



Development Trends Along Transit

A Look at the Past, Present, and Future of
development along Twin Cities Transitways

2018 Report

Executive Summary

This report examines real estate development trends along six existing and planned Light Rail (LRT) and Bus Rapid Transit (BRT) lines in the Twin Cities Metropolitan Area. By estimating the total amount of development that has occurred between 2003 and 2017, and considering the potential for future development, this report seeks to provide insight into how successful the region's transitways are at encouraging transit oriented development (TOD), and to gauge the value that developers and residents place on transit.

This study uses data from the Metropolitan Council's Annual Building Permit Survey, a compilation of development data reported annually by municipalities in the Twin Cities Region. Three categories of development are looked at in this study: multifamily residential, commercial, and public/institutional. These categories were chosen because they are the types of development most likely to be drawn to the access and mobility provided by LRT or BRT.

Development trends are first considered from a regional perspective. Over 15,500 multifamily residential units, \$3.7 billion of commercial development, and \$850 million of public and institutional development have been built along the LRT and BRT lines included in this study since 2003. These totals represent a large percentage of all regional development during that time frame, far more than what would be expected based on the 1.7 percent of the regional land area made up of the station areas included in this study.

After considering the amount of development occurring along transitways at the regional level, this report considers the amount of development along individual transitways. The transitways examined are the Blue Line LRT, Green Line LRT, A Line BRT, Green Line Extension LRT, Blue Line Extension LRT and Orange Line BRT. The data indicate that development along these lines has not been equal, with far more development along the Blue Line LRT and Green Line LRT. The areas served by LRT or BRT that experienced the most development included Downtown Minneapolis, the University of Minnesota, the Prospect Park neighborhood of Minneapolis, Downtown St. Paul, the Mall of America/South Loop in Bloomington, and the future City West Station Area in Eden Prairie.

Next, this study turns to development planned along transitways in the short term. Data on development are drawn from the Metropolitan Council's Development Tracker, a database of development that has been publicly announced but not yet permitted. These data indicate that over 15,000 multifamily residential units and over \$5 billion in development are planned along the LRT and BRT lines included in this study.

The final section of this report considers long term demographic trends and the long term development forecasts that they inform. According to Metropolitan Council forecasts, it is forecasted that 10 percent of population growth between 2010 and 2040 will occur in the station areas included in this study.

Table of Contents

Executive Summary	1
Purpose	4
The Scope of this Study	5
Regional Development Trends	7
Multifamily Residential Development Along Transit	7
Commercial Development Along Transit	9
Public and Institutional Development Along Transit	11
Development by Transitway	13
Downtown Minneapolis LRT	13
Blue Line LRT	14
Green Line LRT	15
A Line BRT	17
Blue and Green Line LRT Extensions	18
Orange Line BRT	20
Planned Development	21
Planned Multifamily Units	21
Planned Development by Value	21
Long Term Forecasts	23
Conclusion	25
Contact Information	26
Sources	26
Appendix A: Metro Transit High-Frequency Network	27
Appendix B: Station Areas	28

Charts and Maps

Chart 1: Multifamily Residential Development Along Transit	7
Map 1: Multifamily Residential Development in Station Areas	8
Chart 2: Commercial Development Along Transit	9
Map 2: Commercial Development in Station Areas	10
Chart 3: Public and Institutional Development Along Transit	11
Map 3: Public/Institutional Development in Station Areas	12
Chart 4: Downtown Minneapolis Development	13
Map 4: Downtown Minneapolis Development Value	13
Chart 5: Blue Line Development	14
Map 5: Blue Line Development Value	14
Chart 6: Green Line Development	15
Map 6: Green Line Development Value	15
Chart 7: A Line Development	17
Map 7: A Line Development Value	17
Chart 8: Green Line Extension Development	18
Chart 9: Blue Line Extension Development	18
Map 8: Green Line Extension Development Value	19
Map 9: Blue Line Extension Development Value	19
Chart 10: Orange Line Extension Development	20
Map 10: Orange Line Extension Development Value	20
Chart 11: Planned Multifamily Units	21
Chart 12: Planned Development by Value	22
Map 11: Planned Development	22
Chart 13: Population of Seven County Metro Area	23
Chart 14: Population Growth by Age	24

Purpose

Metro Transit’s mission is to “deliver environmentally sustainable transportation choices that link people, jobs and community conveniently, consistently and safely.” This mission requires operating a transit system that connects people to the jobs, housing and services that currently exist in the region. However, if a transit system is to meet the needs of a region’s future population, consideration must also be given to how a transit investment will affect land uses in the surrounding area. This is especially true for fixed-guideway transitways such as Light Rail Transit (LRT) and Bus Rapid Transit (BRT), which cannot be easily modified to respond to changes in the urban form, and therefore are dependent on compatible development occurring along their alignment. The more development that occurs along a fixed-guideway transitway, the more effectively it is able to link people, jobs and community.

Because the effectiveness of LRT and BRT is tied to its proximity to residents, jobs, businesses and public facilities, it is important to accurately quantify the volume of development occurring high-frequency transitways

in the Twin Cities region. Although the volume of development occurring along transitways has been estimated before, this report will use Metropolitan Council building permit data to assess how much development has occurred along LRT and BRT transit lines in the Twin Cities region. While this analysis does not investigate the extent to which transit was responsible for creating development, it will provide an idea of how much of the region’s development is occurring along transitways.

This report consists of four sections. The first looks at where multifamily residential, commercial and public/institutional development has occurred within the region. The second breaks down the development that has occurred along each of the six transitways included in this study. The third section reviews planned development while the fourth and final section analyzes long-term demographic trends in the Twin Cities region and provides a long-term forecast of how much development may occur along transit in the coming decades.

The Scope of this Study

Transitways

This study will focus on LRT and BRT transitways in the Twin Cities that meet the definition of high-frequency transit. High-frequency LRT and BRT can carry the most riders and therefore have the greatest potential to influence land use patterns. High-frequency transit is defined as follows:

High-Frequency Transit: The Metro Transit high-frequency network consists of bus, Bus Rapid Transit and light rail lines that operate every 15 minutes or less on weekdays between 6 a.m. and 7 p.m., as well as on Saturdays between 9 a.m. and 6 p.m.ⁱ A map of the Metro Transit High-Frequency Network is in Appendix A.

LRT and BRT transit in the Twin Cities region that meets the definition of high-frequency consists of the METRO Green Line LRT, the METRO Blue Line LRT and the A Line BRT. As the Blue Line and Green Line share an alignment through downtown Minneapolis, downtown Minneapolis is considered its own transitway for the purposes of this study.ⁱ

In addition to the four operating lines examined, three planned lines, the METRO Green Line Extension LRT, the METRO Blue Line Extension LRT and the METRO Orange Line BRT were included because they have entered project development and have identified alignments and station locations.

Development Along Transit

This report considers any development within one half-mile of a LRT or BRT station to be along that transitway. Developments that are less than a half-mile from multiple transit stations are assigned to the nearest station and its respective transitway. This methodology avoids double counting, but it also means that some developments within a half-mile station area of a transitway are not associated with that transitway because

they are closer to the station of a different transitway. As a final clarification, several stations in the Twin Cities offer both LRT and BRT service. Developments near these stations have been assigned to the LRT station because LRT is generally considered more likely to attract development than a BRT line. The map in Appendix B depicts the station areas used in this study.

Types of Development

Not all types of development regularly occur along transit. Industrial uses and low-density single-family homes fit into this category.ⁱⁱ This study focuses on developments that are more likely to occur along transitways such as multifamily residential development, commercial development, and public and institutional development. These categories are defined as follows.

Multifamily Residential: Residential developments that consist of five or more units in one building.

Commercial: A broad category of development that includes office, retail, restaurant, hotel and other business developments. The dollar value associated with converting or remodeling existing commercial space is counted in this study.

Public and Institutional: Land uses that do not fit into the commercial, industrial or residential categories. These generally consist of government buildings, hospitals, parks and public recreation facilities, religious buildings and educational facilities. Transportation projects such as roads and transit are excluded from this study, as are utilities and other public works projects. Finally, development associated with MSP International Airport is excluded due to the substantively different nature of this type of development.

ⁱ Two other transitways exist in the Metro Transit fixed-guideway network. These are the Red Line BRT and the Northstar Commuter Rail, both of which were not included in this study because they are not high-frequency.

ⁱⁱ Land use guiding frequently precludes the development of new industrial space or single-family homes near high-frequency transit. These uses have been excluded from this study.

Time Frame

This study includes data beginning in 2003 for commercial and public/institutional development, and beginning in 2009 for multifamily residential development.ⁱ

Dates were limited further to reflect the fact that the transitways in this study were not built at the same time. This study counts a development as being along transit if it is permitted within a half-mile station area of a LRT line that has already entered project development, or a BRT line that has already begun construction. BRT lines have a shorter anticipation period because BRT lines are designed and constructed more quickly than LRT. Based on these conditions, developments considered along transit are restricted to those occurring in the years depicted in the adjacent chart

Transitway	Commercial and Public/Institutional	Multifamily Residential
Downtown Minneapolis LRT	2003 – 2017	2009 – 2017
Blue Line LRT		
Green Line LRT	2006 – 2017	2009 – 2017
Green Line Extension LRT	2011 – 2017	
Blue Line Extension LRT	2014 – 2017	
A Line BRT	2015 – 2017	
Orange Line BRT	2017	

Statistics and Figures

This study uses the building permit value provided to the Metropolitan Council by the region’s municipalities. Building permit value is not analogous with the development value. Among other differences, permit value excludes land value.

The analysis of multifamily residential in this study will look at the number of units permitted rather than the value since building permit values for multifamily residential development are not always available. Further, data not reported by municipalities will not be reflected in this report.

ⁱ No centralized, locally-specific building permit data are available prior to these dates.

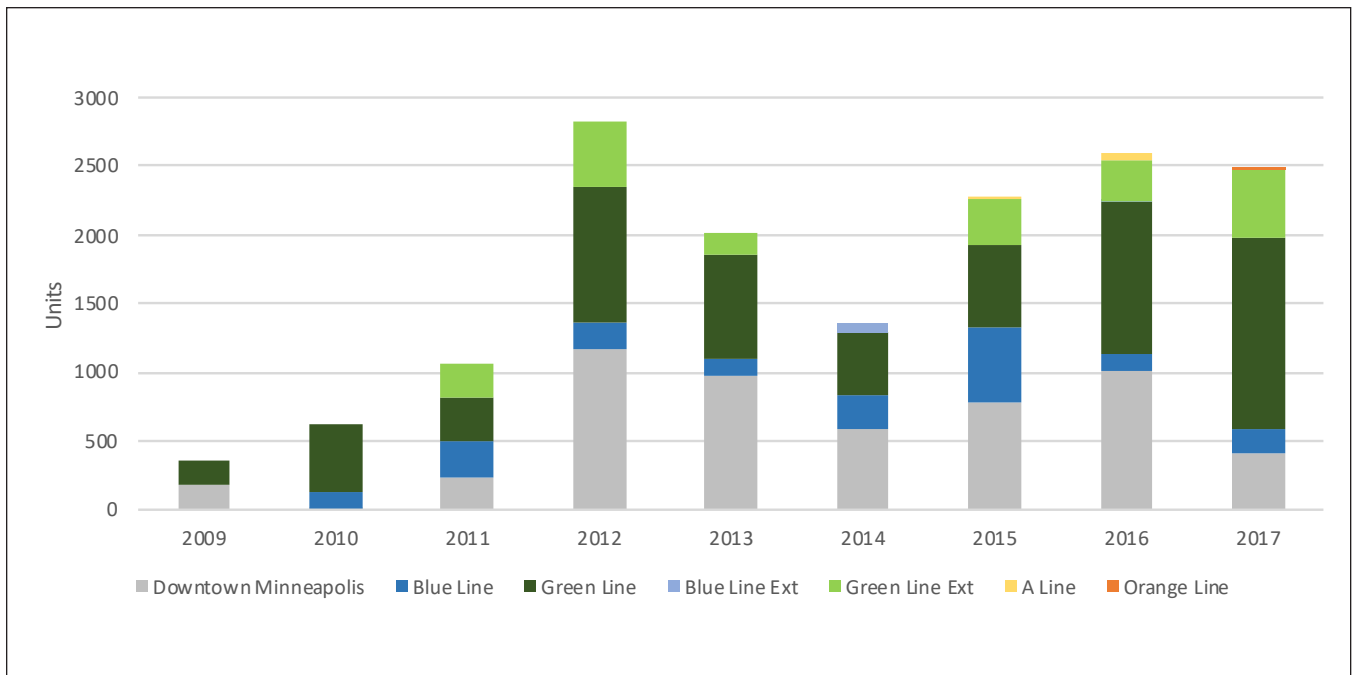
Regional Development Trends

Multifamily Residential Development Along Transit

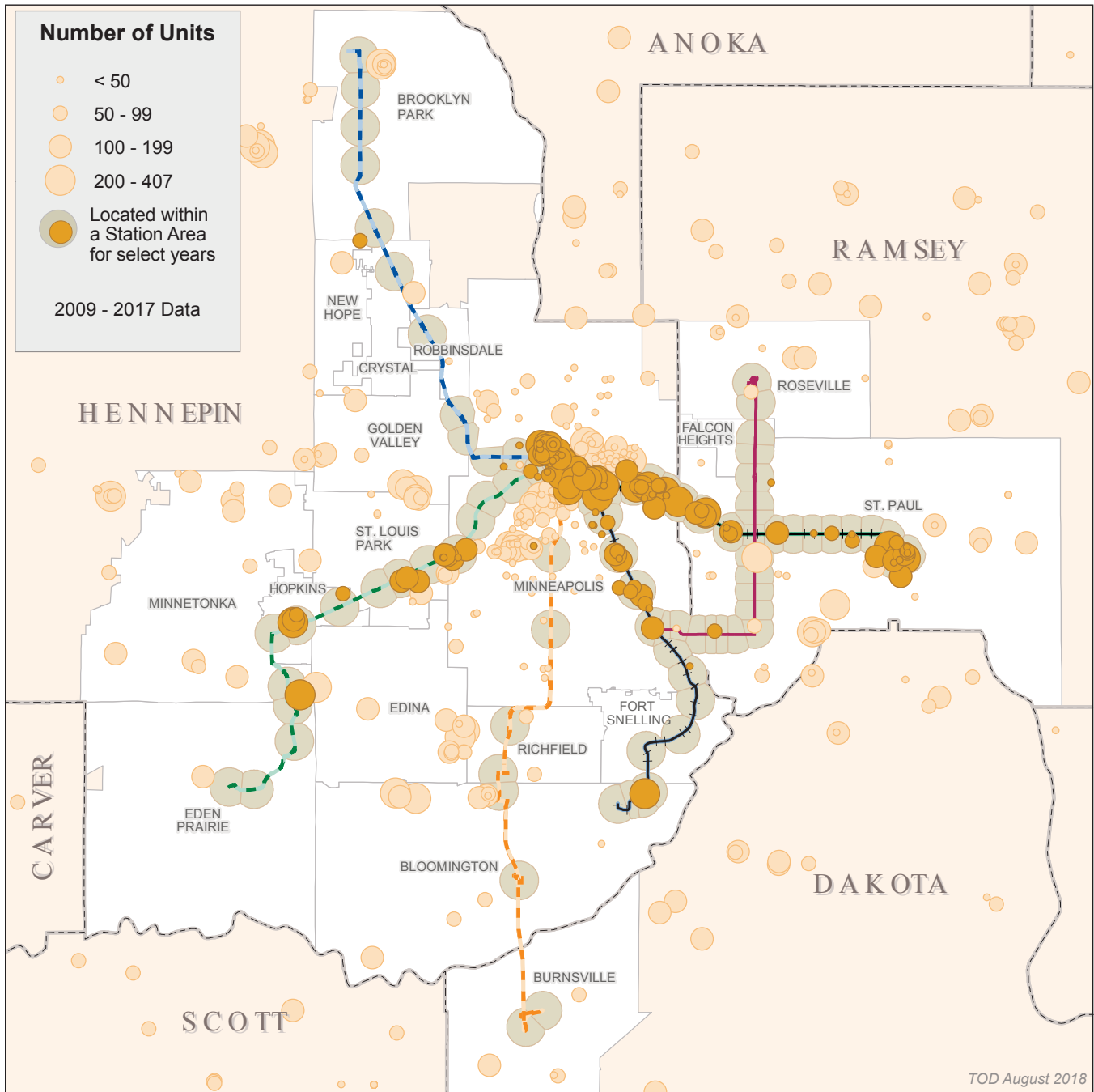
Over 15,000 multifamily housing units have been permitted along the region's high-frequency LRT and BRT lines since 2009. This total represents 30 percent of all multifamily units built in the seven-county metro area between 2009-2017, an impressive figure considering high-frequency LRT and BRT station areas make up only 1.7 percent of the region's land area and contain 8.6 percent of the region's population.² The amount of multifamily development occurring along LRT and BRT is evidence that developers believe residents of multifamily housing value the accessibility brought by transit.

Not only has a high percentage of multifamily development been built along transitways since 2009, but as Chart 1 indicates, development has increased significantly after 2011 with the recovery from the Great Recession of 2008-2009. With the upward trend of multifamily development from 2009-2017 and the planned expansion of the region's LRT and BRT network, the amount of multifamily development along transit has the potential to remain a high percentage of the regional total in the coming years.

Chart 1: Multifamily Residential Development Along Transit



Map 1: Multifamily Residential Development in Station Areas



Map 1 provides a glimpse of where multifamily development is occurring. As can be seen, it has been the most prevalent in downtown Minneapolis as well as along the Green Line, particularly in downtown St. Paul and near the University of Minnesota. In addition to these areas, multifamily development has also occurred in significant

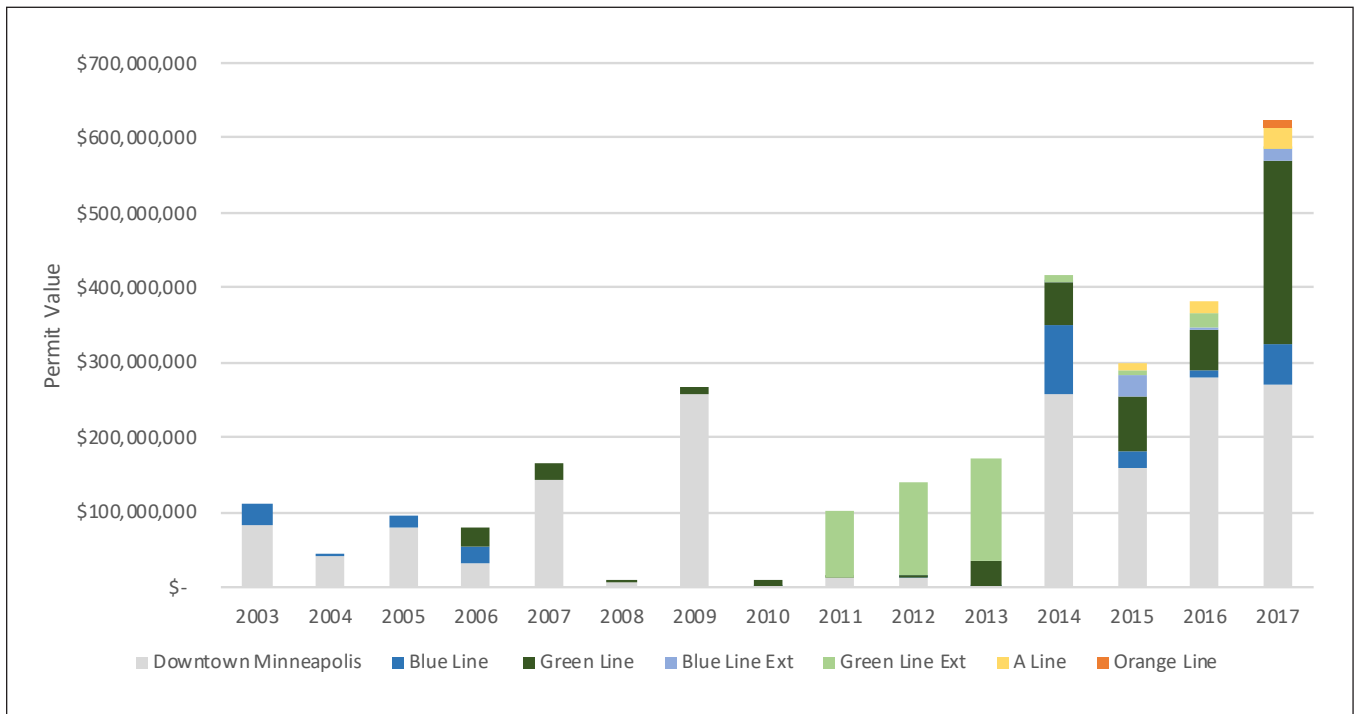
amounts along the Blue Line and the future alignment of the Green Line Extension. The newest lines, the Blue Line Extension, the A Line and the Orange Line, have seen limited growth though this may increase as the lines come to be viewed as more established transitways.

Commercial Development Along Transit

Over \$3.7 billion in commercial development has been permitted along high-frequency LRT and BRT between 2003 and 2017, a total that amounts to 33.4 percent of all commercial development in the region during that time³. As with multifamily development, commercial development along transit has trended upwards, most noticeably since 2010. The nearly \$800 million construction of US Bank Stadium is removed from Chart 2 as it turned 2014 into an outlier.¹

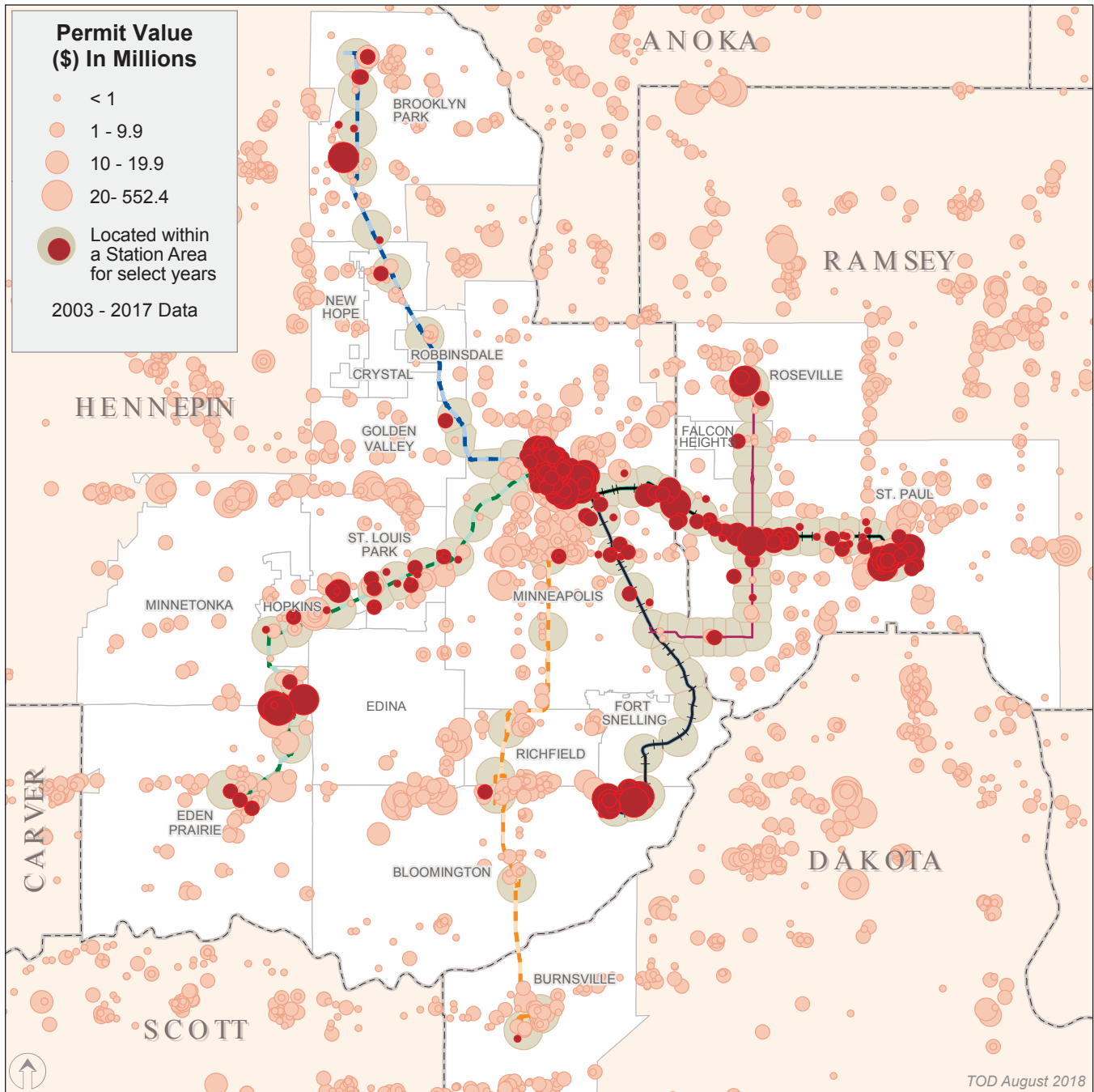
As Chart 2 indicates, the majority of commercial development along transit has occurred in downtown Minneapolis, even with the exclusion of US Bank Stadium. This is perhaps not surprising as downtown Minneapolis has not only been one of the areas longest served by LRT, but is also the region's largest business district. The years 2011-2013 mark an exception as most commercial development took place along the future alignment of the Green Line Extension due to the construction of the United Health Group campus near the future City West station.

Chart 2: Commercial Development Along Transit



i The permit value for US Bank Stadium remains included in the total value of commercial development along transit and in all other analyses.

Map 2: Commercial Development in Station Areas



Map 2 provides a more detailed look at where commercial development has been occurring in the region. Of note are the high concentrations of development in downtown Minneapolis, downtown St. Paul, along University Avenue between the University of Minnesota and Snelling Avenue, Bloomington's South Loop area near Mall of America and City West station on the border of Minnetonka and Eden

Prairie. While concentrations of commercial development exist in areas away from the transit network, such as Uptown in Minneapolis and the West End on the border of St. Louis Park and Golden Valley, Map 2 shows that many of the areas with the highest amounts of commercial development in recent years are areas served by high-frequency LRT and BRT.

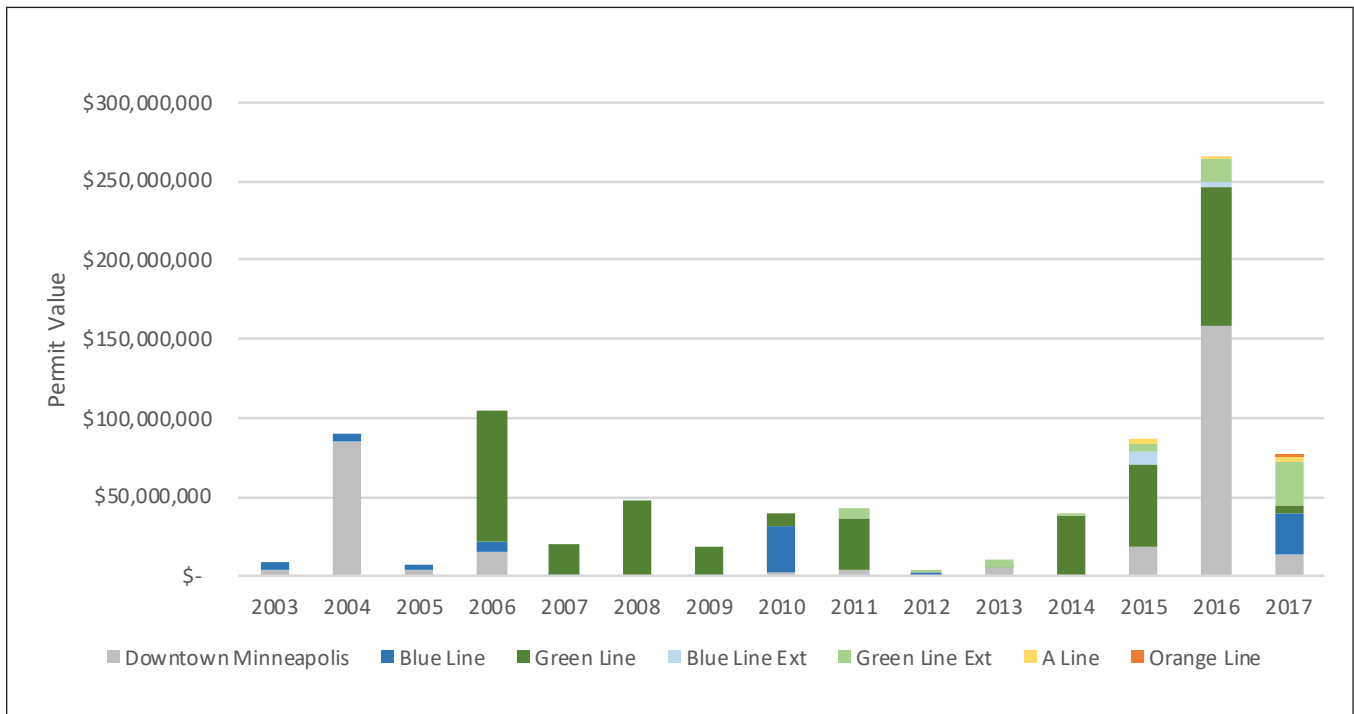
Public and Institutional Development Along Transit

Accessibility to public and institutional developments such as government buildings, hospitals, parks and schools is an important consideration in determining their location. Placing such developments near transit fosters equity by increasing accessibility to the important community services that these land uses provide.

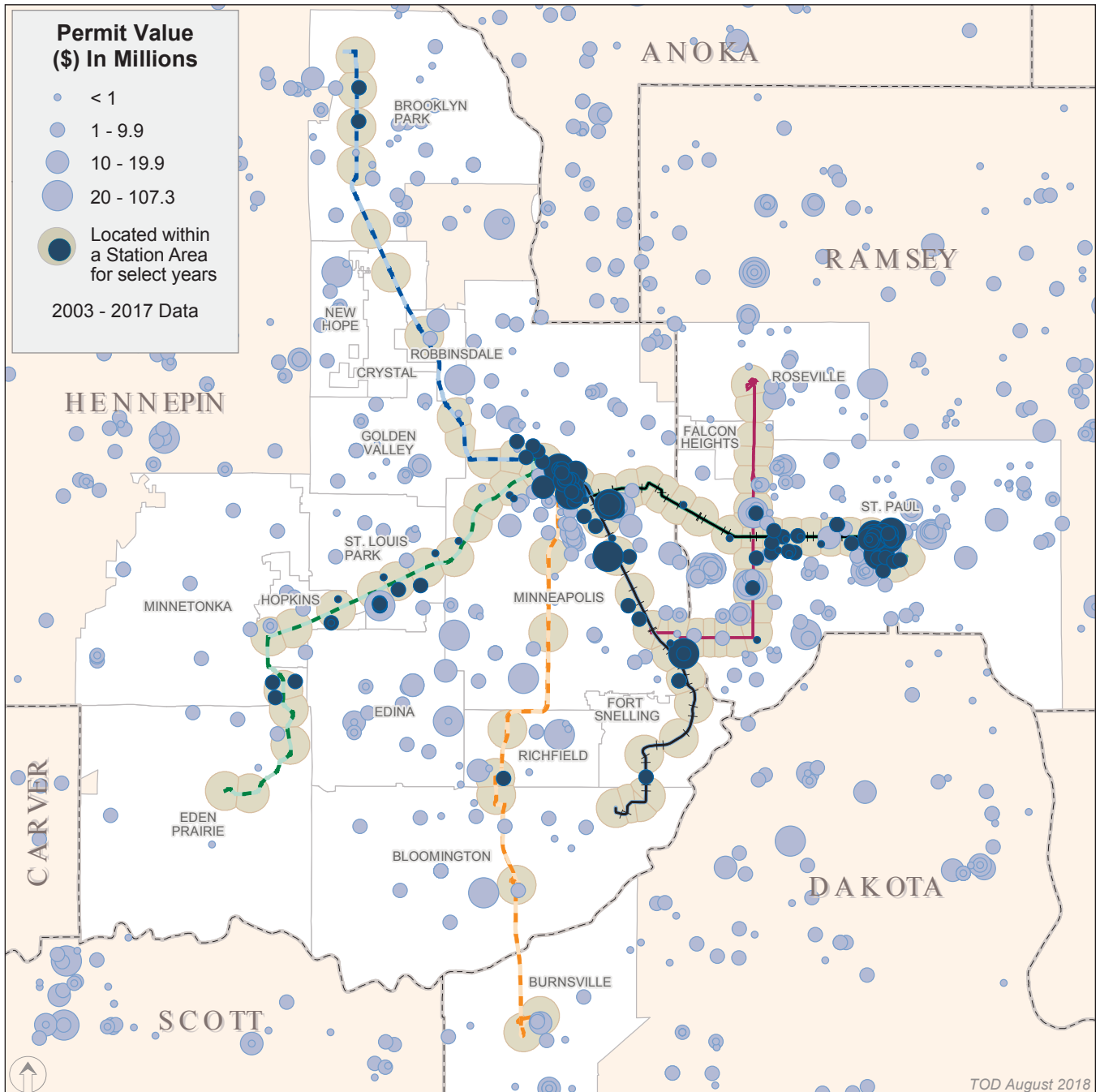
Over \$850 million in public and institutional development has occurred in the station areas included in this study since 2003. This total represents 16 percent of all regional public and institutional development, a lower percentage than the share of regional multifamily and commercial development that has occurred along LRT and BRT, but still far exceeding the 1.7 percent of the region's land made up of the high-frequency, fixed-guideway station areas.⁴

Chart 3 shows that public and institutional development has mostly varied between \$5 million and \$100 million per year since 2003, with no perceivable upwards or downwards trend. 2016 is an outlier with over \$250 million in public and institutional development, due to high value additions at Hennepin County Medical Center, Augsburg University and a remodel of the Minnesota State Capitol. Not included in this analysis is the nearly \$1 billion of development that has occurred at MSP International Airport since 2003. This development consists of both commercial development and public upgrades to the airport, however it was excluded from this report along with other transportation and utility infrastructure.

Chart 3: Public and Institutional Development Along Transit



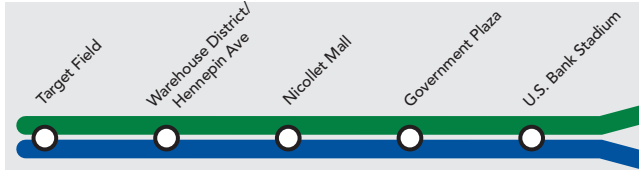
Map 3: Public/Institutional Development in Station Areas



Map 3 depicts where public and institutional development has occurred around the region. It is more dispersed than commercial or multifamily development, though Map 3 indicates that it is most heavily concentrated in downtown Minneapolis and downtown Saint Paul.

Development by Transitway

Downtown Minneapolis LRT



Downtown Minneapolis’s LRT service consists of a shared alignment of the Blue and Green lines. This shared alignment results in 5-7 minute service. Because of this, downtown Minneapolis is considered separately from the remainder of the Blue and Green lines.

Downtown Minneapolis has seen a development boom in recent years as previously underutilized properties and surface parking lots have been converted into new apartments, offices and retail. This development boom has included the central part of downtown Minneapolis served by LRT, resulting in this portion of the Blue and Green lines leading all other transitways with over \$2 billion in commercial development.

Chart 4: Downtown Minneapolis Development

(Source: Metropolitan Council Building Permit Survey; Metropolitan Council Development Tracker)

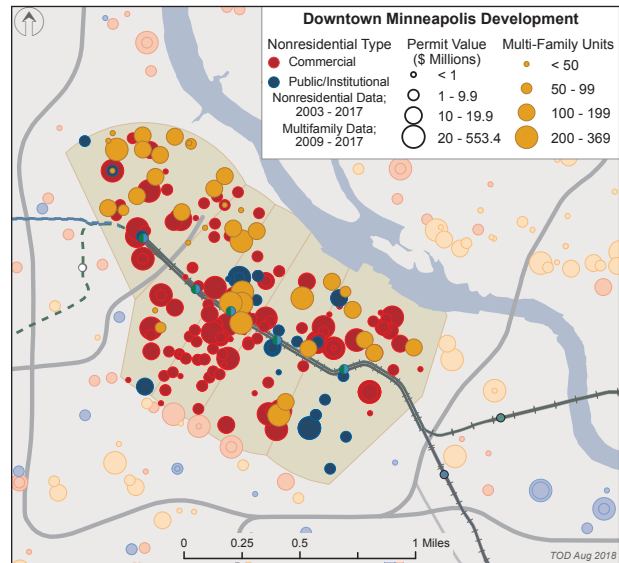
Development Types	Total Development Completed 2003-2017	Planned Development
Residential (# Units)	5,356*	3,375
Commercial (Value)	\$ 2,416,177,659	\$ 920,200,000
Public/Institutional (Value)	\$ 308,961,939	\$ 152,500,000

*Data from 2009-2017

Map 4 shows that recent development is concentrated in not only downtown Minneapolis compared to the surrounding areas, but also station-areas relative to the rest of downtown.

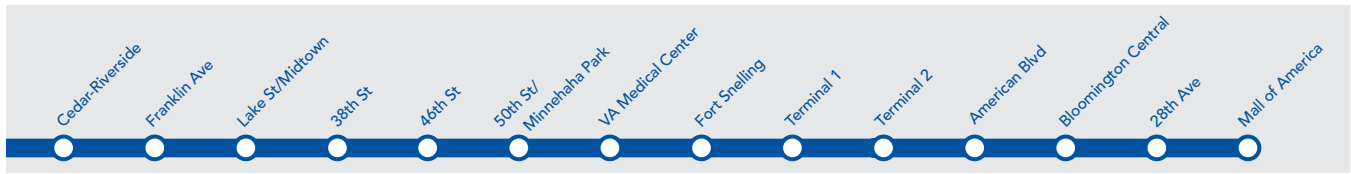
While there are many reasons for development activity in downtown Minneapolis, this fact indicates that light rail may be viewed as an attractive amenity even within downtown Minneapolis.

Map 4: Downtown Minneapolis Development Value



Map 4 also shows that development of each type has been relatively consistent along each of downtown Minneapolis’s five light rail stations. Commercial development has been most heavily concentrated in Downtown East, largely due to the construction of U.S. Bank Stadium, and residential development has been highest in the Target Field Station area at the northwest end of downtown, largely due to multifamily housing construction in the North Loop.

Blue Line LRT



The Blue Line runs along the Hiawatha corridor from downtown Minneapolis to the Mall of America in Bloomington. In operation since 2004, the Blue Line was the first LRT line built in the Twin Cities. Despite this, the Blue Line has not seen as much commercial or multifamily development as the Green Line (See Chart 1 and 2 above). There are a variety of potential explanations for this. One is that the Blue Line saw reduced development for a significant part of its operation due to the Great Recession in 2008 and 2009. Another is that much of the Blue Line’s alignment is less conducive to multifamily and commercial development because it runs along a principal arterial highway. Finally, there is the fact that a coordinated community development effort such as the Green Line’s Central Corridors Funders Collaborative did not occur for the Blue Line at the time of construction. Despite all of these obstacles, the Blue Line, excluding downtown Minneapolis, has seen over 1,700 multifamily units, \$250 million in commercial development and over \$77 million in public/institutional development permitted along its alignment.

Chart 5: Blue Line Development

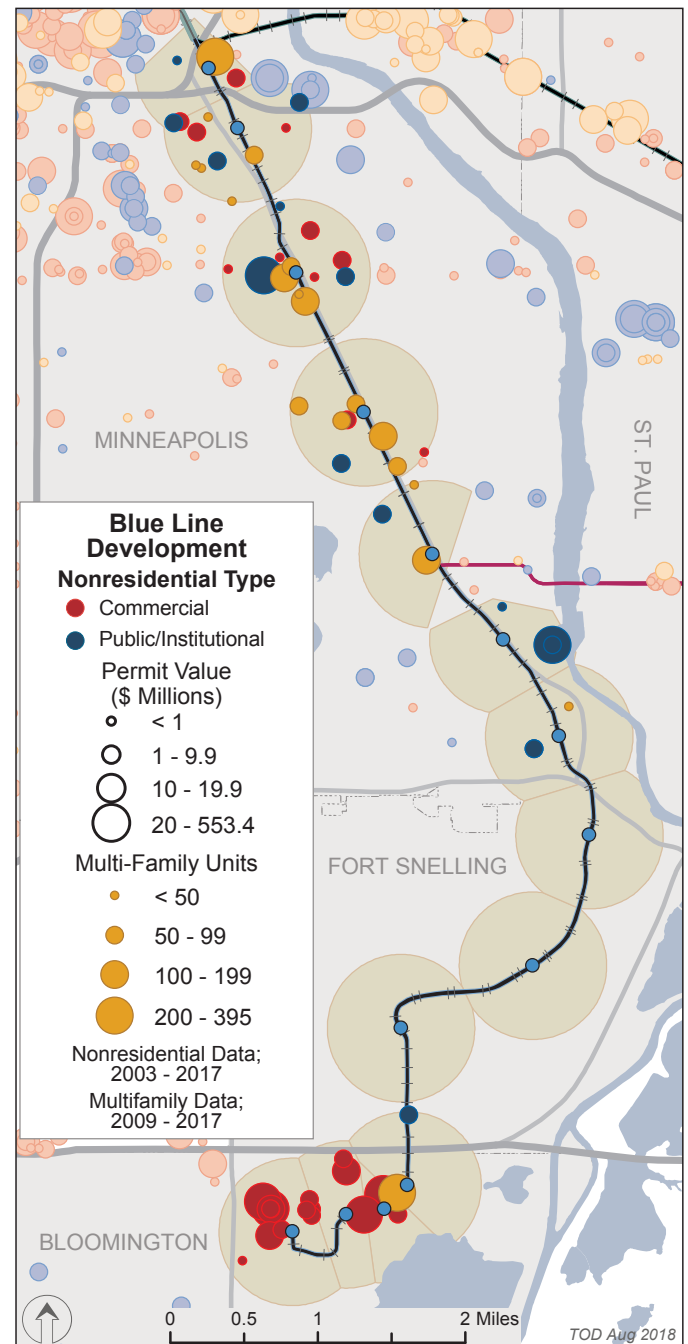
(Source: Metropolitan Council Building Permit Survey; Metropolitan Council Development Tracker)

Development Types	Total Development Completed 2003-2017	Planned Development
Residential (# Units)	1,754*	1,973
Commercial (Value)	\$ 257,543,897	\$ 869,900,000
Public/Institutional (Value)	\$ 77,418,137	-

*Data from 2009-2017

Map 5 shows that substantial commercial development has occurred in Bloomington's South Loop area, driven largely by new hotels and retail. Multifamily development has also been prominent in the South Loop, filling an area once dominated by expansive surface parking lots with a wide variety of mixed-use and high density development. Mixed-use and multifamily development has also occurred near Minneapolis’s Lake Street, 38th Street and 46th Street stations. If current trends continue, the Blue Line will increasingly be a mixed-use transit corridor as well as a way to transport people between downtown Minneapolis, the airport and Mall of America.

Map 5: Blue Line Development Value



Green Line LRT



In operation since 2014, the 9.2-mile Green Line LRT has already seen an enormous amount of development along its alignment. Running along University Avenue between downtown Minneapolis and downtown St. Paul, the Green Line has the highest ridership of any corridor in the Twin Cities metro area and has had noticeable land use impacts on the neighborhoods it serves.⁵

While the Green Line has seen significant amounts of commercial and public/institutional development, the largest upturn in development has been in the form of multifamily housing. In fact, with over 6,000 multifamily units permitted between 2009 and 2017, the Green Line has seen the most multifamily development of any transitway in this study.

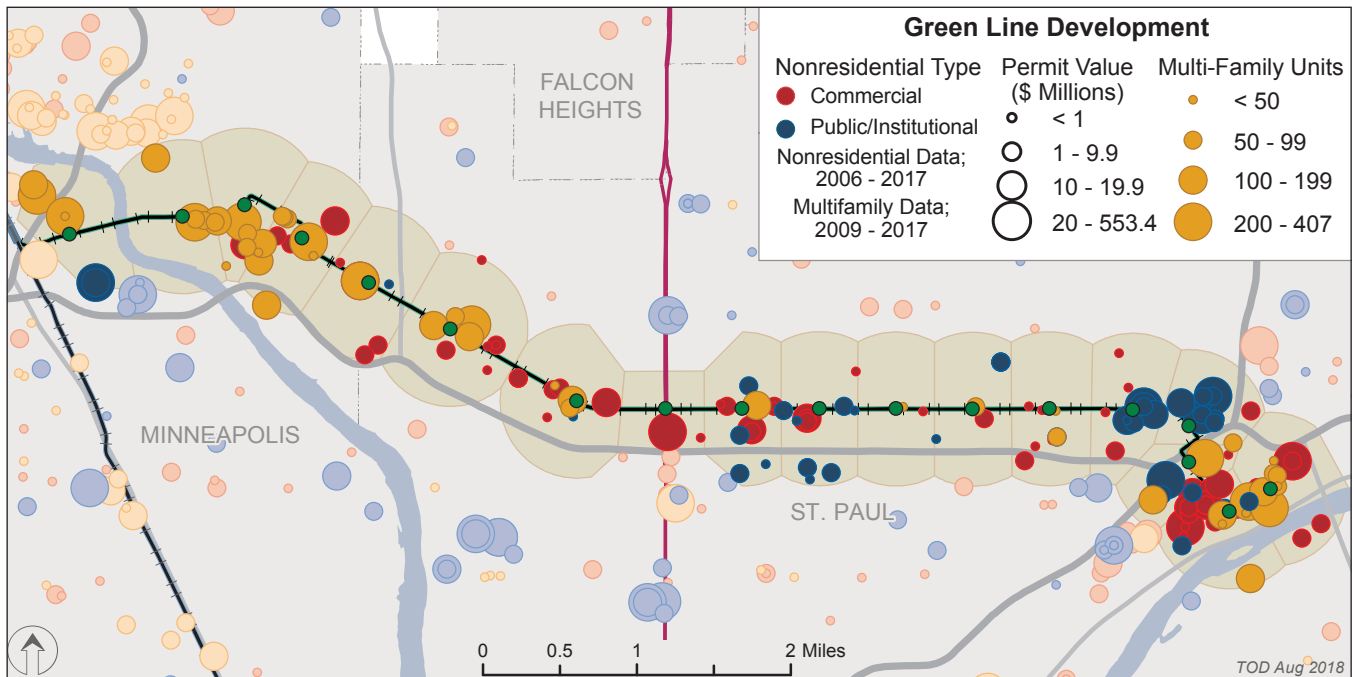
Chart 6: Green Line Development

(Source: Metropolitan Council Building Permit Survey; Metropolitan Council Development Tracker)

Development Types	Total Development Completed 2006-2017	Planned Development
Residential (# Units)	6,313*	4,411
Commercial (Value)	\$ 534,115,802	\$ 1,728,800,000
Public/Institutional (Value)	\$ 391,430,223	\$ 160,320,000

*Data from 2009-2017

Map 6: Green Line Development Value



As Map 6 shows, multifamily development has occurred along most of the Green Line’s alignment, though it has been particularly prevalent near Stadium Village, Prospect Park and downtown St. Paul. This multifamily

housing boom is particularly striking because of how centralized it is within Green Line station areas. As Map 6 shows, development is primarily concentrated directly on University Avenue. The fact that 94 percent of new

multifamily housing in St. Paul has occurred along the Green Line is indicative of the scale of development occurring along the alignment.⁶

The development occurring along the Green Line over the last decade is noticeably different from the past condition of the corridor. Before the Green Line, University Avenue between the University of Minnesota and downtown St. Paul was an auto-oriented arterial fronted primarily by industrial uses and low-density strip malls surrounded by large surface parking lots. The ongoing multifamily development in the Prospect Park neighborhood as well as Allianz Field and the surrounding mixed-use development at Snelling Avenue are indicative of what the future of University Avenue could be.

While it is not within the scope of this study to investigate causation between the construction of the Green Line and redevelopment along the University Avenue corridor, other studies have looked at this topic. A recent study concluded that announcement of the Full Funding Grant Agreement for the Green Line LRT increased building permits by about 24 percent, and value by 80 percent,⁷ indicating that the Green Line is largely responsible for setting off the development boom along University Avenue.

A Line BRT



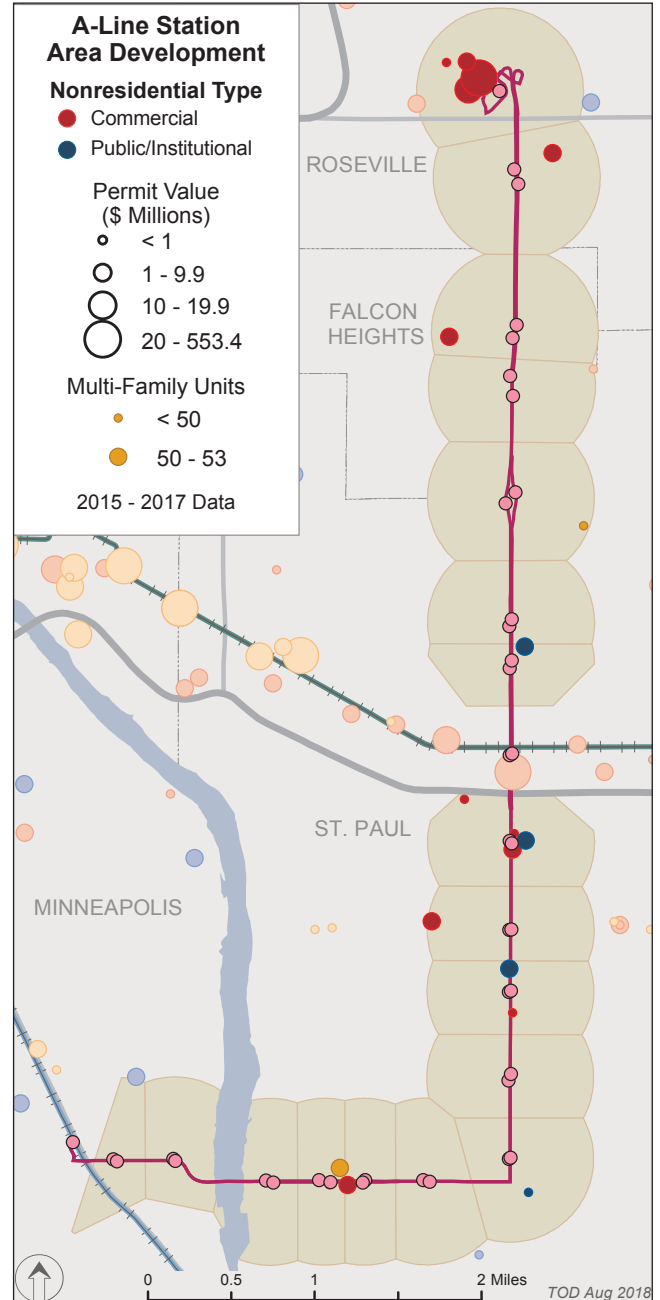
The first line to be completed in the arterial BRT network envisioned for the region was the A Line. Opening in 2016, and operating at a different scale in terms of ridership than either the Blue or Green lines, the A Line has not yet seen a level of development along its alignment that compares with what has occurred along the Blue or Green Line. Nevertheless, the A Line has been successful at increasing ridership through the corridor and reducing travel time compared with the local bus service.⁵ There are indications that development activity will follow this increased traffic through the corridor. Large redevelopment areas such as the Ford Plant in St. Paul's Highland Park neighborhood and Allianz Field at University and Snelling have the possibility to be catalytic developments for the corridor. In addition, a number of proposed mixed-use multifamily developments along Snelling Avenue indicate that development may be attracted to the A Line as BRT comes to be seen as an amenity that improves accessibility for those who live and work along it.

Chart 7: A Line Development

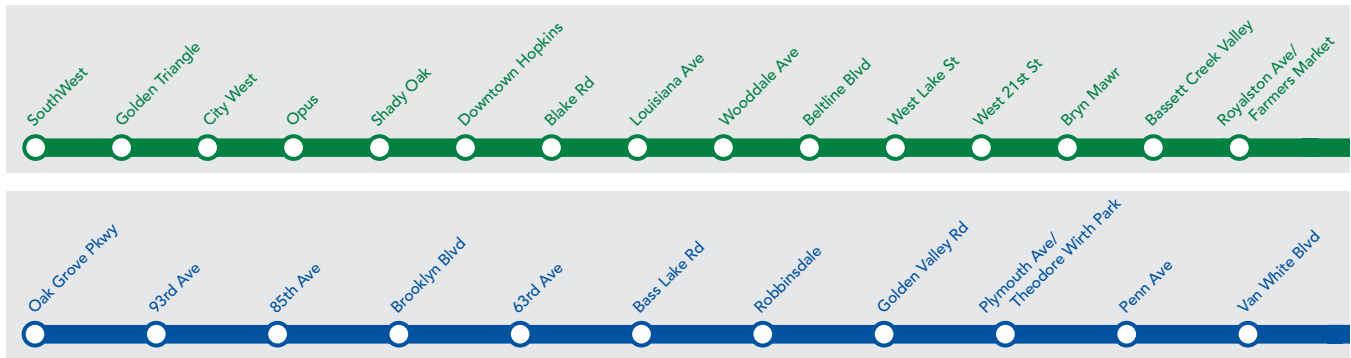
(Source: Metropolitan Council Building Permit Survey; Metropolitan Council Development Tracker)

Development Types	Total Development Completed 2015-2017	Planned Development
Residential (# Units)	60	596
Commercial (Value)	\$ 54,691,276	\$ 10,000,000
Public/Institutional (Value)	\$ 8,007,073	\$ -

Map 7: A Line Development Value



Blue and Green Line LRT Extensions



The Green and Blue Line extensions are twin extensions of the current Blue and Green lines. The Green Line extension will run from Target Field Station in Minneapolis to Eden Prairie and open in 2023. The Blue Line Extension will run from Target Field Station to Brooklyn Center and open in 2024. While these two light rail lines are not yet under construction, they were included in this study because the alignments are established and developers have begun to plan developments around the lines.

As can be seen in Charts 8 and 9, development along the Blue and Green Line Extensions has been a tale of two transit lines. The Green Line Extension has already seen a significant amount of development, particularly multifamily residential development in St. Louis Park and Hopkins as well as commercial development at Eden Prairie’s City West Station. Alternatively, the Blue Line Extension has thus far seen limited development along its alignment, potentially because work on the Blue Line Extension began several years after work on the Green Line Extension, and because of a moratorium on new development the City of Brooklyn Park passed in June 2017 to allow for station area planning to be completed. Additionally, the 610 West multifamily development with 473 units was built just outside of the 1/2 mile buffer of the Oak Grove Parkway Station and is therefore not reflected in the data. Long term plans around the Oak Grove Parkway Station and the Target Northern Campus indicate that a significant amount of development may continue in that area.

Chart 8: Green Line Extension Development

(Source: Metropolitan Council Building Permit Survey)

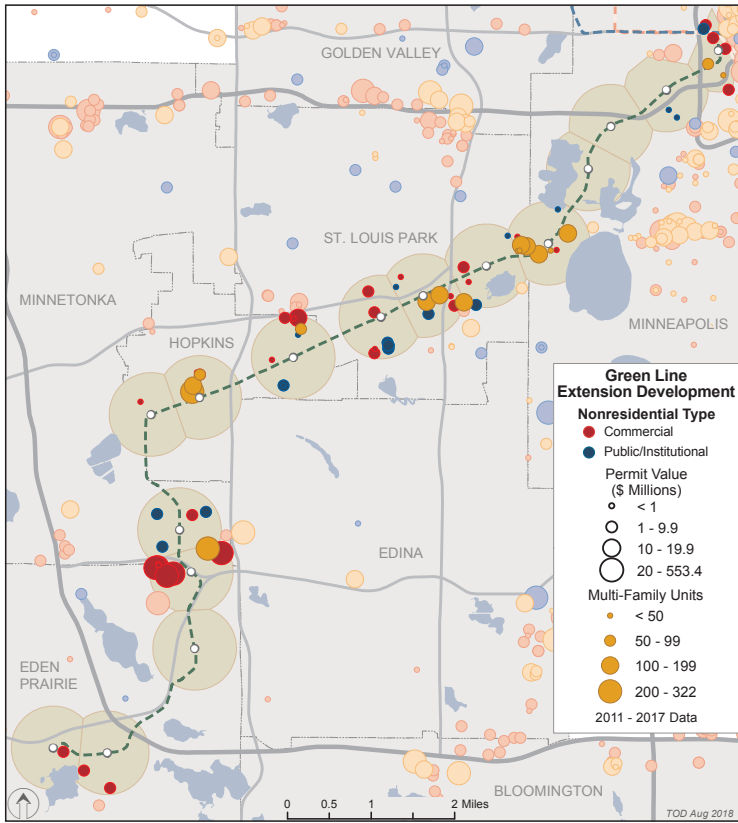
Development Types	Total Development Completed 2011-2017	Planned Development
Residential (# Units)	2,002	4,117
Commercial (Value)	\$ 385,759,368	\$ 208,400,000
Public/Institutional (Value)	\$ 59,339,692	\$ -

Chart 9: Blue Line Extension Development

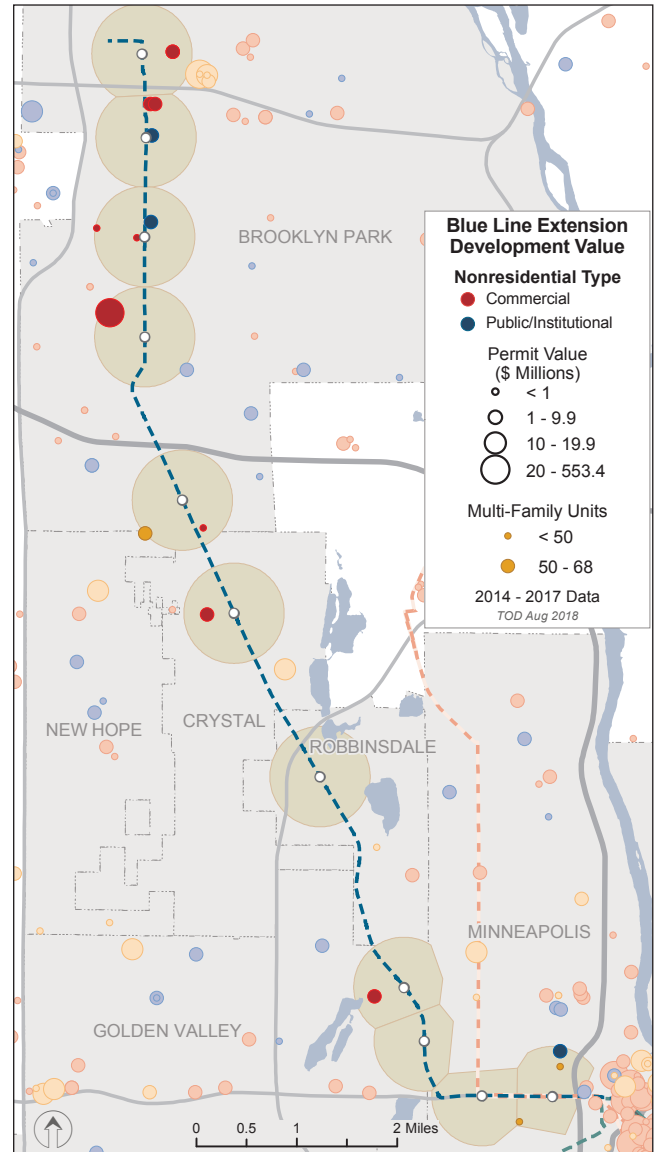
(Source: Metropolitan Council Building Permit Survey)

Development Types	Total Development Completed 2014-2017	Planned Development
Residential (# Units)	78	
Commercial (Value)	\$ 49,964,137	\$ -
Public/Institutional (Value)	\$ 11,873,319	\$ 55,000,000

Map 8: Green Line Extension Development Value



Map 9: Blue Line Extension Development Value



Orange Line BRT



The METRO Orange Line is a 17-mile planned BRT line that will run from downtown Minneapolis to Burnsville predominantly along Interstate 35W. The line is expected to open in 2020 and operate at 10-15 minute frequency.

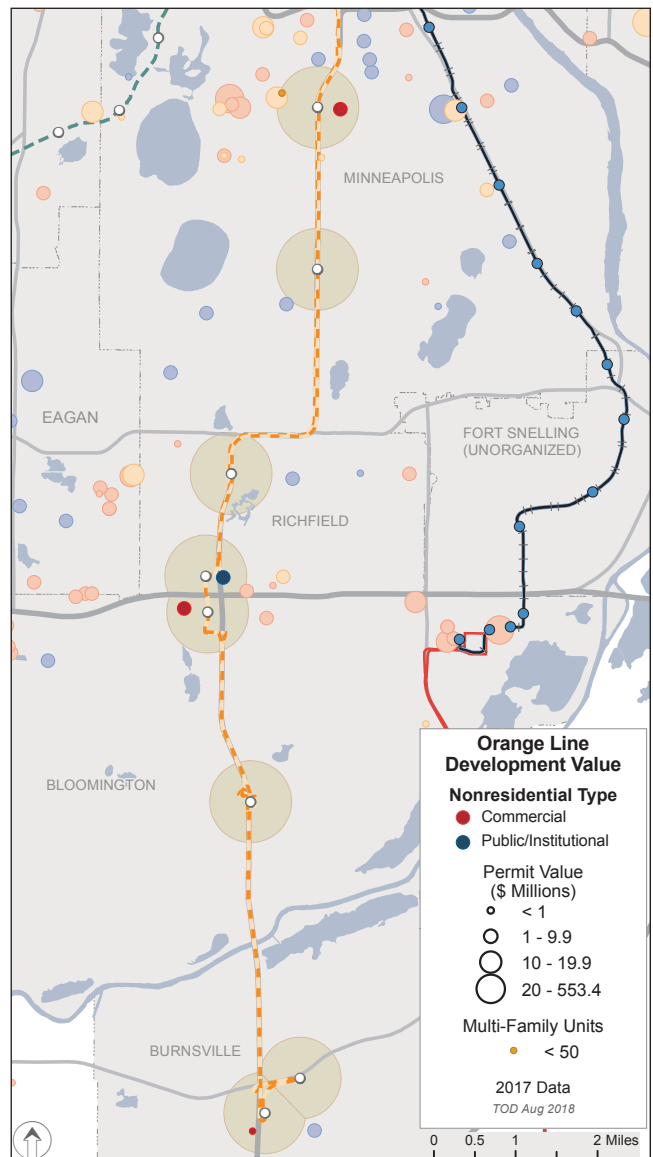
The Orange Line is the newest to be included in this study, with only permits from 2017 analyzed. As such, a limited amount of development is indicated in Chart 10. Nevertheless, several redevelopment areas along the line are likely to be home to continued development in the coming years. One of these is at the Knox and American Blvd station where higher density development on an old retail area has already occurred.⁸ The line's terminus at Burnsville's Heart of the City is also an area that could see Transit Oriented Development as it is already a mixed-use suburban downtown 20 years in the making.⁹ Both of these areas may see continued transit oriented development with the added amenity of BRT.

Chart 10: Orange Line Development

(Source: Metropolitan Council Building Permit Survey)

Development Types	Total Development Completed in 2017	Planned Development
Residential (# Units)	2	918
Commercial (Value)	\$ 7,258,570	\$ 31,000,000
Public/Institutional (Value)	\$ 1,500,000	\$ 3,400,000

Map 10: Orange Line Extension Development Value



Planned Development

The Metropolitan Council maintains a database of development that is planned but has not yet been issued a building permit. This database draws its information primarily from news media and thus does not have the

same level of accuracy as the building permit data. Nevertheless, keeping track of planned development does provide a glimpse of what is likely to be built along transit in the coming years.

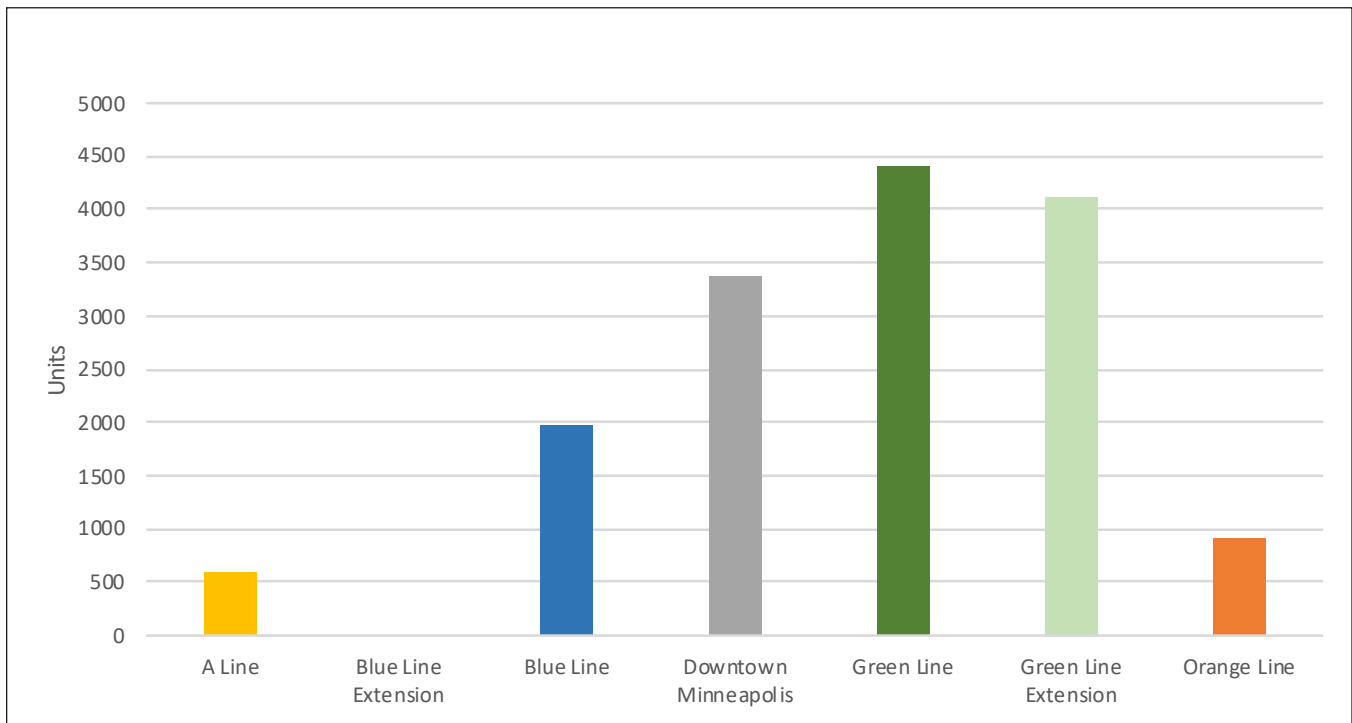
Planned Multifamily Units

Chart 10 displays multifamily units planned along the high-frequency LRT and BRT transitways. With over 15,000 units planned, it is likely the amount of multifamily development along transitways will increase in the next several years.

As with recent years, multifamily residential development along transit is expected to be strongly driven by construction along the Green Line. A large expansion

in multifamily development along as the Green Line Extension is also noteworthy, while both the Blue Line and Downtown Minneapolis are also likely to see significant residential development. Finally, the chart also shows that developers have begun to plan multifamily development along the A Line and Orange Line, indicating that residents and developers alike realize the benefits of the accessibility BRT brings.

Chart 11: Planned Multifamily Units

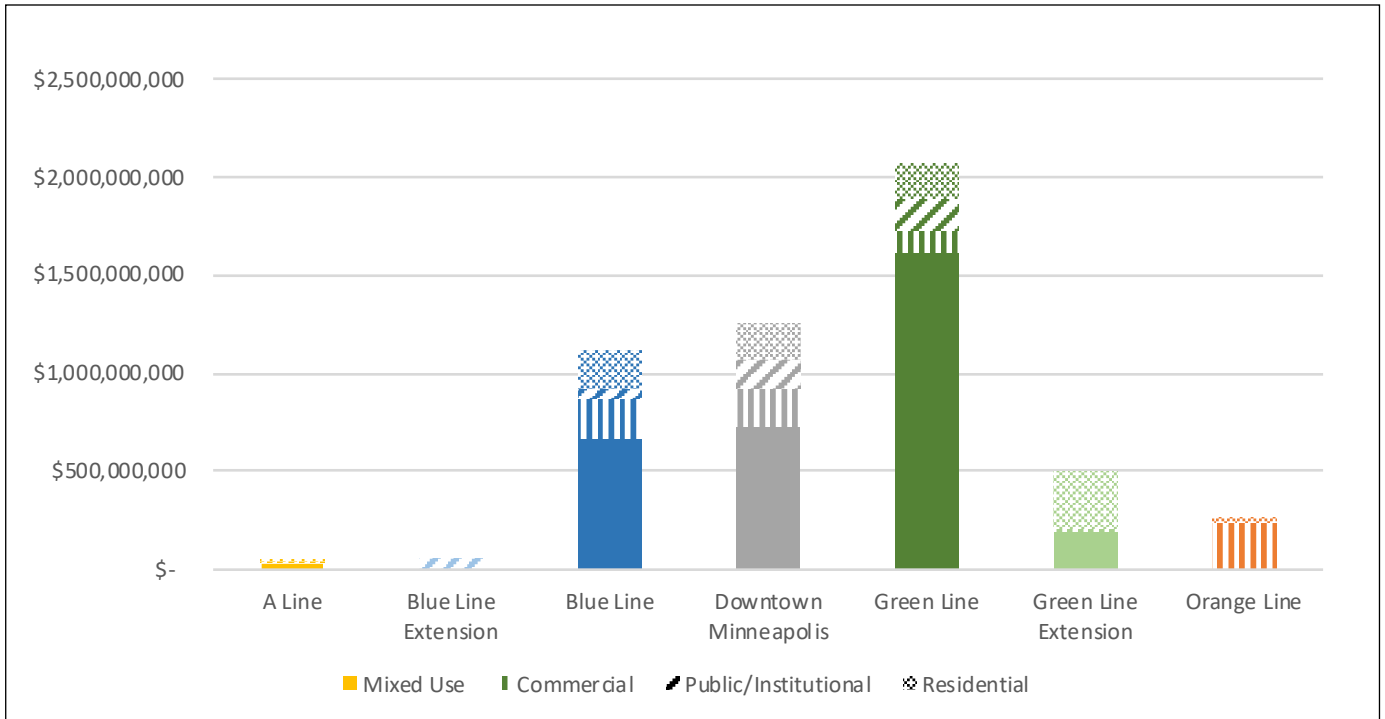


Planned Development by Value

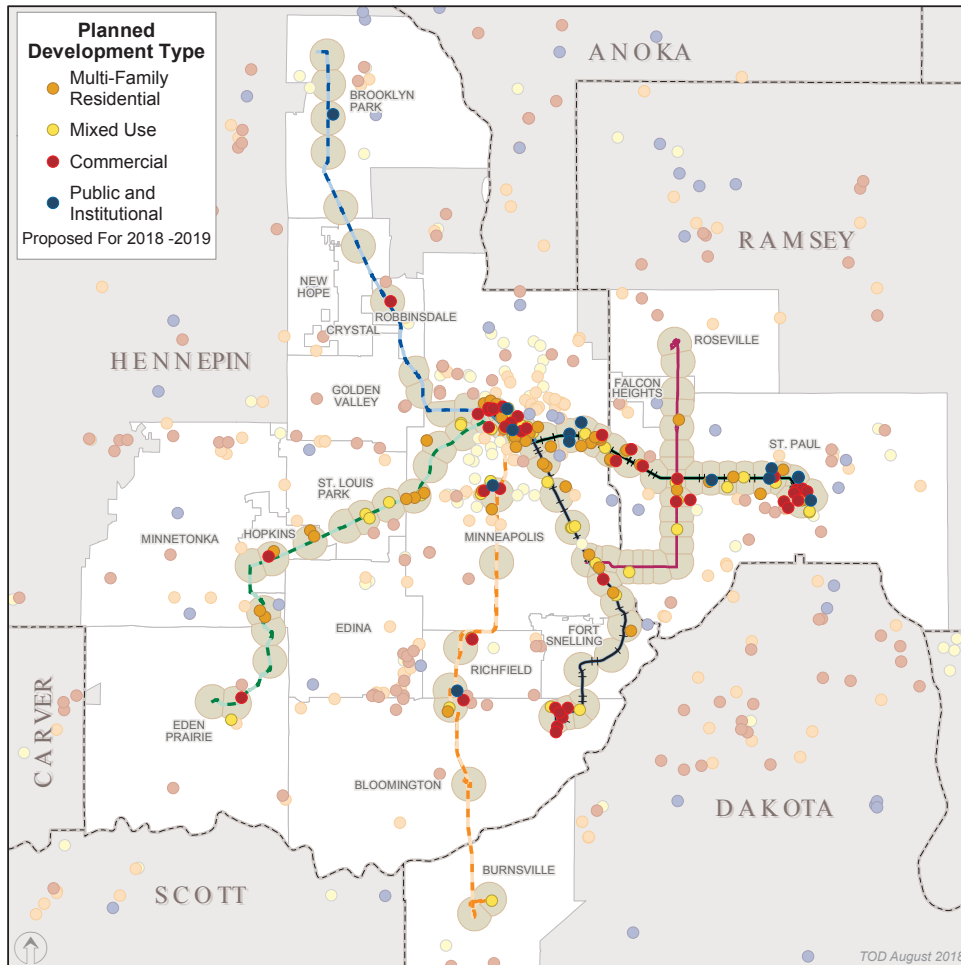
Chart 11 displays the value of planned development. With over \$2 billion in planned development value, the development boom along the Green Line is expected to continue in the coming years. Over a billion in total development value is also planned along both the Blue Line LRT and the Downtown Minneapolis LRT. Smaller but not insignificant amounts of development are planned along the Green Line Extension LRT, the A Line BRT, and the Orange Line BRT.

The absence of planned development along the Blue Line Extension is also noticeable. This is largely explained by the fact that while communities along the line are preparing for development and Target Corporation has major plans for continued development at its Brooklyn Park Campus, these developments are still in the early stages and lack estimates of what the eventual value of development will be.

Chart 12: Planned Development by Value



Map 11: Planned Development

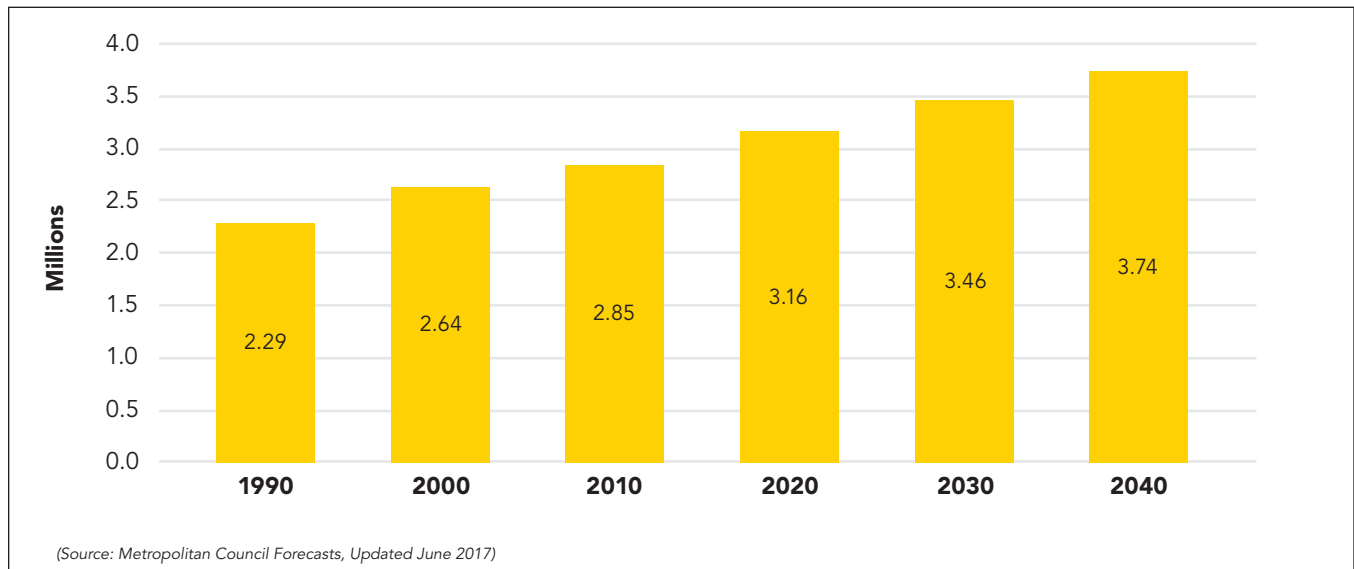


Long Term Forecasts

Long term real estate trends are heavily influenced by demographic trends. This is due to the fact that real estate development in the long term is tied to the needs of the future residents and employees of a region. In this section, three demographic trends that will influence the amount

of development that occurs along transitways will be examined, and forecasts for how much development may occur along the transitways highlighted in this study will be provided.

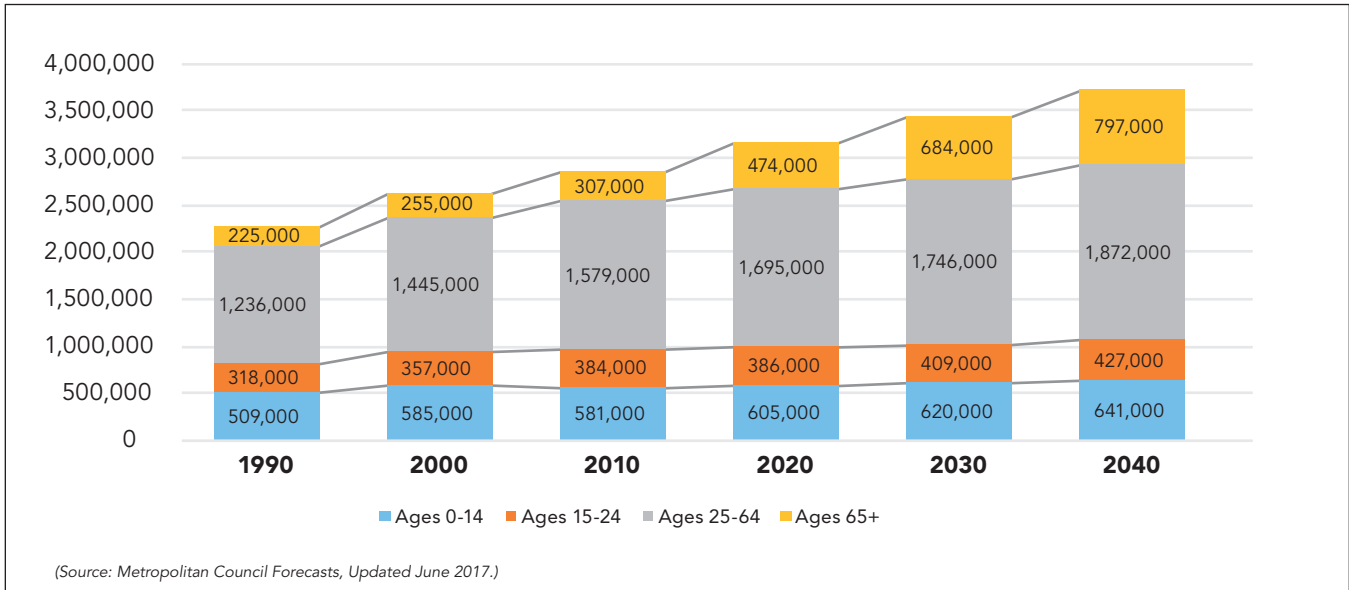
Chart 13: Population of Seven County Metro Area



The first trend that will affect future real estate development is population growth. As seen in Chart 13, the seven-county metropolitan area is expected to experience steady growth from about 2.85 million residents in 2010 to 3.74 million residents in 2040. These new residents will create demand for more residential units as well as new commercial development where they will work and shop, and new public and institutional development to provide government services, education and recreation.

Population growth alone provides a limited amount of information on what new development will look like, and where it will occur. Because different demographics have different needs, understanding who these new residents are is essential to forecasting where development is likely to occur in the future. As Chart 14 depicts, every age group is expected to grow, but none as quickly as the 65+ population. The 65+ population is projected to double between 2010 and 2030, and to increase to 21 percent of the total regional population by 2040, up from just 11 percent in 2010.

Chart 14: Population Growth by Age



The increasing percentage of older adults means that future development will have to consider the needs of this demographic. In terms of residential development, it is expected 75 percent of net new households will be 65+.¹⁰ While some older adults will "age in place," a growing number will opt for townhomes, apartments, and age-specific communities. This trend is already underway as Baby Boomers have been contributing to the demand for multifamily housing.

A third trend that is expected to influence future development is the shrinking average household size of the region. It is estimated that by 2040 one in three households will consist of people living alone.¹⁰ This trend is mainly due to the increase in older households, which are more likely to be one- or two-person households. Fewer people per household as well as population growth indicate that more residential units will be needed, particularly smaller units that meet the needs of one- or two-person households.

A growing population with an increasing share of older adults and smaller households indicates that demand for small-lot houses, attached options and age specific communities will likely remain strong in the coming decades. These types of housing are often highly

compatible with transit, indicated by the fact that over a third of multifamily developments in the region are occurring along high-frequency LRT and BRT lines.

It is partially because of the expected demand for transit-compatible housing that the Metropolitan Council forecasts 10 percent of the region's population growth between 2016 and 2040 will occur in the transit station areas included in this study (Metropolitan Council 2016 population estimates and Metropolitan Council 2040 population forecasts).¹¹ As mentioned earlier, these station areas consist of 1.7 percent of the region's land area, indicating that the station areas included in this study are expected to continue to grow at a faster rate than the region as a whole.

As the region's transitway system continues to expand beyond the stations included in this study, more of the region's communities will have convenient access to high-frequency transitways. This will mean both more people living along transit as well as new jobs and amenities that residents from other areas can access. It is for this reason that the expansion of transitways benefit not only the area to which they are expanding, but also the region. As the region moves towards 2040, the ability of transit service to connect to more people, more jobs, and more destinations will help to create the access and mobility that the Twin Cities region needs to grow and thrive.

Conclusion

This report found that more than 15,000 multifamily residential units and over \$4.5 billion in nonresidential development occurred along the Twin Cities' high-frequency LRT and BRT routes between 2003 and 2017.

The value of developing housing, businesses and other amenities along high-frequency transitways comes from the accessibility it provides residents, customers and employees. As the Twin Cities region continues to grow in the coming decades, the amount of development that occurs along transit will be an important indicator not only of the effectiveness of transit but of the region's ability to grow efficiently.

Both short-term and long-term trends indicate that an increasing amount of development will likely occur along the region's LRT and BRT lines in the foreseeable future. While there are numerous possible explanations for this trend, changing demographics and residential preferences

are possibly the largest factors driving development along transitways. These trends include an aging population, smaller household sizes, and indications that both younger generations and retirees increasingly value living in walkable, urban neighborhoods served by transit.¹²

Further research into the relationship between transit and development in the Twin Cities could be done to build upon the findings of this study. Possibilities include looking at why some transitways spur more development than others, testing causation between a transit investment and an increase in development along its alignment, and investigating how developments along a transitway increase ridership. Research to answer these questions will provide a more robust picture of both the interaction between land use and transportation, as well as the benefits that transit service can bring to a region by linking people, jobs and community.

Contact Information

For questions or comments on the information included in this report, please email us at TOD@MetroTransit.org, or check out our website at www.metrotransit.org/tod.

Data from the Metropolitan Council's building permits survey and the Council's population forecasts are available at www.metrocouncil.org/data

Sources

- 1 Metrotransit.org/high-frequency-network
- 2 Multifamily data from Metropolitan Council Residential Regional Development Data. Available at <https://metrocouncil.org/data>
- 3 Commercial Development Data are from the Metropolitan Council Nonresidential Regional Development Data. Available at <https://metrocouncil.org/data>
- 4 Public and Institutional Development Data are from the Metropolitan Council Nonresidential Regional Development Data. Available at <https://metrocouncil.org/data>
- 5 Metro Transit Ridership Data
- 6 Metro Stats: On the Rise: New Residential Construction in the Twin Cities Region. Metropolitan Council. September 2016. Available at <https://metrocouncil.org/data-and-maps/data/reports-resources/metrostats.aspx>
- 7 Real estate development in anticipation of the Green Line light rail transit in St. Paul. Xinyu Cao and Dean Porter-Nelson. *Transport Policy*. Oct. 2016.
8. <https://www.bloomingtonmn.gov/plan/penn-american-district>
9. <http://www.ci.burnsville.mn.us/index.aspx?NID=89>
10. 2010 data on households from Census Bureau; 2020-2040 forecasts from the Metropolitan Council July 2015. Available at <https://metrocouncil.org/data>
11. Metropolitan Council 2016 population estimates and Metropolitan Council 2040 population forecasts. Available at <https://metrocouncil.org/data>
12. America in 2015: A ULI Survey of Views on Housing, Transportation, and Community. 2015

Appendix A: Metro Transit High-Frequency Network

High Frequency Service Network

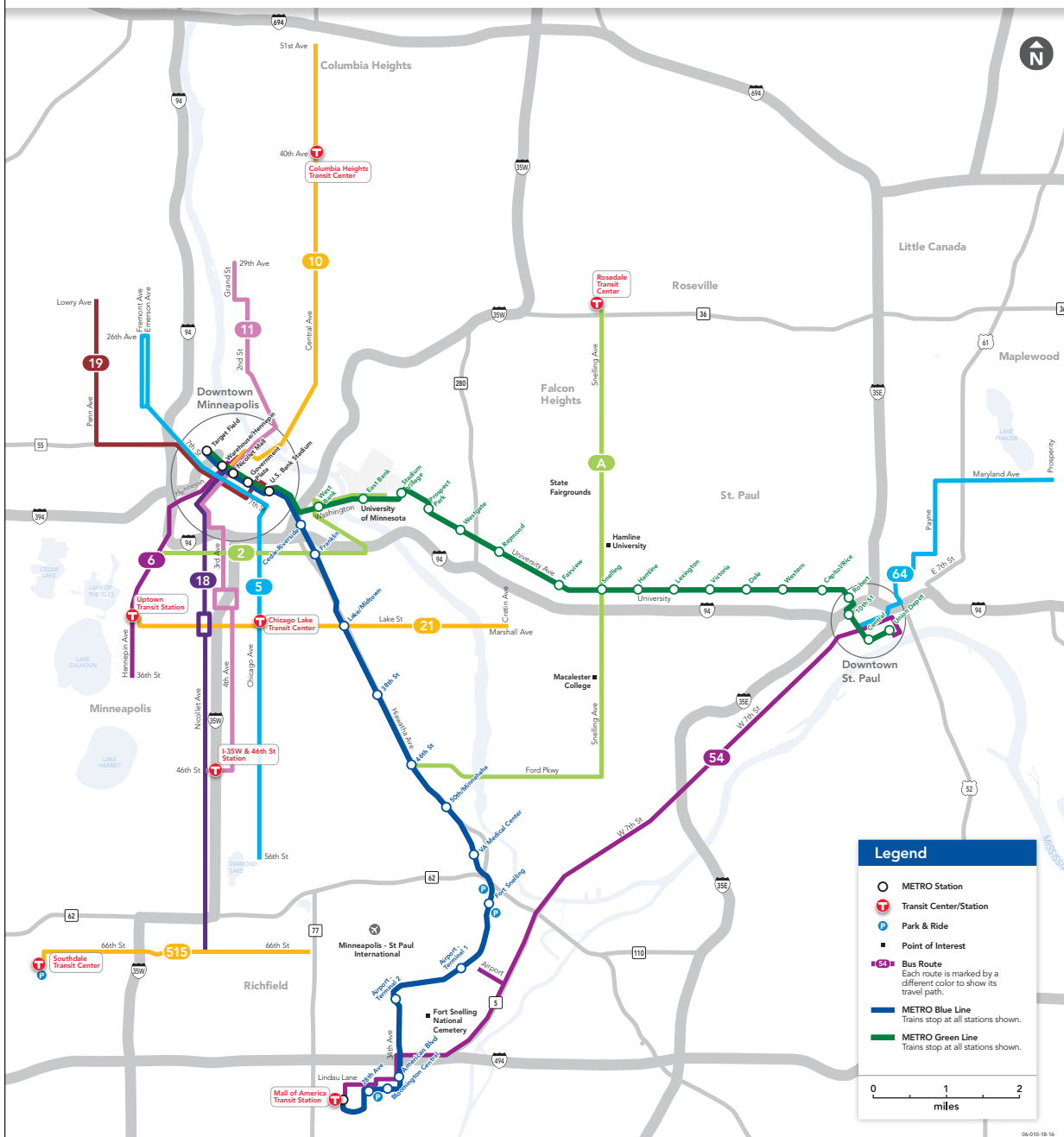


HIGH FREQUENCY PROMISE
 Service every 15 minutes (or better)
Weekdays: 6 a.m. to 7 p.m.
Saturdays: 9 a.m. to 6 p.m.

Colored lines show where High Frequency service is available.

All of Route 54, A Line and METRO Blue Line and Green Line offer High Frequency service.

Service on these routes—2, 5, 6, 10, 11, 18, 19, 21, 64 and 515—continues outside the areas shown, but operates less frequently. For details, see specific route schedules, visit metrotransit.org or call 612-373-3333.



Appendix B: Station Areas

