities for ground-up development than other, more established urban locations.
 - › “High-Density Urban,” “Urban,” and “Low-Density Urban” census tracts where apartment growth occurred 50% faster than the MSA from 2010-2017, at above average rents;
 - › Population density 0.5+ SDs below MSA Category; and
 - › Employment density 0.0+ SDs above MSA category

- › Plus, “High-Density Suburban” and “Suburban” census tracts with more jobs and people, employment densities 0.15+ SDs above the MSA Category, and apartment growth 50% faster than the MSA from 2010-2017, at above average rents

- » **Mixed-Use District:** Often situated near major employment cores, these locations tend to be more residentially focused, typically with high-density housing and upscale retail. While these places once attracted a large share of new development, construction has moderated in recent years as land availability has declined.
 - › “High-Density Urban” census tracts with employment and population densities 0.0+ SDs above MSA Category, “Urban” census tracts with employment densities 0.0+ SDs and 0.25+ SDs above MSA Category, or “Low-Density Urban” Census tracts with employment and population densities 1.0+ SDs above MSA Category; and
 - › Apartment rents and/or home values above MSA average
- » **High-End Neighborhood:** These areas comprise in-town residential neighborhoods with high home values and apartment rents and convenient access to shops and restaurants. Typically characterized by single-family development, these locations are often lower density and more historic than other, more conventionally urban neighborhoods.
 - › Apartment rents above MSA average; and/or
 - › Home values 1.0+ SDs above MSA average
- » **Stable Neighborhood:** These historically working-class neighborhoods feature diverse housing types that are attainable to a broad range of households, making them attractive to households looking for a price alternative to more expensive or established urban locations, given their older and often more affordable housing inventories. In many regions, these areas are therefore beginning to confront issues of gentrification.
 - › Home values +/- 1 SDs from MSA average; or
 - › Home values more than 1 SD from MSA average but with low vacancy and unemployment rates
- » **Challenged Neighborhood:** These locations have significantly lower home values and apartment rents than other urban neighborhoods, along with aging infrastructure and minimal new development. As a result, these areas tend to be less attractive to households that can afford to live elsewhere, resulting in very high vacancy and unemployment rates.
 - › Home values 1.0+ SDs below MSA average;
 - › No new apartment units built between 2010 and 2017; and
 - › Unemployment rates above 10% or a housing vacancy rate above 18%

EXHIBIT 1

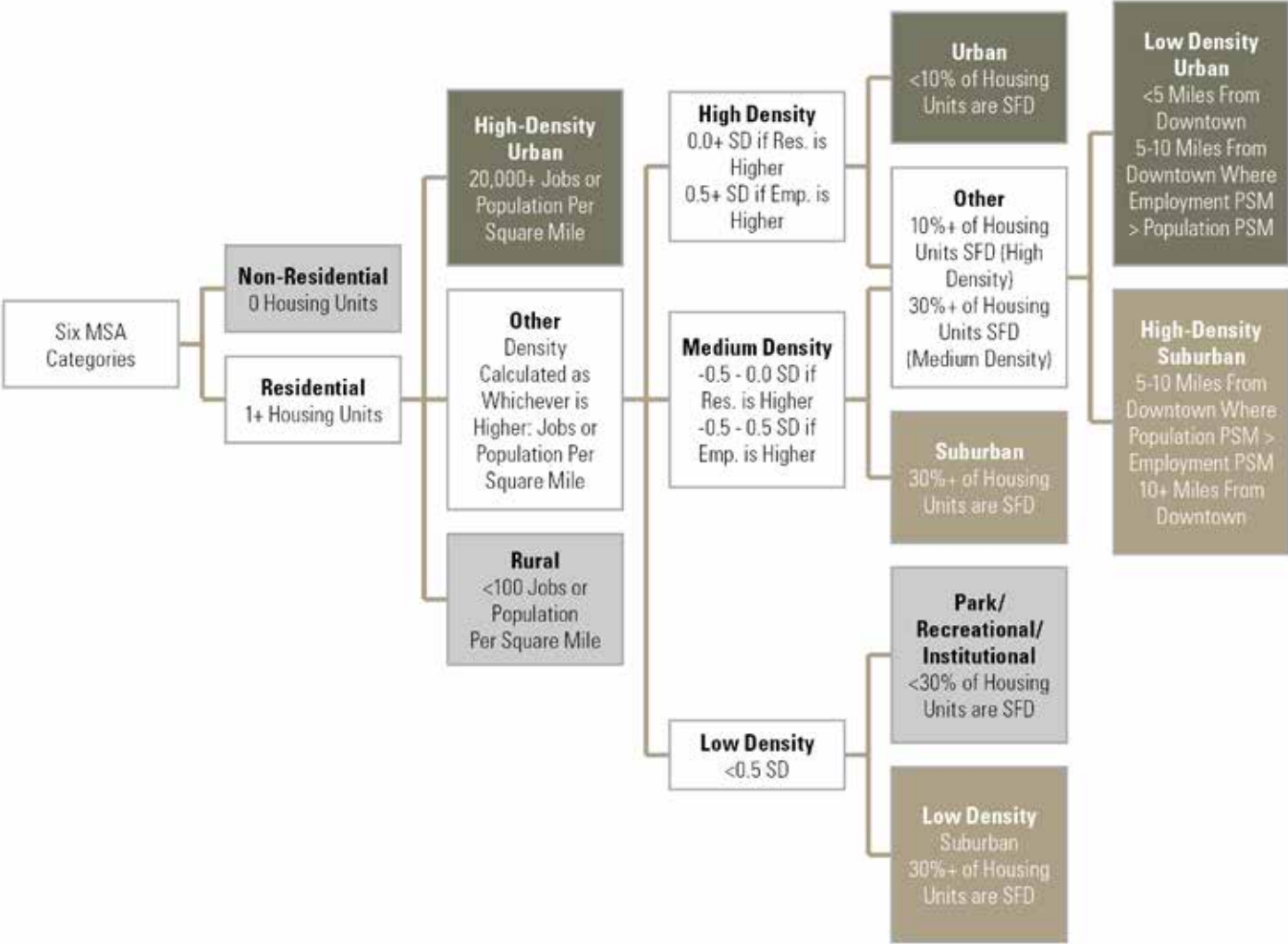


EXHIBIT 2

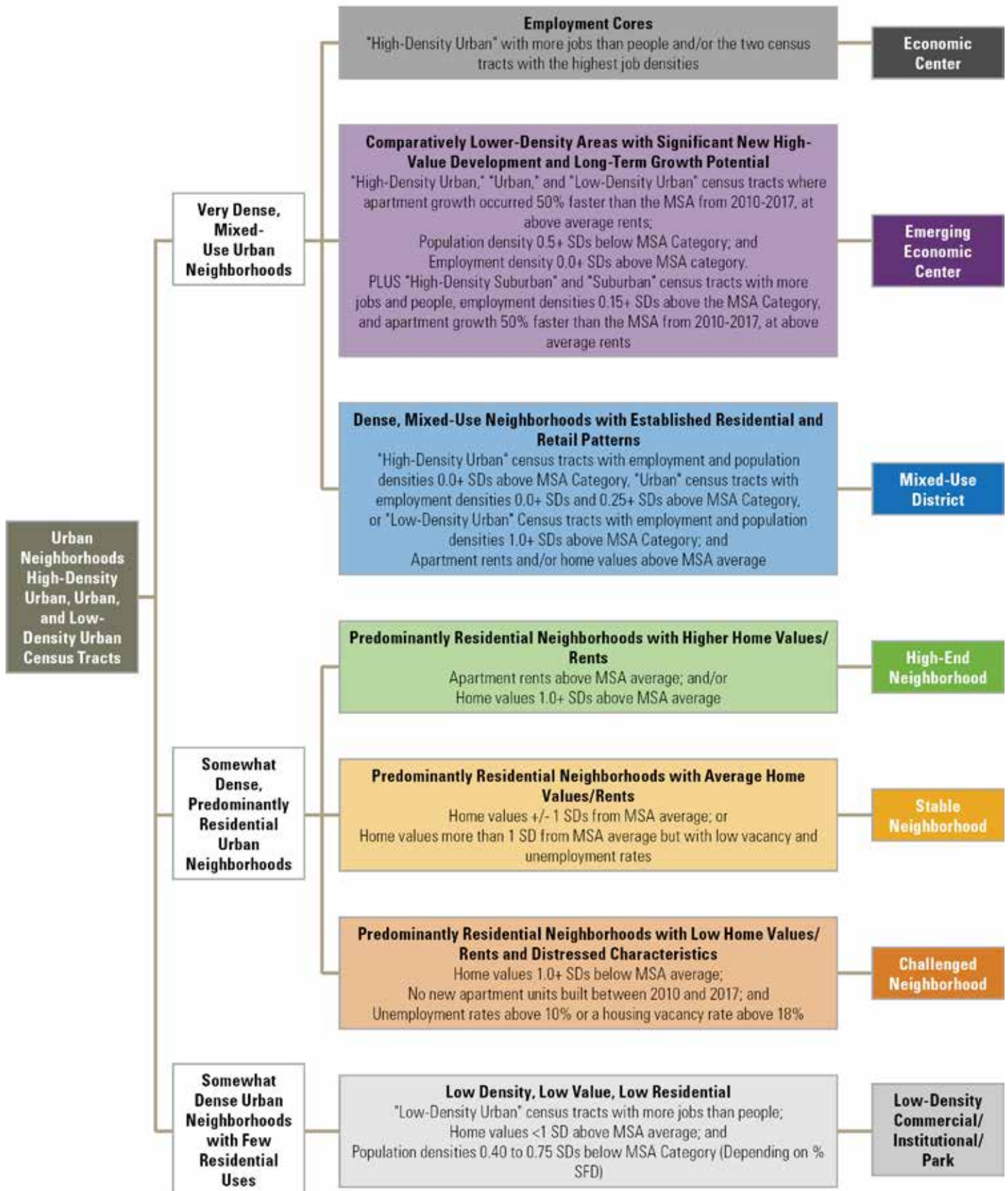


EXHIBIT 3

| Metropolitan Statistical Area | Category | Top 50 | Market | Metropolitan Statistical Area | Category | Top 50 | Market |
|--|----------|--------|-----------|--|-----------|--------|-----------|
| New York-Newark-Jersey City, NY-NJ-PA | New York | Yes | Primary | Denver-Aurora-Lakewood, CO | New West | Yes | Primary |
| Bridgeport-Stamford-Norwalk, CT | New York | No | Secondary | Las Vegas-Henderson-Paradise, NV | New West | Yes | Primary |
| Boston-Cambridge-Newton, MA-NH | Gateway | Yes | Primary | Portland-Vancouver-Hillsboro, OR-WA | New West | Yes | Primary |
| Chicago-Naperville-Elgin, IL-IN-WI | Gateway | Yes | Primary | Sacramento-Roseville-Arden-Arcade, CA | New West | Yes | Primary |
| Los Angeles-Long Beach-Anaheim, CA | Gateway | Yes | Primary | Salt Lake City, UT | New West | Yes | Primary |
| Miami-Fort Lauderdale-West Palm Beach, FL | Gateway | Yes | Primary | San Diego-Carlsbad, CA | New West | Yes | Primary |
| Philadelphia-Camden-Wilmington, PA-NJ-DE-MD | Gateway | Yes | Primary | Seattle-Tacoma-Bellevue, WA | New West | Yes | Primary |
| San Francisco-Oakland-Hayward, CA | Gateway | Yes | Primary | Riverside-San Bernardino-Ontario, CA | New West | Yes | Secondary |
| Washington-Arlington-Alexandria, DC-VA-MD-WV | Gateway | Yes | Primary | Boulder, CO | New West | No | Secondary |
| San Jose-Sunnyvale-Santa Clara, CA | Gateway | Yes | Secondary | Greeley, CO | New West | No | Secondary |
| Oxnard-Thousand Oaks-Ventura, CA | Gateway | No | Secondary | Ogden-Clearfield, UT | New West | No | Secondary |
| Worcester, MA-CT | Gateway | No | Secondary | Provo-Orem, UT | New West | No | Secondary |
| Atlanta-Sandy Springs-Roswell, GA | Sun Belt | Yes | Primary | Bremerton-Silverdale, WA | New West | No | Secondary |
| Austin-Round Rock, TX | Sun Belt | Yes | Primary | Cincinnati, OH-KY-IN | Heartland | Yes | Primary |
| Birmingham-Hoover, AL | Sun Belt | Yes | Primary | Columbus, OH | Heartland | Yes | Primary |
| Charlotte-Concord-Gastonia, NC-SC | Sun Belt | Yes | Primary | Indianapolis-Carmel-Anderson, IN | Heartland | Yes | Primary |
| Dallas-Fort Worth-Arlington, TX | Sun Belt | Yes | Primary | Kansas City, MO-KS | Heartland | Yes | Primary |
| Houston-The Woodlands-Sugar Land, TX | Sun Belt | Yes | Primary | Louisville/Jefferson County, KY-IN | Heartland | Yes | Primary |
| Jacksonville, FL | Sun Belt | Yes | Primary | Memphis, TN-MS-AR | Heartland | Yes | Primary |
| Nashville-Davidson-Murfreesboro-Franklin, TN | Sun Belt | Yes | Primary | Minneapolis-St. Paul-Bloomington, MN-WI | Heartland | Yes | Primary |
| New Orleans-Metairie, LA | Sun Belt | Yes | Primary | Oklahoma City, OK | Heartland | Yes | Primary |
| Orlando-Kissimmee-Sanford, FL | Sun Belt | Yes | Primary | St. Louis, MO-IL | Heartland | Yes | Primary |
| Phoenix-Mesa-Scottsdale, AZ | Sun Belt | Yes | Primary | Baltimore-Columbia-Towson, MD | Legacy | Yes | Primary |
| Raleigh, NC | Sun Belt | Yes | Primary | Buffalo-Cheektowaga-Niagara Falls, NY | Legacy | Yes | Primary |
| Richmond, VA | Sun Belt | Yes | Primary | Cleveland-Elyria, OH | Legacy | Yes | Primary |
| San Antonio-New Braunfels, TX | Sun Belt | Yes | Primary | Detroit-Warren-Dearborn, MI | Legacy | Yes | Primary |
| Tampa-St. Petersburg-Clearwater, FL | Sun Belt | Yes | Primary | Hartford-West Hartford-East Hartford, CT | Legacy | Yes | Primary |
| Virginia Beach-Norfolk-Newport News, VA-NC | Sun Belt | Yes | Primary | Milwaukee-Waukesha-West Allis, WI | Legacy | Yes | Primary |
| Durham-Chapel Hill, NC | Sun Belt | No | Secondary | Pittsburgh, PA | Legacy | Yes | Primary |
| | | | | Providence-Warwick, RI-MA | Legacy | Yes | Primary |

