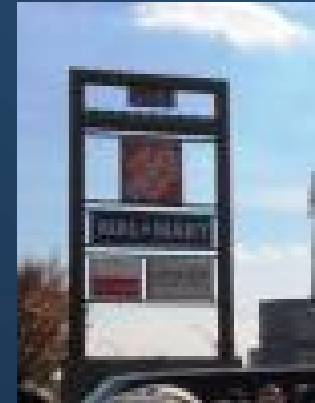


# Enhancing Philadelphia's Central Waterfront: A Market Perspective on Public-Private Investment



Presented by:

**W. Thomas Lavash, Principal  
Economics Research Associates  
Washington, D.C.**

**ERA**



# How Do We Know What Works?

## Market Analysis

- The “Drivers” of Demand
- The “3 P’s”: Product, Pace & Pricing

## Financial Feasibility

- Does it ‘Pencil Out’?
- Highest & Best Use
- Phasing & Right-sizing the Development Program

## Economic & Fiscal Impacts

- What will it Cost the City?
- How does it Benefit the City?



# How Do We Know What Works?

## 1. Diagnosis

- Objectives & Stakeholder Input
- City's Policies
- Physical Issues
  - Access, Land Use Patterns, Cost Premiums
- Demographic & Economic Context



## 2. Analysis

- Identify the Submarket
- Inventory
- Competition
- Comparable Projects
- Demand Forecasts



## 3. Programming

- Development Potentials
- Timing & Phasing
- Marketing Strategy



## 4. Feasibility

- Costs & Revenues
- Financing Strategies
- Leveraging Public Investment

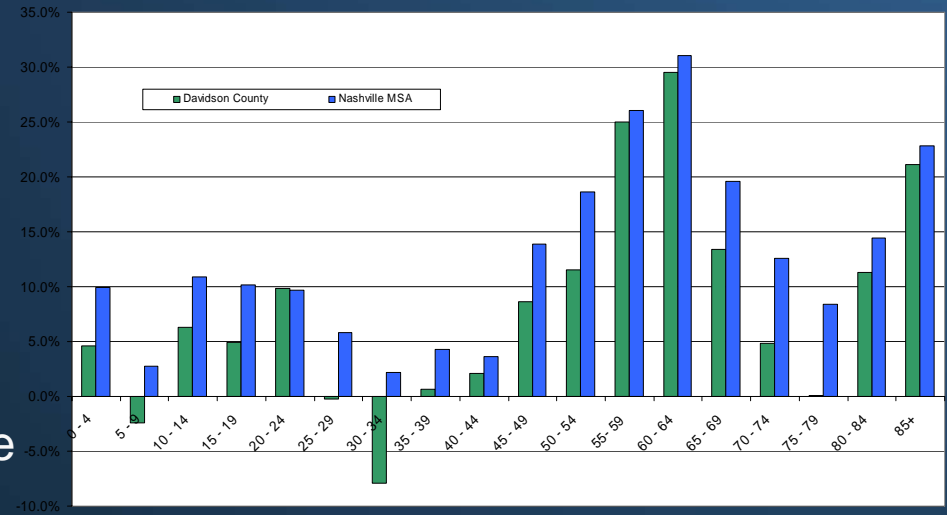
# What Drives Demand for Waterfront Real Estate?

## Housing

- Population Growth
- Domestic Household Formation
- Immigration

## Workplace (Office, R&D, Industrial)

- Job Growth in Appropriate Sectors
- The Other “ED”: Proactive, Successful Economic Development—including Recruitment & Retention Strategies



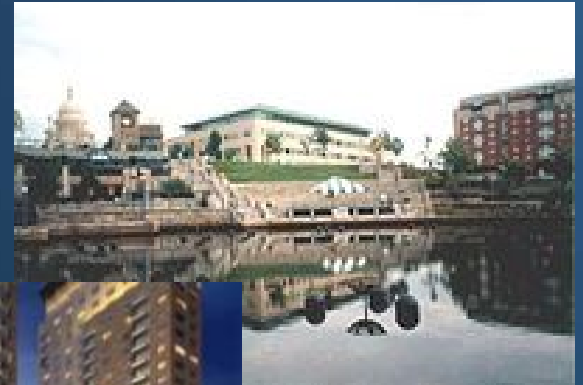
# What Drives Demand for Waterfront Real Estate?

## Supporting Services— Hospitality/Lodging

- Job Growth in Business-using Sectors
- Visitor Growth—Tourists, Conventions & Meetings

## Retail & Entertainment

- Household Growth
- Resident Demographic Characteristics
- Income Levels & Discretionary Spending
- Environmental Factors: Climate
- Tourism/Visitor Markets



# Market...Financials...but is it *Marketable*?

## Transitioning Uses

- How can *Viable* Waterfront Industries be Protected?
- May Cost Jobs to Relocate Undervalued Uses
- Oftentimes Requires Environmental Remediation
- Needs Flexibility from Local Government—Zoning Changes, Public Realm Improvements
- May Require Deferring or Subsidizing Uses until Sufficient “Critical Mass”/Market Densities
- Requires *Realistic* Expectations from Developers, Citizens, Local Government
- Seek Unconventional Partnerships if Momentum Needs to Precede Market



# Market...Financials...but is it *Marketable*?

## Adding Value

- Form Follows FINANCING—Don't Build w/o Sufficient Market Support
- Requires Available/Underserved Markets
- Recreational Opportunities Enhance Public Access
- New, Discovered Focus on Civic Uses, Identity
- Generate Traffic with Subsidized Public Spaces, Events Programming
- Waterfront Views Suggest Rent, Sales Premiums



# How Can 'We, The People' Benefit?

## It's Always a Balancing Act

- The 'Quid Pro Quo' of Additional Density: Open Space & Recreational Amenities
- Peg New Development to Creation of Community Assets
- The Leverage Argument: \$1 to \$12

