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ECONOMICS ANALYSIS

Economics Analysis

The Manchester Road corridor study area benefits from favorable demographic factors, and a number of market factors going forward over the next two to three decades should help to bolster prospects for revitalization in this portion of West County. Overall, the communities along the Manchester Road corridor exhibited a period of healthy growth between 1990 and 2000 but experienced decreased population growth over the last ten years. The area had been growing steadily for several decades as suburban growth continued westward from St. Louis. Over the last ten years, however, most of the corridor has reached a state of build-out and population growth has been more pronounced in outlying counties within the metropolitan area. This leveling off of population growth is typical of maturing suburban areas that have reached build-out and lack available empty land for new greenfield development.

The Manchester Road study area is relatively affluent, with an estimated 57 percent of all households in the study area having incomes of greater than \$75,000 in 2009. The relative affluence of the corridor has made the area an attractive location for retail and other real estate investment in the past and should support ongoing demand over the next few decades. Macroeconomic analysis indicates that the size of households is decreasing in the five communities and that the share of older adults (age 55 and over) is increasing across the corridor. A significant portion (37 percent) of the current households in the five communities includes families without children. Short-term economic projections indicate that, over the five years between 2009 and 2014, the corridor will continue to experience relatively flat population growth. Smaller, affluent households including persons age 55 and older, as well as younger professional households including singles and married couples, will account for most of the population growth over the next five years.

At the same time the five communities have approached full build-out, the retail viability of the Manchester Road corridor has decreased in recent years. Economic analysis indicates that a full 20 percent of the retail space along Manchester Road within the project study area was vacant as of Fall 2009, and an additional 20 percent of the retail space along the corridor was being used for service uses that do not produce sales tax revenues for the five communities (including banks, attorneys, nail and barber shops, and other service uses).

The decrease in sales tax dollars from retail uses along Manchester Road has significantly impacted the budgets of the cities along the corridor. The consultant team urges the five communities to use the master planning process to encourage revitalization along the corridor and therefore safeguard the five communities from fiscal decline and decay.

The Appendix document contains additional information and details concerning the existing economic conditions along the Manchester Road corridor.

Macroeconomic Trends Impacting Revitalization

Based upon economic analysis of the St. Louis market and anticipated regional and national trends in economics and real estate, the consultant team identified the following key drivers for the revitalization of the Manchester Road corridor.

- The regional St. Louis economy will recoup the job losses of the recent recession by 2012 and continue to expand the overall job base in the metropolitan area through 2020.
- The number of “office-using jobs” in the Manchester Road study area will increase by 2,000 between 2009 and 2020, increasing demand for Class A office space. The revitalization of the Manchester Road corridor should include Class A office space in order to absorb expected job growth in the area as well as the relocation of companies from elsewhere in the St. Louis area

seeking somewhat lower priced office space along the corridor in comparison to higher-priced office submarkets in St. Louis County.

- The trend toward smaller household sizes and larger numbers of Empty Nester and younger adult households in the corridor study area will drive demand for smaller, lower-maintenance residential units, including attached townhomes, patio homes, condominiums, and apartments.

Projected Development Program - 2040

The figures below outline the anticipated development program for the year 2040 (30 years out) for the Manchester Road study area, as well as the anticipated phasing of development for different product types by different time periods (2010-2019, 2020-2029, and 2030-2039).

Income Range	15 - 24		25 - 34		35 - 44		45 - 54		55 - 64		65 Plus		TOTAL	
	Total	Ann. Rate	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Less Than \$15,000	-2	-0.20%	9	2.40%	-61	-8.40%	-33	-11.10%	-6	-0.40%	-4	-0.10%	-97	-1.40%
\$15,000 - \$24,999	-14	-4.20%	-4	-0.80%	-60	-12.80%	-35	-7.70%	-10	-0.90%	-21	-0.50%	-144	-2.00%
\$25,000 - \$34,999	-42	-5.60%	9	0.90%	-137	-13.50%	-82	-6.10%	-24	-1.60%	82	2.40%	-194	-2.20%
\$35,000 - \$49,999	12	1.30%	-10	-0.40%	-164	-7.90%	-189	-4.70%	-12	-0.40%	27	0.50%	-336	-1.90%
\$50,000 - \$74,999	35	3.30%	216	4.80%	-656	-10.70%	-312	-2.90%	-46	-0.60%	255	3.80%	-508	-1.60%
\$75,000 - \$99,999	22	6.10%	194	5.10%	-465	-7.50%	-234	-2.50%	145	2.00%	240	6.60%	-98	-0.30%
\$100,000 - \$124,999	25	18.30%	192	7.40%	-331	-6.90%	-197	-0.90%	192	3.60%	168	6.60%	49	0.20%
\$125,000 - \$149,999	3	4.60%	171	10.50%	-107	-3.70%	-54	2.40%	168	4.50%	137	8.60%	318	2.00%
\$150,000 or more	5		299		-253		424		512		277		1,264	
TOTAL -->	44		1,076		-2,234		-712		919		1,161		254	
Annual Rate of Change	0.90%		5.40%		-7.40%		-1.50%		2.40%		3.60%		0.10%	

Figure 12: Annual Change in Households by Age of Householder by Income - Manchester Road Study Area - 2009 to 2014

Land Use	Existing		Development Program, 2040		Net Change	
	Square Feet / Units	Acres	Square Feet / Units	Acres	Square Feet / Units	Acres
Retail (including Auto Dealerships)	4,480,000 SF	758	3,052,000 SF	371	- 1,428,000 SF	-387
Office	130,000 SF	23	910,000 SF	48	780,000 SF	25
Hotel	112 rooms	5	552 rooms	22	440 rooms	17
Residential	833 units	157	3,893 units	421	3,060 units	264
TOTAL		943		862		-81

Figure 13: Land Use Breakdown

As indicated, the total overall square footage of retail space along the corridor will decrease over the next few decades, as land use diversifies to include additional residential and office space. The consultant team anticipates that mixed-use development, including two or more real estate types, such as residential combined with retail, will comprise a large share of new development along Manchester Road. The following summarizes the development program and recommendations for development strategies for residential, retail, and office uses over the next three decades.

Simply put, the Manchester Road Corridor today has far more acreage zoned for retail than the market can support, either today or over the next three decades. Therefore, the development program suggests the communities pursue mixed-use zoning to allow other uses (including office and residential) along the corridor in the future.

Product Type by Phase

Product	Description	PHASE 1 - 2010 - 2019				PHASE 2 - 2020 - 2029				PHASE 3 - 2030 - 2039				TOTAL	
		Dwelling Units / Acre	Floor to Area Ratio (FAR)	Total Demand		Dwelling Units / Acre	Floor to Area Ratio (FAR)	Total Demand		Dwelling Units / Acre	Floor to Area Ratio (FAR)	Total Demand		Units	Square Feet
				Units	Square Feet			Units	Square Feet			Units	Square Feet		
For Sale Residential	Single Family Detached	6.0		202		6.6		209		7.3		311		722	
For Sale Residential	Townhome (20 Ft Lot)	14.0		80		15.4		149		16.9		200		429	
For Sale Residential	Townhome (24 Ft Lot)	12.0		122		13.2		100		14.5		192		414	
For Rent Residential	Garden Apartments	25.0		396		27.5		0		30.3		0		396	
For Rent Residential	Mid-Rise Above Retail	35.0				38.5		287		42.4		200		487	
For Rent Residential	Mid Rise	35.0				38.5		200		42.4		405		605	
Retail	Unanchored In-Line		0.3				0.3		40,000		0.3				40,000
Retail	Anchored In-Line		0.6				0.7		120,000		0.7				120,000
Retail	Lifestyle Mixed-Use		1.5		325,000		1.7				1.8		300,000		625,000
Retail	Large-Format		0.3		100,000		0.3				0.3		100,000		200,000
Office	Medical Office		0.5				0.6		300,000		0.6		100,000		400,000
Office	Office Above Retail		1.5				1.7		50,000		1.8		30,000		80,000
Office	Mid-Rise		0.5				0.6		150,000		0.6		150,000		300,000
Hotel	Mid-Rise	35.0				38.5		220		42.4		220		440	

Residential

- The development program includes a sizeable portion of housing units geared to smaller household types (including higher density but detached single family homes).
- A large portion of the for-sale demand will include homes priced under \$150,000, and for-rent units will lease for under \$1,250 per month in order to appeal to a wider cross-section of the St. Louis area market.
- Residential units should integrate with mixed-use developments such as town centers in order to enjoy increased sales and proximity to shopping, entertainment, and civic uses. Mixed-use developments such as town centers may include horizontal as well as vertical mixed use. Town centers and other mixed-use developments should carefully integrate residential uses with surrounding office, retail, and civic uses through walkways, side streets, and open space connections.

Office

- The office market along the Manchester Road corridor will benefit from modest regional job growth, the build-out of nearby employment centers along Interstates 64 and 270, the ongoing aging and obsolescence of office properties in West County, the relatively lower lease rates along Manchester Road compared to other submarkets in West County, and potential demand for medical office space along the corridor, driven by the significant population of aging Baby Boomers.
- Over the next 30 years, the study area will add 780,000 square feet of office space to an existing base of only 130,000 square feet, including Class A medical office space, office space above retail, and mid-rise speculative space.
- The Manchester Road corridor in particular has an opportunity to develop higher quality medical office space to serve the area's aging population. The status of many of the communities in West County as bedroom communities for executives and business leaders will create demand for additional mid-rise office space in the future.
- Office space integrated with town center retail and other uses will particularly appeal to tenants that rely on customer traffic, including accountants, lawyers, and insurance agents.

Retail

- By reducing the total retail space in the study area by 30 percent over the next 30 years and arranging retail in town center or Main Street areas that emphasize “quality over quantity”, the five communities should be able to collect additional sales tax dollars per square foot over time.
- The overall St. Louis retail market is oversupplied. By focusing on creating quality, well planned retail and town center developments, the five communities can create a more sustainable economic environment and fiscal situation over the next three decades. Without significant investment in placemaking, retail centers along Manchester Road will likely continue to struggle to remain competitive in the local and regional market.
- The recommended development program assumes the communities will create a series of mixed-use, town center-oriented retail destinations over time, and the revitalization of the corridor will include construction of 985,000 square feet of new retail over the next 30 years.

- The projected construction of new retail space will include unanchored in-line retail (4 percent), anchored in-line retail (13 percent), mixed-use / lifestyle retail (63 percent), and large format or big box retail (20 percent). The term “unanchored in-line retail” refers to smaller stores typically found in a shopping center along a major arterial. Mixed-use or lifestyle retail will likely locate in or near town center developments.

Town Center Developments

- The five communities have a significant opportunity to create destinations and developments that are more attractive to residents, retailers, restaurateurs, and employers than typical suburban developments. Over a 30 year period the Manchester Road study area could support the creation of up to three new regional-serving town center nodes, as well as continue the expansion and build-out of the existing Wildwood Town Center.
- In addition, the corridor could support the addition of local-serving retail areas adjacent to these town center nodes that would include lower-density development programs.
- In order to be successful, the town center nodes must consist of retail offerings as well as higher density housing alternatives (such as townhomes and especially multi-family apartments) that create an additional consumer base for local retail sales.
- The town center areas should also include some degree of office space, including both traditional office as well as medical office, to create additional demand for retail and restaurants during business hours.
- Ongoing public input and zoning and land use decisions made by the five communities will help to determine the exact locations and design for various nodes of development (including town centers) along the Manchester Road corridor.

To summarize, the overall goal of creating distinct and vibrant town centers along the corridor should guide the five municipalities as they move forward with planning for the Manchester Road corridor and their overall communities in the future. The Great Streets planning effort revealed that creating more distinct town centers along Manchester Road will improve the livability of the communities and benefit them from a fiscal perspective. The Implementation section discusses the potential fiscal impact on the five communities in greater detail.

