

MARYLAND PARKWAY TOD MARKET READINESS ANALYSIS

Report prepared for:



City of Las Vegas



Regional Transportation
Commission of Southern Nevada



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The Economics of Land Use

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PROJECT OVERVIEW

The Regional Transportation Commission of Southern Nevada (RTC), along with its partners the City of Las Vegas (CLV) and Clark County (CC), are preparing to make a substantial investment into the creation of an 8.7 mile long high-capacity transit line along the Maryland Parkway Corridor connecting the Las Vegas Medical District (LVMD), Downtown Las Vegas, Sunrise Hospital, Boulevard Mall, the University of Nevada – Las Vegas (UNLV), and McCarran International Airport.

To support the success and ridership of the transit line, the project partners want to identify and support opportunities for transit-oriented development (TOD) near transit stations. Economic & Planning Systems (EPS) is supporting MIG in the development of the TOD Plan for the Maryland Parkway Corridor.

This report provides a summary of the TOD Market Readiness Analysis, completed along the corridor to identify Focus Areas with the greatest potential to attract TOD. More in-depth market analysis will be completed for the highest priority Focus Areas to help efforts to attract TOD to the corridor.

MARKET READINESS APPROACH

The goal of the market readiness analysis is to identify Focus Areas that have (1) market demand for and (2) development conditions supportive of TOD.

The analysis used a two-tiered approach to score Focus Areas (encompassing the half-mile area around each transit station) based on criteria that correlate with **market momentum** and **development opportunity** for TOD. There are several factors or characteristics required for quality TOD to occur. Many of these can be measured using quantitative and/or spatial analysis. By identifying the presence of these TOD requirements, focus areas can be characterized in terms of the potential for TOD (or the level of public and private intervention needed to support it).

The TOD measures were grouped into two categories—Market Momentum and Development Opportunity—with a score calculated for each. Focus Areas were then ranked by the combined score. One point is given for each metric if a Focus Area meets the given criteria, with a total of 7 points in each category and 14 points in total.

INPUTS TO PRIORITY FOCUS AREAS SELECTION

The **market readiness** scores outlined in this Market Readiness Analysis are one of three major inputs into determining the highest priority Focus Areas for TOD. The second major input is the **TOD supportiveness score** developed in the Existing Conditions and Needs Assessment Report. The third major input is feedback gathered from the community and stakeholders during public engagement efforts. These three major inputs, along with staff expertise, local knowledge, and other considerations such as geographic distribution will ultimately be combined to determine which Focus Areas are the highest priority for TOD and where more detailed planning and design work will be done as part of this Plan.

The Priority Focus Area selection major inputs are:

- Market Readiness Report – Market Momentum and Development Opportunity scores
- Existing Conditions Report – TOD Supportiveness score
- Community and Stakeholder Input

TOD SUPPORTIVENESS AND COMMUNITY ENGAGEMENT

TOD Supportiveness

The TOD Supportiveness score is used to rank each Focus Area based on seven readiness indicators including mix of uses, zoning, (re)development opportunities, infrastructure conditions, multi-modal connectivity, vehicular accessibility, and traffic safety impacts. A Focus Area is considered more “TOD ready” if it currently has a strong mix of land uses, has a large amount of high-density or mixed-use zoning, has more development or redevelopment opportunities, has high quality infrastructure conditions, and has strong connectivity for bikes, pedestrians and cars. TOD Supportiveness scores and methodology are in the Existing Conditions and Needs Assessment Report.

Community and Stakeholder Input

The goal of community and stakeholder input as a part of the selection process for priority Focus Areas is to address community need throughout the study area. Community members and stakeholders will not only be able to provide a prioritized ranking of Focus Areas to become mixed-use hubs, but will also be able to provide valuable information about what they envision the community needs in different locations. These community needs may include better pedestrian and bike facilities, reduction of traffic congestion, more jobs, more shops and restaurants, more housing options, more affordable housing, increased safety, more shade trees, and/or more parks/open space.

FOCUS AREAS OVERALL SCORES

Total Score	TOD Supportiveness	Market Momentum	Development Opportunity
City of Las Vegas			
	7	3	3
	9	4	5
	7	4	5
	8	7	7
	9	7	7
	8	7	7
	11	6	4
	11	7	3
	5	5	2
	2	4	2
	6	2	4

Source: Economic & Planning Systems

* TOD Supportiveness scores are from the Existing Conditions and Needs Assessment Report

MARKET READINESS METHODOLOGY

This Market Readiness Analysis was conducted for the half-mile area around each proposed station (the “Focus Area”). Data was collected at either a point level (aggregated to a polygon) or at a polygon level aligning with the focus area boundaries. Where focus areas overlap, data are included for each relevant area (i.e. some data are double-counted). Data sources are noted on page 7.

As noted, two categories are used for analysis:

Market Momentum measures the strength of market trends and indicators of where market pressure is the greatest. Using metrics such as rent and vacancy levels, as well as population and employment growth, this metric evaluates which areas the market has already gravitated towards, indicating an existing level of support for new development.

Development Opportunity looks at locations where market trends could evolve in the future, based on the readiness of an area for TOD growth. Focusing on physical components, including average parcel size and level of vacant or underutilized acreage, this metric identifies areas with capacity and opportunity for new development.

DATA INPUTS

Market Momentum	Development Opportunity
Office Rents (2019, CoStar)	Average Parcel Size (assessor)
Retail Rents (2019, CoStar)	Acreage of Vacant Land (assessor)
Vacancy (office & retail) (2019, CoStar)	Acreage of “Underutilized” Land (assessor, EPS analysis)
Recent Development (office, retail, multifamily, hospitality) (built since 2010, CoStar)	Presence of Funding/Financing Opportunities (local and federal data)
Household Growth (2010–2019, ESRI)	Identified TOD Sites (Paceline Consulting analysis)
Employment Growth (2010–2017, US Census LEHD)	Number of major destinations/landmarks (Existing Conditions Report)
Presence of TOD–Supportive Demographics (2019, ESRI)	Population/Employment Density (2019, ESRI)

TOTAL MARKET READINESS SCORE

To determine a focus area's overall market readiness, the Market Momentum and Development Opportunity scores are added, resulting in a score ranging from 0 to 14.

Among the 11 focus areas in the City of Las Vegas, overall Market Readiness scores ranged from 6 to 14, with an average score of 10.

The three focus areas with the top overall scores are Grand Central Parkway (14), Bonneville Transit Center (14), and 4th Street (14).



TOTAL SCORE

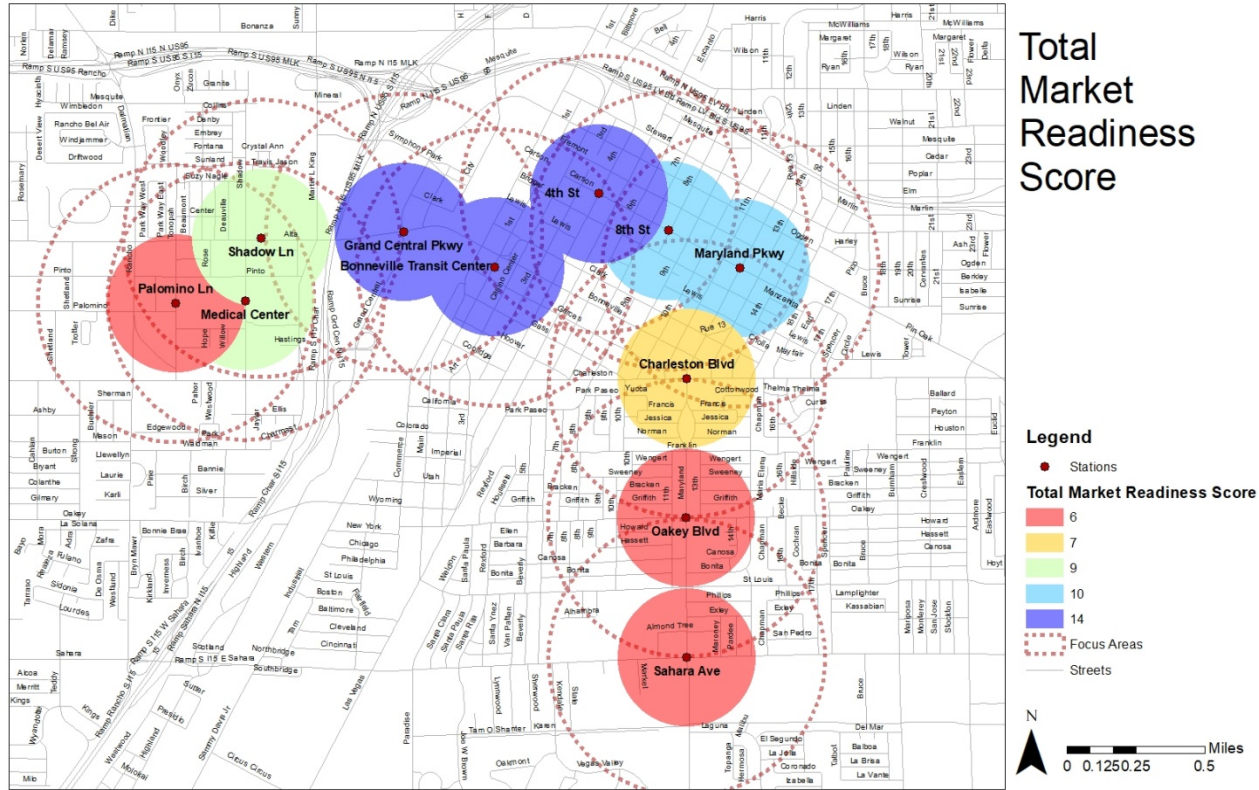
The highest scoring Focus Areas are in the core of Downtown, including Grand Central Parkway and Bonneville Transit Center, and 4th Street. These areas are already conducive and have attracted higher density development and have current market strengths.

The other highest scoring areas along the corridor include stations along Fremont Street east of the downtown core (8th Street and Maryland Parkway) and two stations in the Medical Center area (Medical Center and Shadow Lane).

	Market Momentum	Development Opportunity	Total Score
City of Las Vegas			
Grand Central Pkwy	7	7	14
Bonneville Transit Center	7	7	14
4th St	7	7	14
8th St	6	4	10
Maryland Pkwy	7	3	10
Medical Center	4	5	9
Shadow Ln	4	5	9
Charleston Blvd	5	2	7
Palomino Ln	3	3	6
Oakey Blvd	4	2	6
Sahara Ave	2	4	6

Source: Economic & Planning Systems

TOTAL SCORE MAP



MAJOR TAKEAWAYS

The market conditions along the City of Las Vegas portion of the corridor are generally strong. The Medical Center, core Downtown, and East Fremont Street Focus Areas were found to be good candidates for TOD. These areas already have higher density uses and are generally transit supportive. The focus of station area planning and identification of potential TOD projects/uses should focus on helping to increase the diversity and mixture of uses in this area.

Generally, the density of people living in the Focus Areas in the City of Las Vegas section of the corridor is low. However, many of the Focus Areas serve significant employment areas and have less residential units. Supporting the growth of more housing options is a way to attract TOD and to help increase the vibrancy of the area.

MARKET MOMENTUM

The **market momentum** component looks at the strength of the real estate market in each focus area, comparing each area's market to the other focus areas along the corridor and the broader Las Vegas metro area.

The metrics assess growth trends and real estate values, and are used as indicators of whether the market will support a new project/new development within the station area.

Each focus area is scored on seven metrics, with a score of 0 or 1 for each.

The focus area's total market momentum score, ranging from 0 to 7, provides an indication of the current strength of the market support for TOD.

The scores are used to assess the relative differences between focus areas and assist in identifying areas for more in-depth market analysis.

MARKET MOMENTUM METRICS AND SCORING

Market Momentum	Year(s)	Source	Criteria	Scoring Values		Scores
				0	1	
Office Rents	2019	CoStar	Average rent level	≤ \$20 per sq.ft.	> \$20 per sq. ft.	0 or 1
Retail Rents	2019	CoStar	Average rent compared to corridor median	≤ median rent	> median rent	0 or 1
Vacancy (Office/Retail)	2019	CoStar	Vacancy rate below 10%	< 10% vacancy	≥ 10% vacancy	0 or 1
Recent Development	2010-2020	CoStar	Permitted new development	No new development	Presence of new development	0 or 1
Household Growth	2010-2019	Census; ESRI	Annual average new households	Growth of < 10 households/year	Growth of ≥ 10 households/year	0 or 1
Employment Growth	2010-2017	LEHD	Annual average new jobs	No growth or decline in employment	Growth in employment	0 or 1
TOD Demographics			More than 2 criteria met	2 or fewer criteria met	More than 2 criteria met	0 or 1
<i>Non-Family Households</i>	<i>2019</i>	<i>ESRI</i>	<i>Greater than 50% of HHs</i>			
<i>Households without Children</i>	<i>2017</i>	<i>ACS; ESRI</i>	<i>Greater percentage than MSA</i>			
<i>Householders age 25-34</i>	<i>2019</i>	<i>ESRI</i>	<i>Greater percentage than MSA</i>			
<i>Householders age 55-64</i>	<i>2019</i>	<i>ESRI</i>	<i>Greater percentage than MSA</i>			
Possible Score						0 to 7

MARKET MOMENTUM SUMMARY

The market readiness scores for all focus areas in the City of Las Vegas are higher than the County, with four areas scoring 7, and only two areas scoring less than 4.

Focus Areas closest into the Downtown core scored the best.

The Focus Areas along much of the corridor have generally strong real estate conditions and have been attracting new development. The City of Las Vegas's efforts to attract development to downtown are reflected in the scores for the stations.

Market Momentum	Avg. Office Rent	Office Rent Score	Avg. Retail Rent	Retail Rent Score	Commercial Vacancy %	Vacancy Score	Recent Dev. Projects	Recent Dev. Score	Household Growth	HH Growth Score	Employment Growth	Emp. Growth Score	TOD Demo.	TOD Demo. Score	Total Score
City of Las Vegas															
Grand Central Pkwy	\$20.62	1	\$23.99	1	1%	1	16	1	11	1	694	1	3	1	7
Bonneville Transit Center	\$26.62	1	\$23.70	1	7%	1	20	1	36	1	1,058	1	3	1	7
4th St	\$29.27	1	\$39.23	1	7%	1	14	1	42	1	557	1	3	1	7
Maryland Pkwy	\$26.22	1	\$36.00	1	7%	1	8	1	26	1	100	1	3	1	7
8th St	\$28.88	1	\$42.34	1	8%	1	10	1	22	1	-64	0	3	1	6
Charleston Blvd	\$18.83	0	\$9.14	0	4%	1	7	1	13	1	32	1	3	1	5
Medical Center	\$17.33	0	\$27.00	1	4%	1	4	1	5	0	-107	0	3	1	4
Shadow Ln	\$17.55	0	-	0	3%	1	4	1	4	0	240	1	3	1	4
Oakey Blvd	\$9.61	0	\$18.56	1	20%	0	5	1	11	1	6	1	1	0	4
Palomino Ln	\$17.46	0	\$26.40	1	8%	1	3	1	1	0	-296	0	2	0	3
Sahara Ave	\$11.75	0	\$15.49	0	11%	0	5	1	16	1	-124	0	1	0	2

DEVELOPMENT OPPORTUNITY

The **development opportunity** component looks at the physical and regulatory characteristics of parcels in each focus area.

This metric measures the “readiness” of the physical environment for mixed-use TOD. Accounting factors such as available land, development suitability, and supportive policy, the metric is used as an indicator of the feasibility of development in the focus area.

Each focus area is scored on seven metrics, with a score of 0 or 1 for each.

The focus area’s total development opportunity score, ranging from 0 to 7, provides an indication of the current development potential for TOD.

The scores are used to assess the relative differences between focus areas and assist in identifying areas for more in-depth market analysis.

DEVELOPMENT OPPORTUNITY METRICS AND SCORING

Development Opportunity	Year(s)	Source	Criteria	Scoring Values		Scores
				0	1	
Development Supportiveness	2019	Assessor	Average parcel size	< 1/3 ac	≥ 1/3 ac	0 or 1
Development Sites						
Vacant Land	2019	Assessor	Vacant acreage	≤ 20ac vacant	> 20 ac vacant	0 or 1
Underutilized Land	2019	Assessor	Acreage of parcels with building to land value ratio of less than 0.5	< 50 ac underutilized	> 50 ac underutilized	0 or 1
Funding/Financing Opportunities	2019	Federal Data	Station within value capture mechanism or federal investment program designation (opportunity zone)	No value capture mechanism present	Presence of value capture mechanism	0 or 1
Identified TOD Sites	n/a	Existing Conditions Report	Acreage identified by Paceline Consulting analysis	≤ 2.5 ac of identified land	> 2.5 ac of identified land	0 or 1
Major Destinations and Landmarks	n/a	Existing Conditions Report	Number of major destinations and landmarks	Lower half of distribution	Top half of distribution	0 or 1
Population/Employment Density	2019	ESRI	Residents and employees per acre	Fewer than 30 residents/employees per acre	30 residents/employees per acre or more	0 or 1
Possible Score						0 to 7

DEVELOPMENT OPPORTUNITY SUMMARY

The Grand Central Parkway, Bonneville Transit Center, and 4th Street focus areas had the highest development readiness scores, with a 7/7. Only four focus areas scored under 4 on this metric.

Most of the areas have larger average parcel sizes in addition to the presence of vacant and/or underutilized parcels, making them good candidates for (re)development.

The more urban Focus Areas are naturally more conducive to higher density development that is desired near transit stations. As a result, the more urban focus areas scored higher. It may be worth focusing on the less urban areas to increase their ability to attract higher density development.

Development Opportunity	Avg. Parcel Size	Parcel Size Score	Vacant Acreage	Vacant Acreage Score	Underutilized Acreage	Underutilized Acreage Score	Funding / Financing Tool Presence	Funding / Financing Score	Publicly Owned/Vacant Land Acreage	Publicly Owned/Vacant Land Score	Number of Major Destinations/Landmarks	Destinations Score	Population/ Employment Density	Density Score	Total Score
City of Las Vegas															
Grand Central Pkwy	0.96	1	70.0	1	104.88	1	Yes	1	4.82	1	10	1	44.79	1	7
Bonneville Transit Center	0.59	1	61.5	1	105.58	1	Yes	1	5.27	1	10	1	54.29	1	7
4th St	0.56	1	40.1	1	78.71	1	Yes	1	5.45	1	9	1	56.22	1	7
Medical Center	0.53	1	35.3	1	38.41	0	Yes	1	2.50	0	6	1	37.31	1	5
Shadow Ln	0.48	1	23.6	1	19.99	0	Yes	1	1.60	0	6	1	39.01	1	5
8th St	0.45	1	5.9	0	29.59	0	Yes	1	2.75	1	5	0	54.50	1	4
Sahara Ave	0.45	1	13.5	0	65.67	1	Yes	1	2.20	0	6	1	21.03	0	4
Palomino Ln	0.47	1	32.4	1	45.03	0	Yes	1	1.24	0	3	0	19.74	0	3
Maryland Pkwy	0.34	1	3.3	0	19.73	0	Yes	1	5.60	1	3	0	29.78	0	3
Charleston Blvd	0.28	0	5.7	0	11.43	0	Yes	1	3.60	1	5	0	17.63	0	2
Oakey Blvd	0.25	0	5.5	0	5.90	0	Yes	1	10.20	1	5	0	14.83	0	2

DEFINITIONS

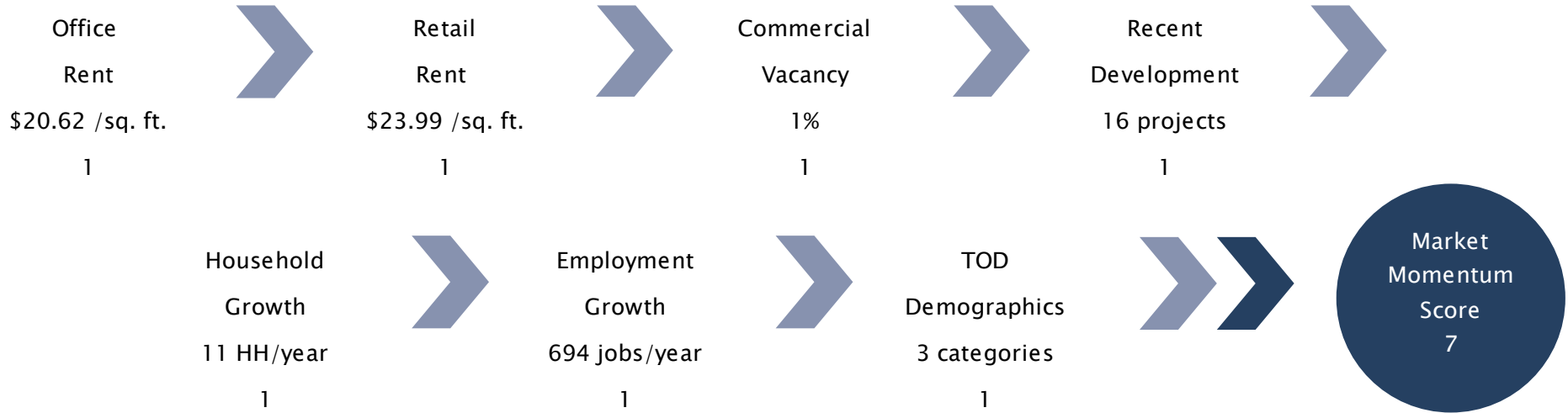
Terminology and concepts used through this analysis that may need definition for the reader include:

TOD:	Transit Oriented Development
Focus Area:	The term used to identify the ½ mile area around each proposed transit station
MSA:	Metropolitan Statistical Area (Las Vegas–Henderson–Paradise)
NNN Rent:	Retail rental rates referenced are based on their triple–net rent. The rental rate excludes the cost of taxes, insurance, and maintenance, which the tenant is responsible for in addition to rent.
Full Service Rent:	Commercial rental rates referenced are based on their full rental cost. The rental rate includes all costs including taxes, insurance, and maintenance, which is paid for and provided by the owner of the building.
Value Capture:	Term to describe public financing tools that can capture taxable value generated by new development for reinvestment into an area. (Example: Tax Increment Financing District)
Opportunity Zone:	A Federal designation of areas where investors (in businesses or real estate development) can obtain capital gains tax deference for investment made into an Opportunity Zone.

FOCUS AREAS SCORES

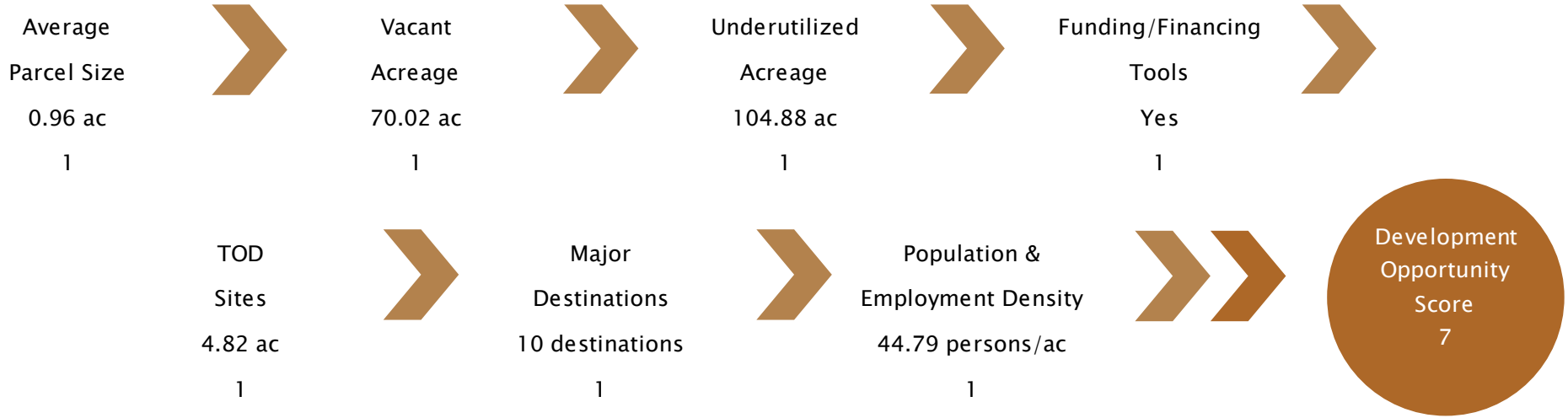
GRAND CENTRAL PKWY

MARKET MOMENTUM



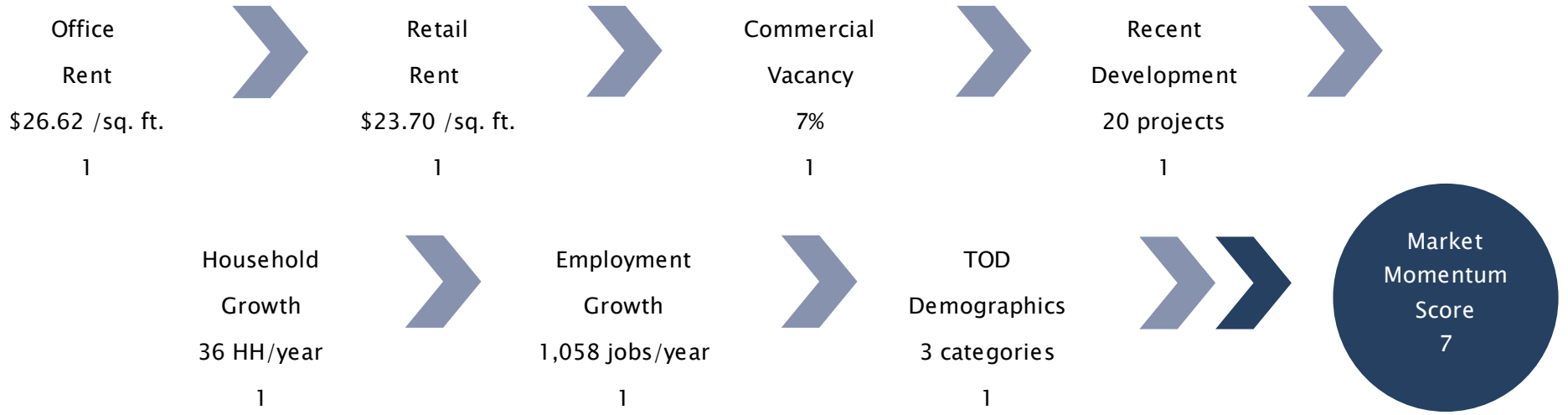
GRAND CENTRAL PKWY

DEVELOPMENT OPPORTUNITY

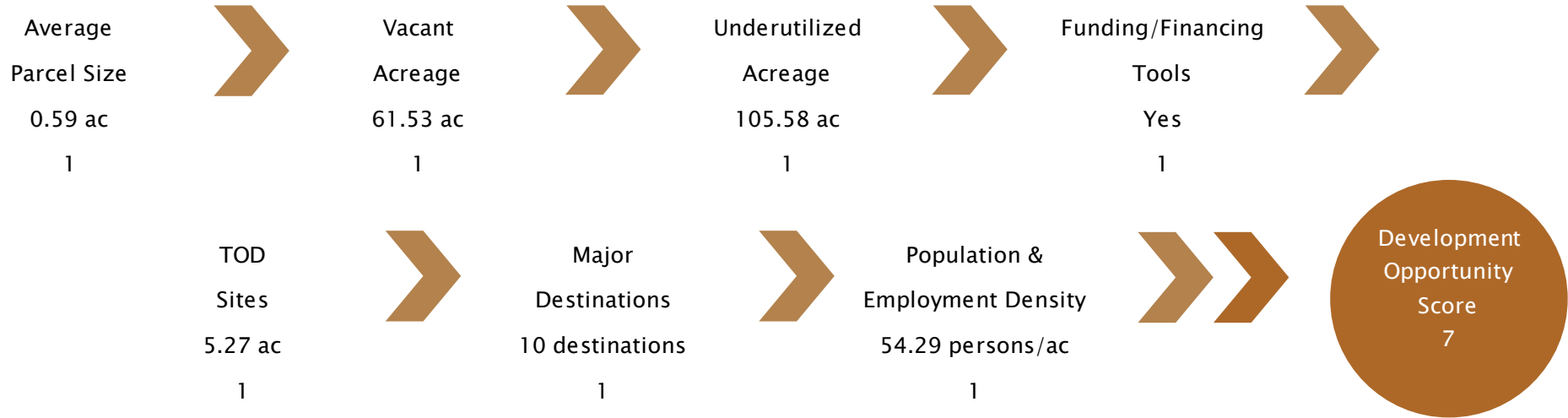


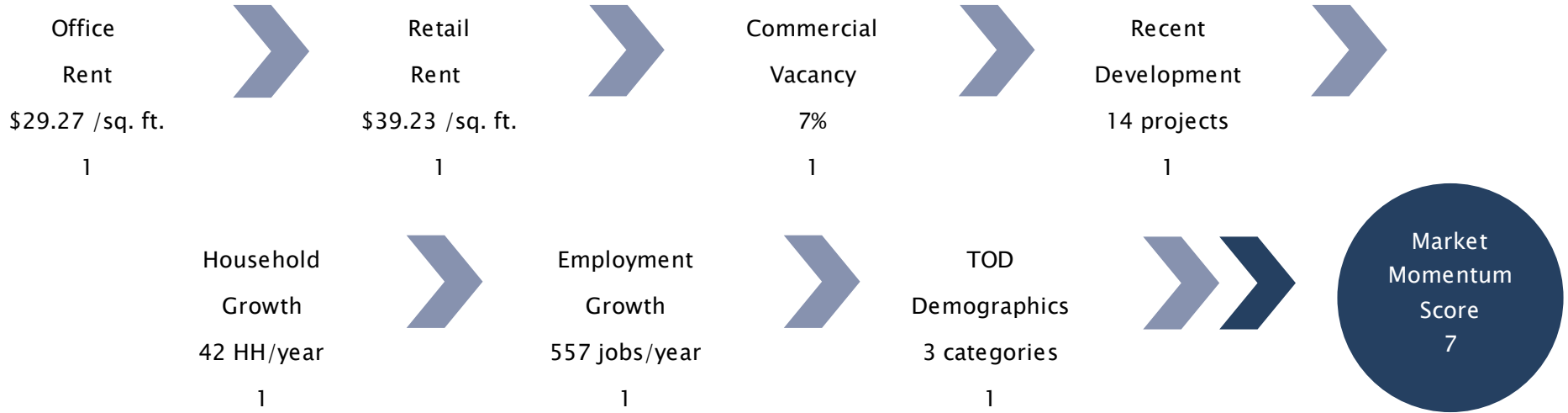
BONNEVILLE TRANSIT CENTER

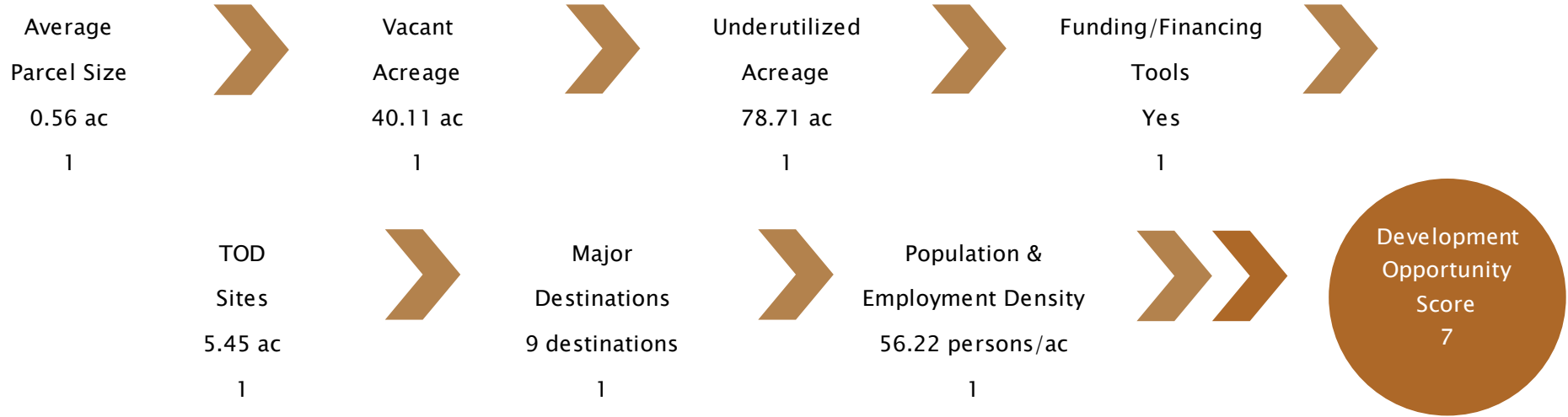
MARKET MOMENTUM

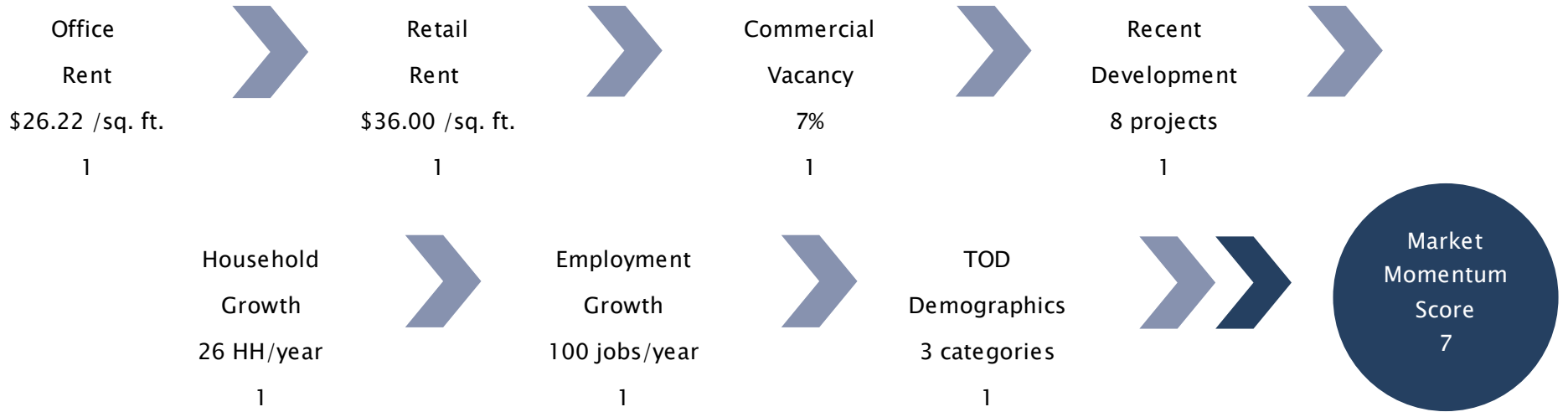


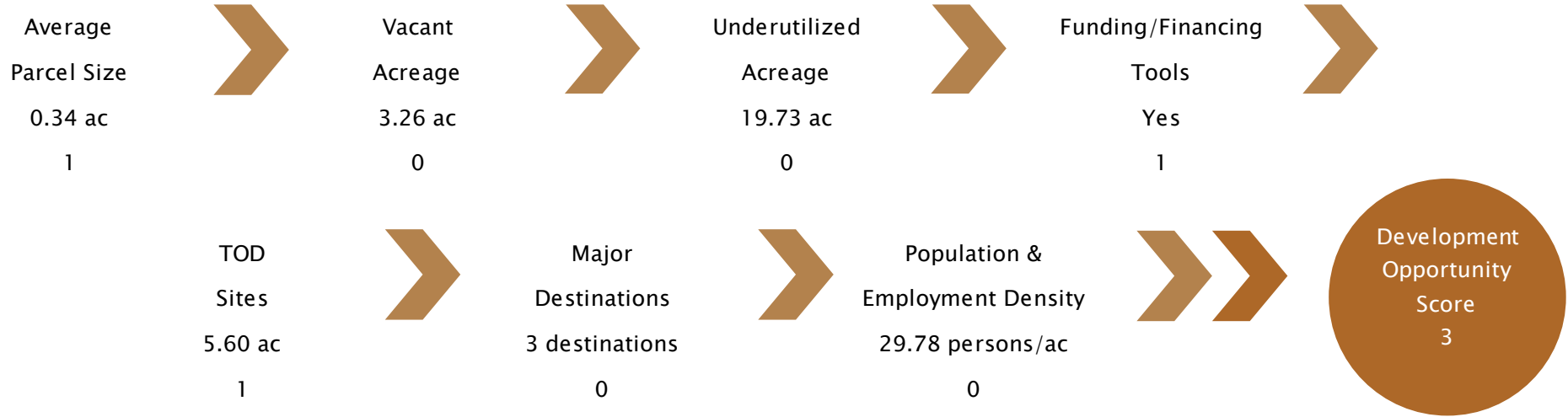
BONNEVILLE TRANSIT CENTER DEVELOPMENT OPPORTUNITY

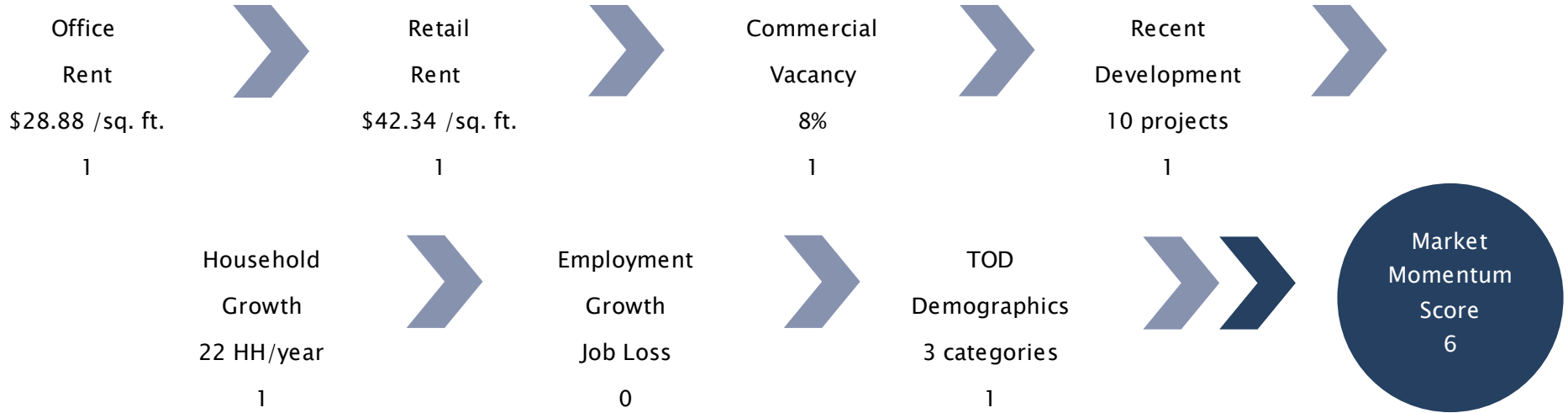


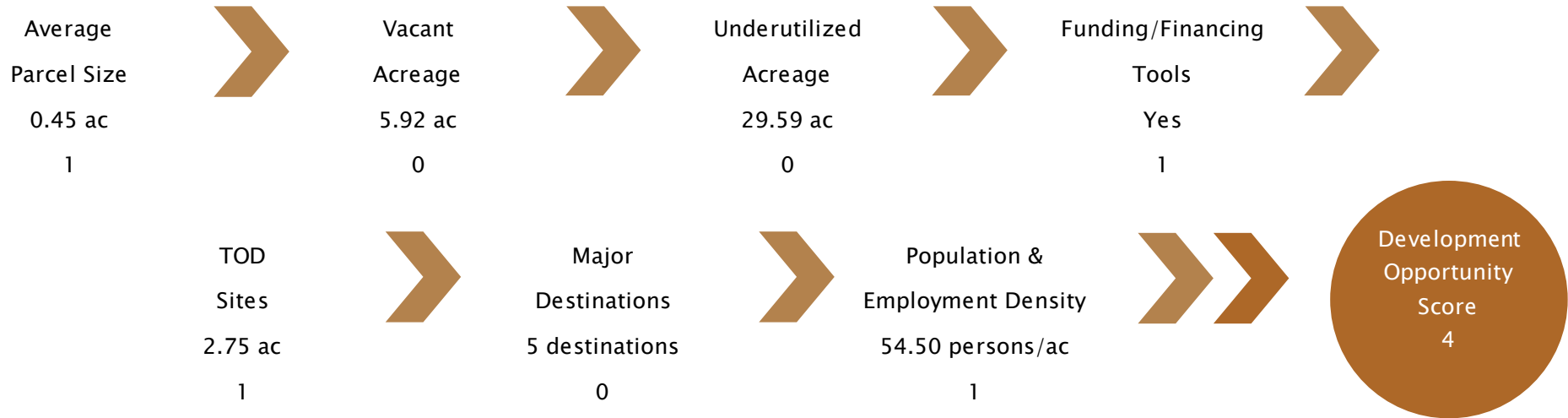


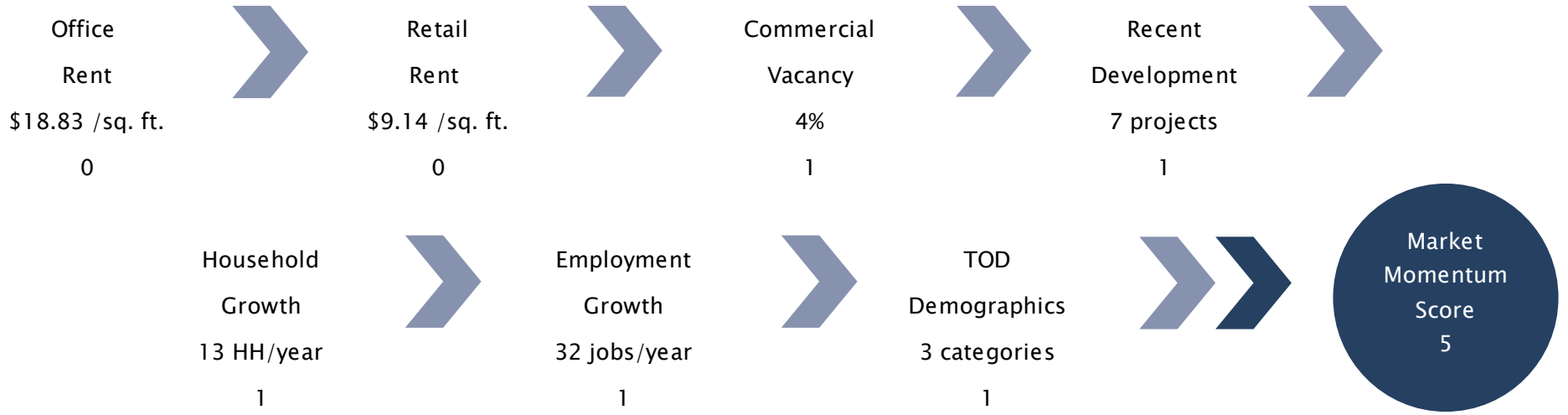


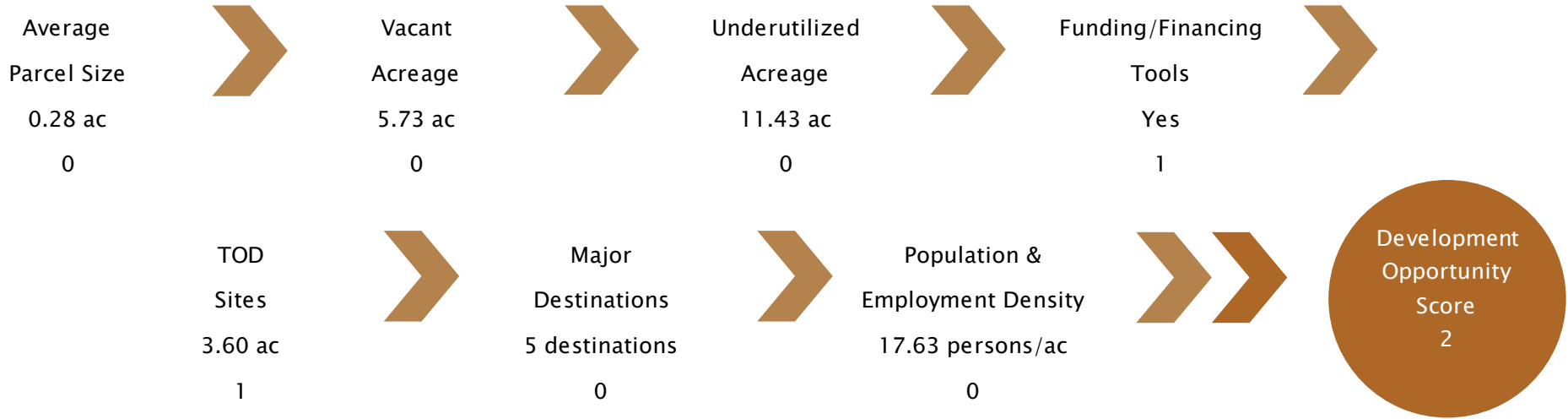






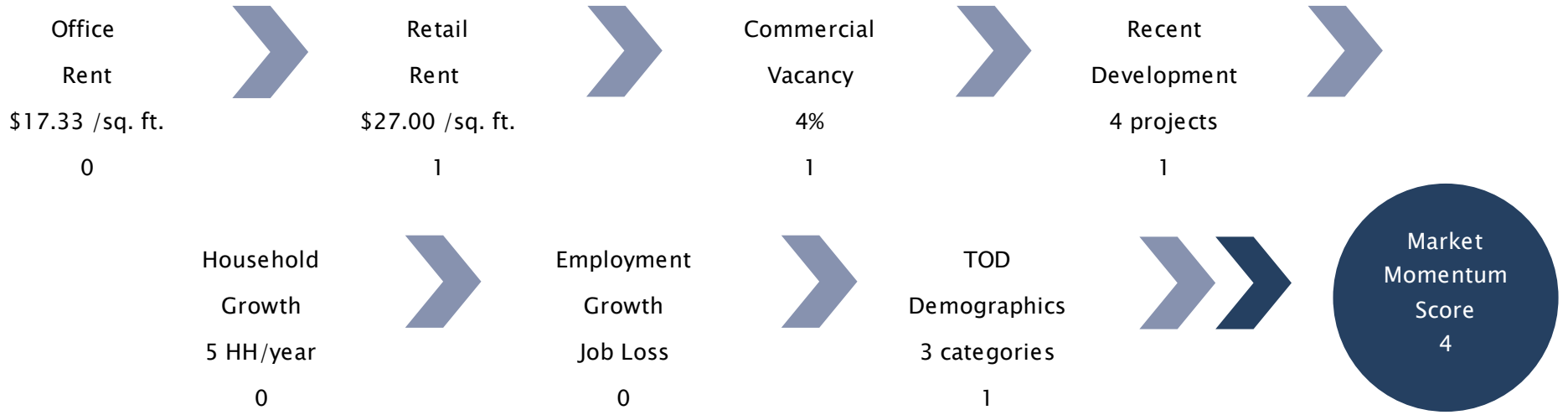






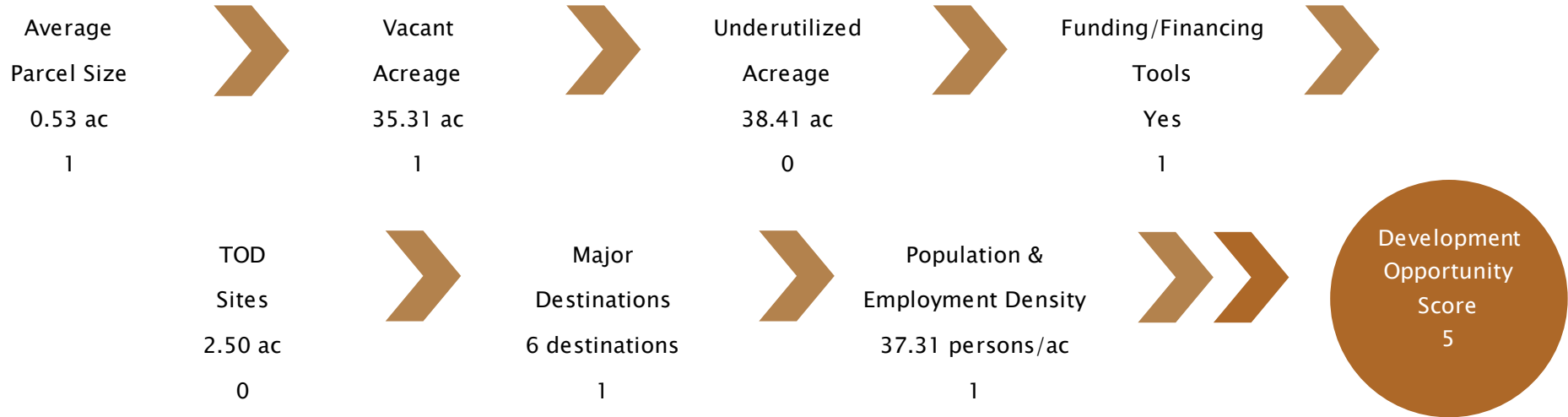
MEDICAL CENTER

MARKET MOMENTUM



MEDICAL CENTER

DEVELOPMENT OPPORTUNITY



SHADOW LANE

MARKET MOMENTUM

