



Rose Kennedy Greenway: Creating Long-Term Value

MARCH 2010

HR&A
Analyze. Advise. Act.

utile

HR&A ADVISORS, INC.

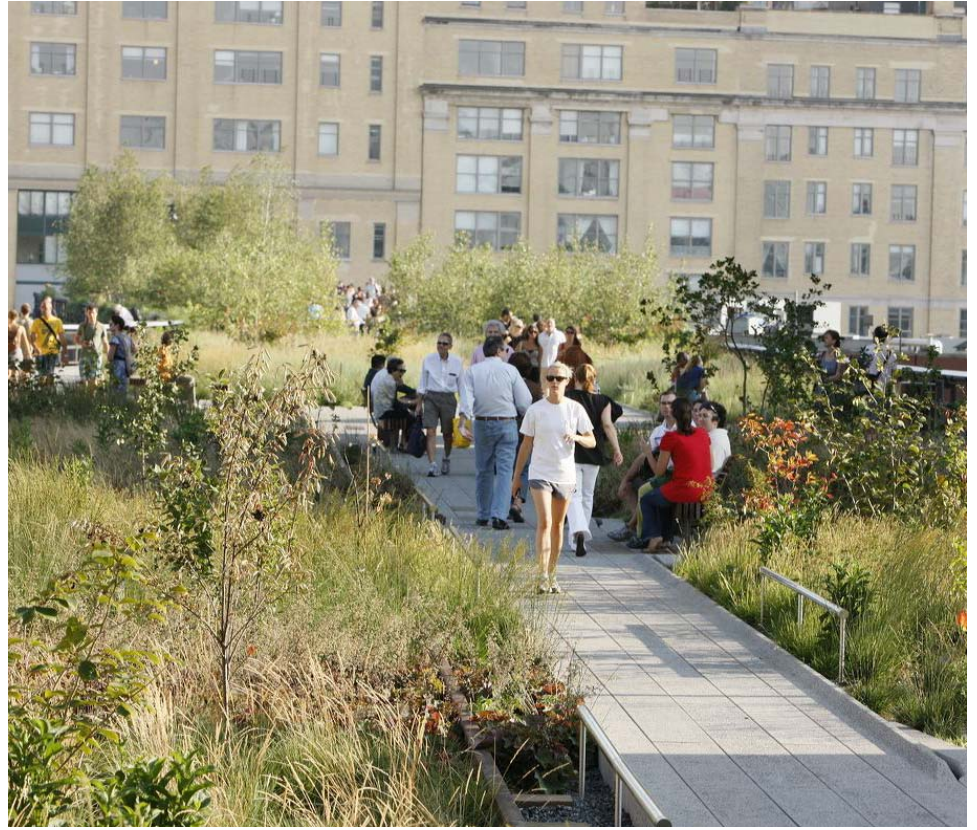
Prepared for The Boston Redevelopment Authority

Urban transformations
taking place across North America.

Transportation corridors repositioned as civic assets



The High Line, New York City



Transportation corridors repositioned as civic assets



Embarcadero and Ferry Building, San Francisco

Energizing downtowns



Millennium Park, Chicago

Energizing downtowns



Discovery Green, Houston

Energizing downtowns



Fountain Square, Cincinnati

This transformation creates
local and regional value.

The City remains competitive,
and public costs are mitigated.



New recreation space for
urban dwellers

Urban development
reduces environmental
and municipal costs
over time.

- 5-20% on local roads
- 8-15% on water and sewer services
- Reduce greenfield development

New value is created in surrounding districts



Toronto: growth contained by the Expressway and GO Transit Lines

New value is created in surrounding districts



San Francisco: development oriented away from Embarcadero and waterfront.

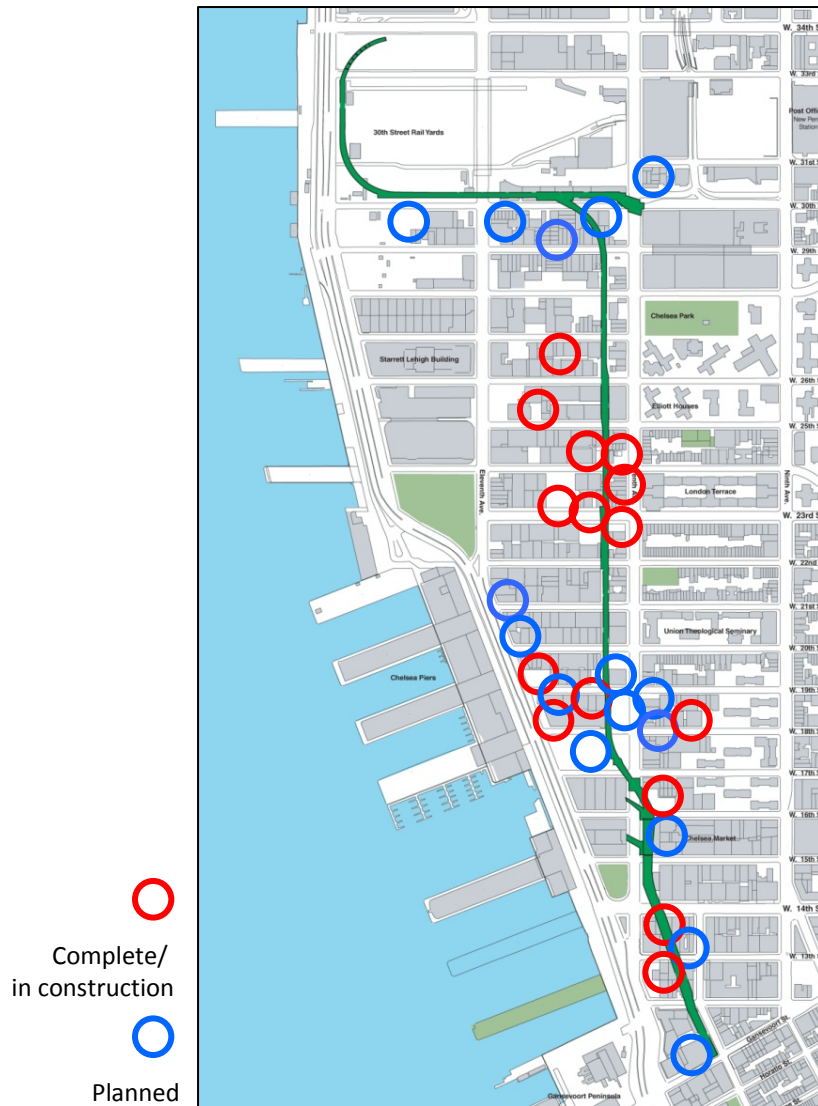
New value is created in surrounding districts



New York City: High Line creates real estate value.



New value is created in surrounding districts



10-15% incremental value

85 new development projects

New York City: High Line creates real estate value.

New value is created in surrounding districts



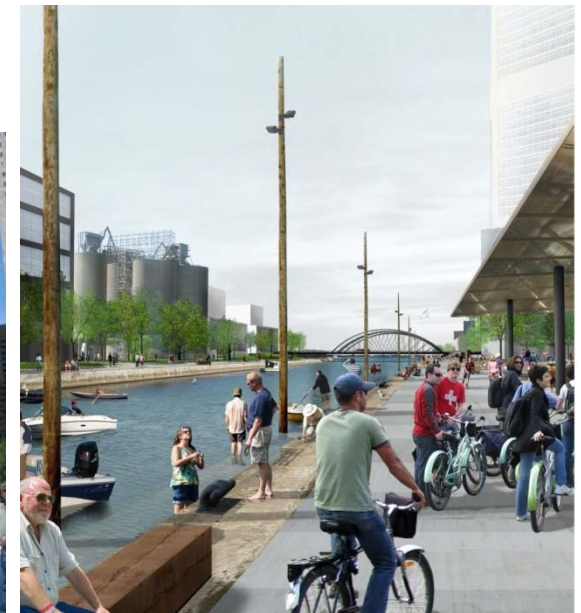
Hudson River Park

20% of increase in Greenwich Village property values from 2002-2005.



Millennium Park

25% of incremental residential value in the surrounding district in the first 10 years (\$1.4 billion)



Toronto Don River Naturalization

1-3% property value increment increases property value by \$200-400 million

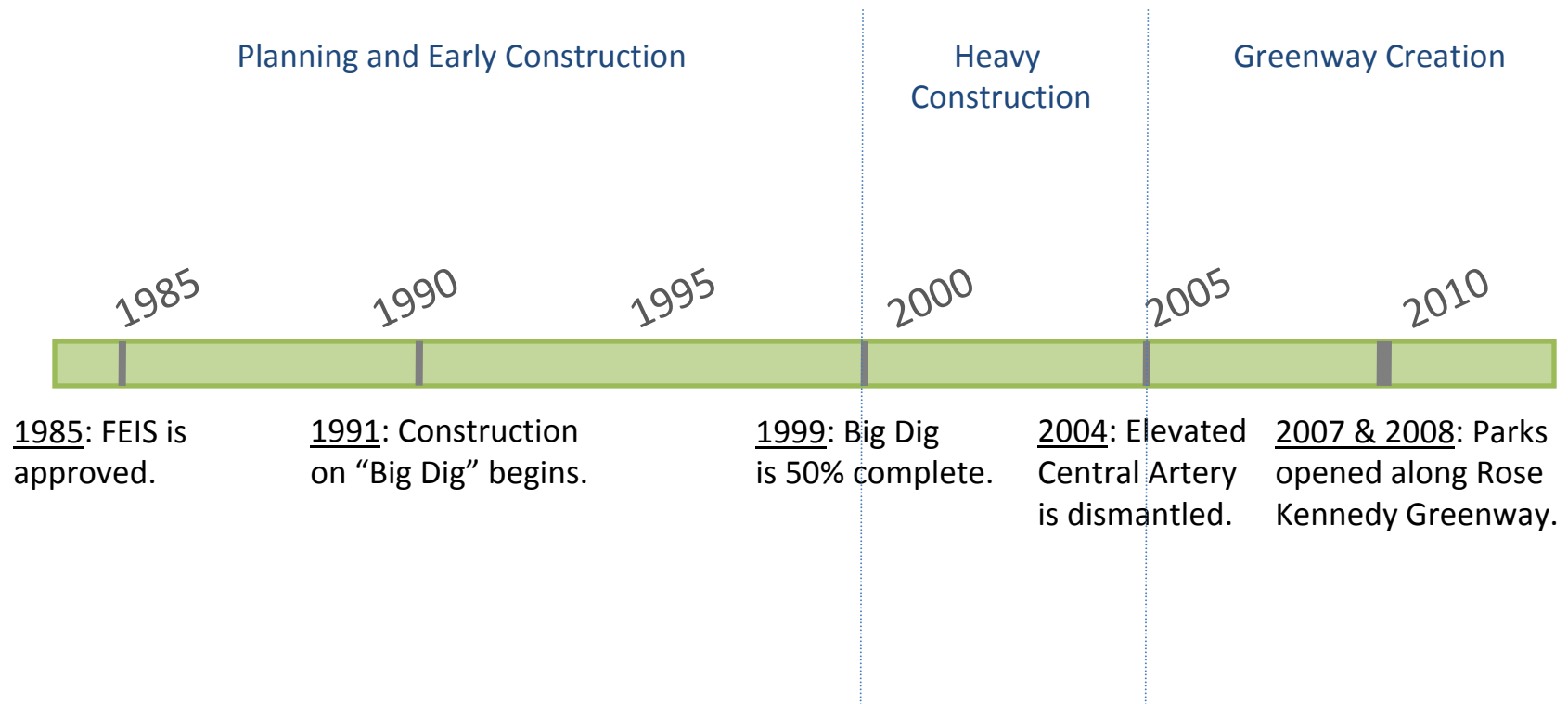
The Greenway's value creation to date.
Methodology

Measuring the Greenway's contribution.

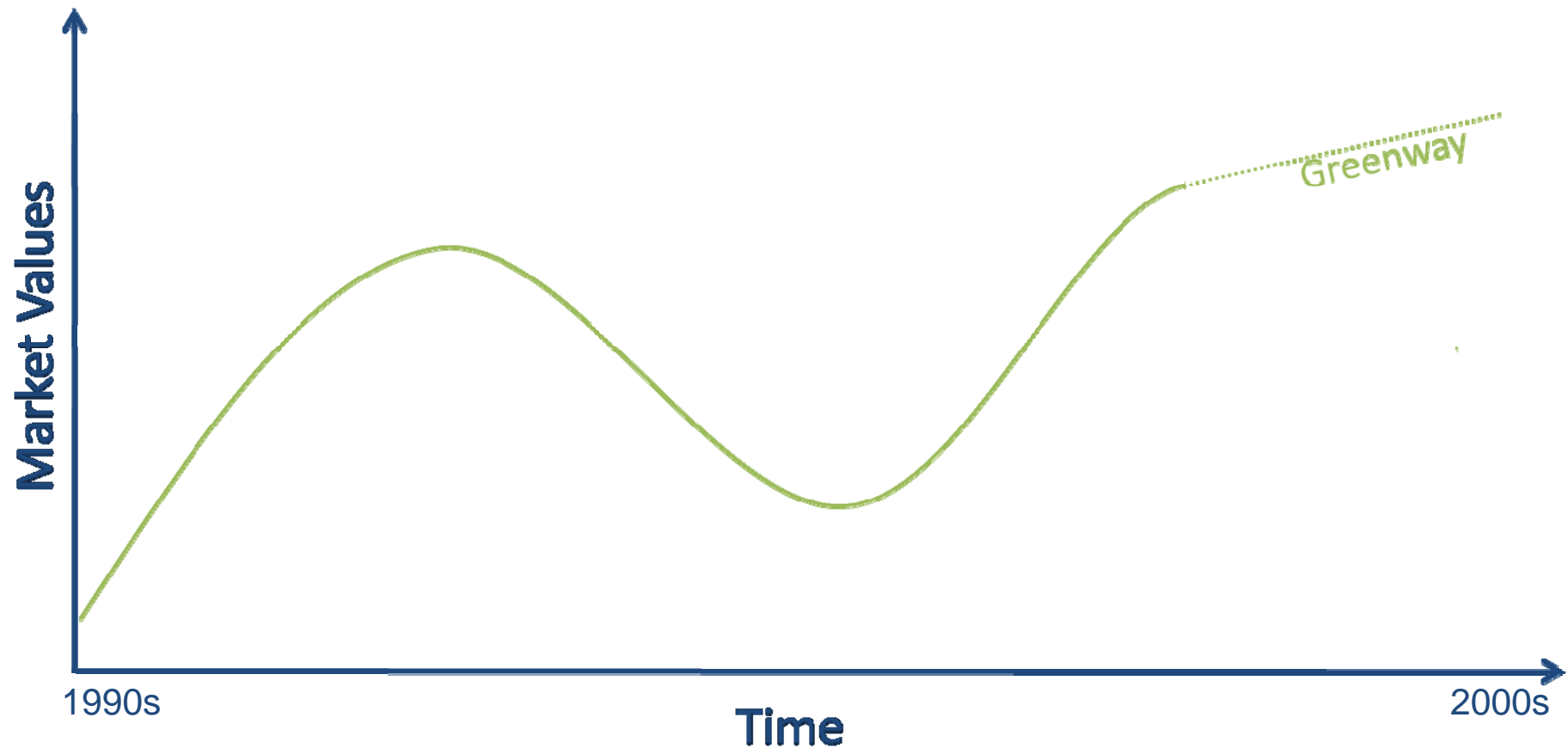
Approach:

- Evaluate change in assessed values from 1995 through 2009.
- Control for exogenous real estate trends including new real estate development.
- Assess magnitude of pipeline development and land speculation.
- Control for variations in the data set.

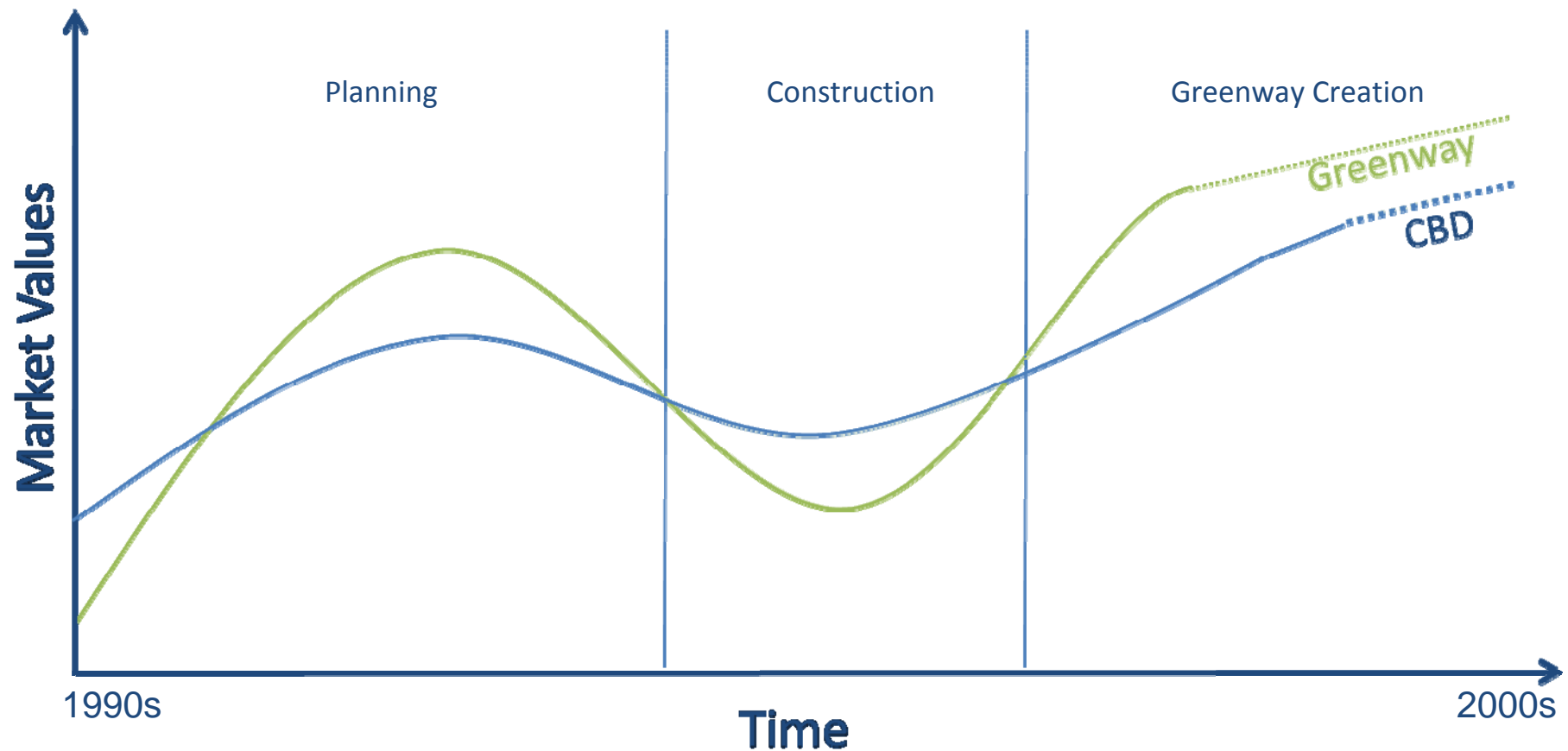
Public infrastructure development timeline



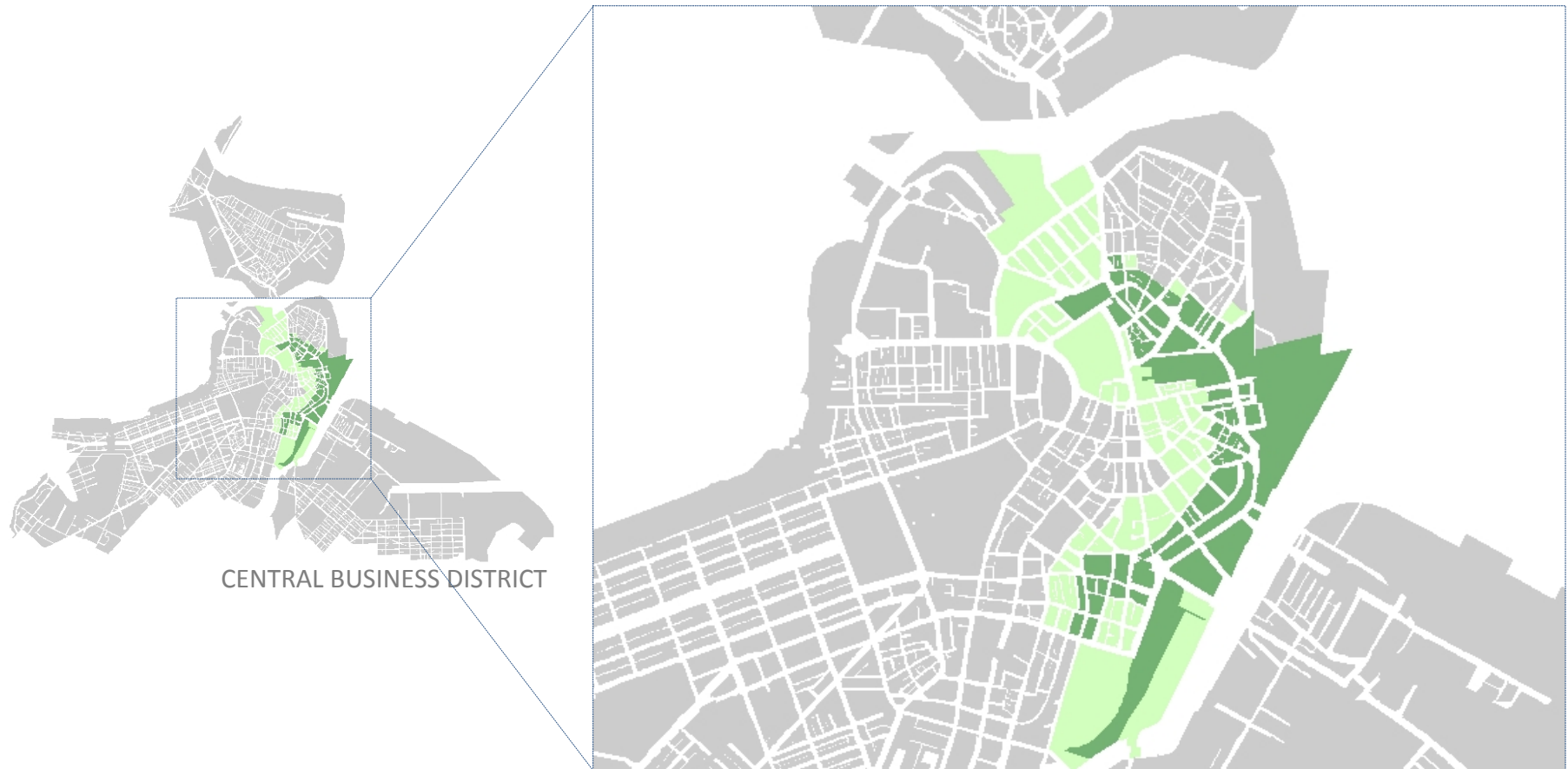
Cyclical nature of real estate market obscures incremental value analysis.



Comparing growth rates controls for market fluctuations.



HR&A compared growth rates of the Greenway Study Area to the Central Business District.

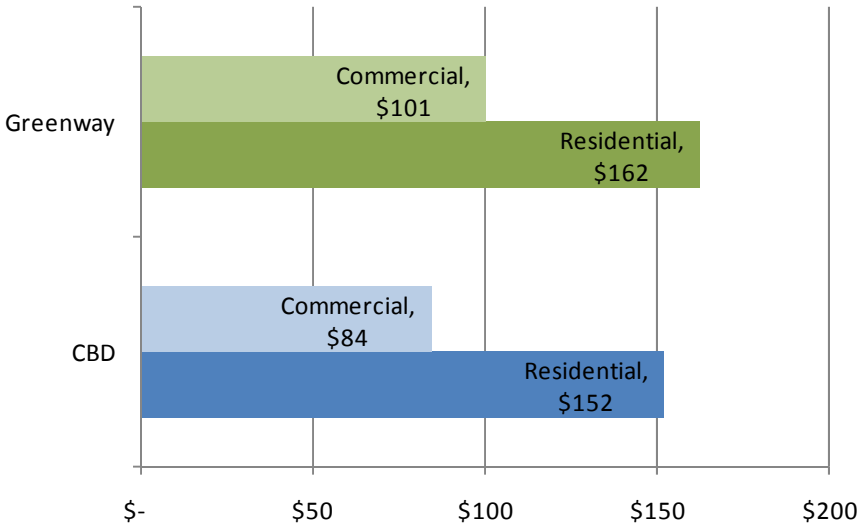


PRIMARY AND SECONDARY
GREENWAY STUDY AREAS

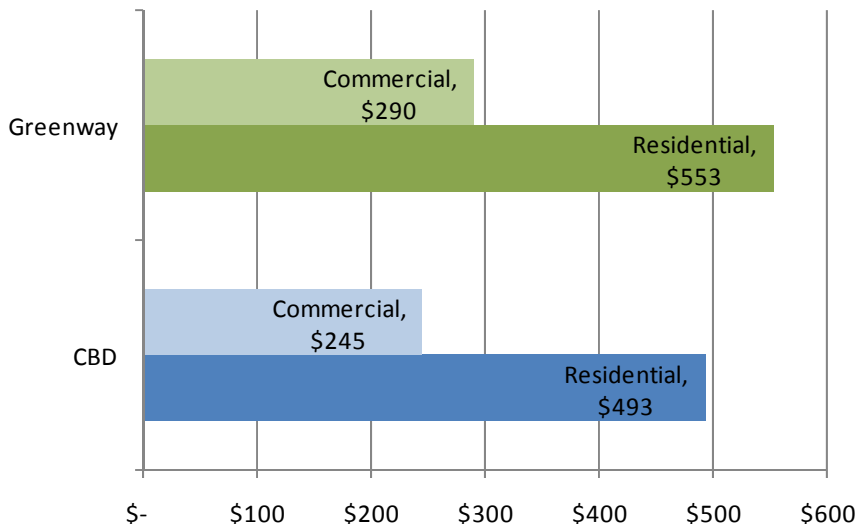
The Greenway's value creation to date.
Findings

Greenway district exceeds CBD in value.

2005 Assessed Values per Square Foot



2009 Assessed Values per Square Foot



Speculative bubble: Greenway growth above CBD.



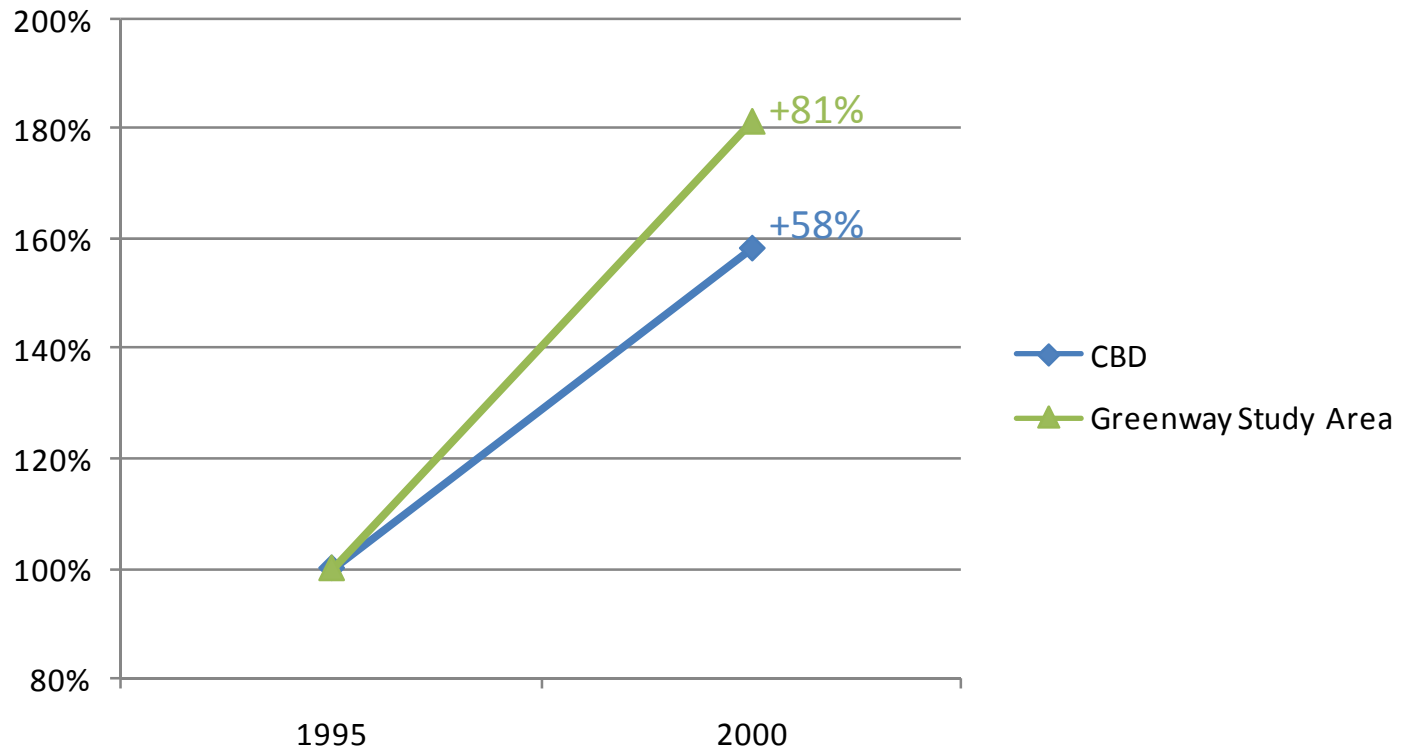
1985: FEIS is approved.

1991: Construction on "Big Dig" begins.

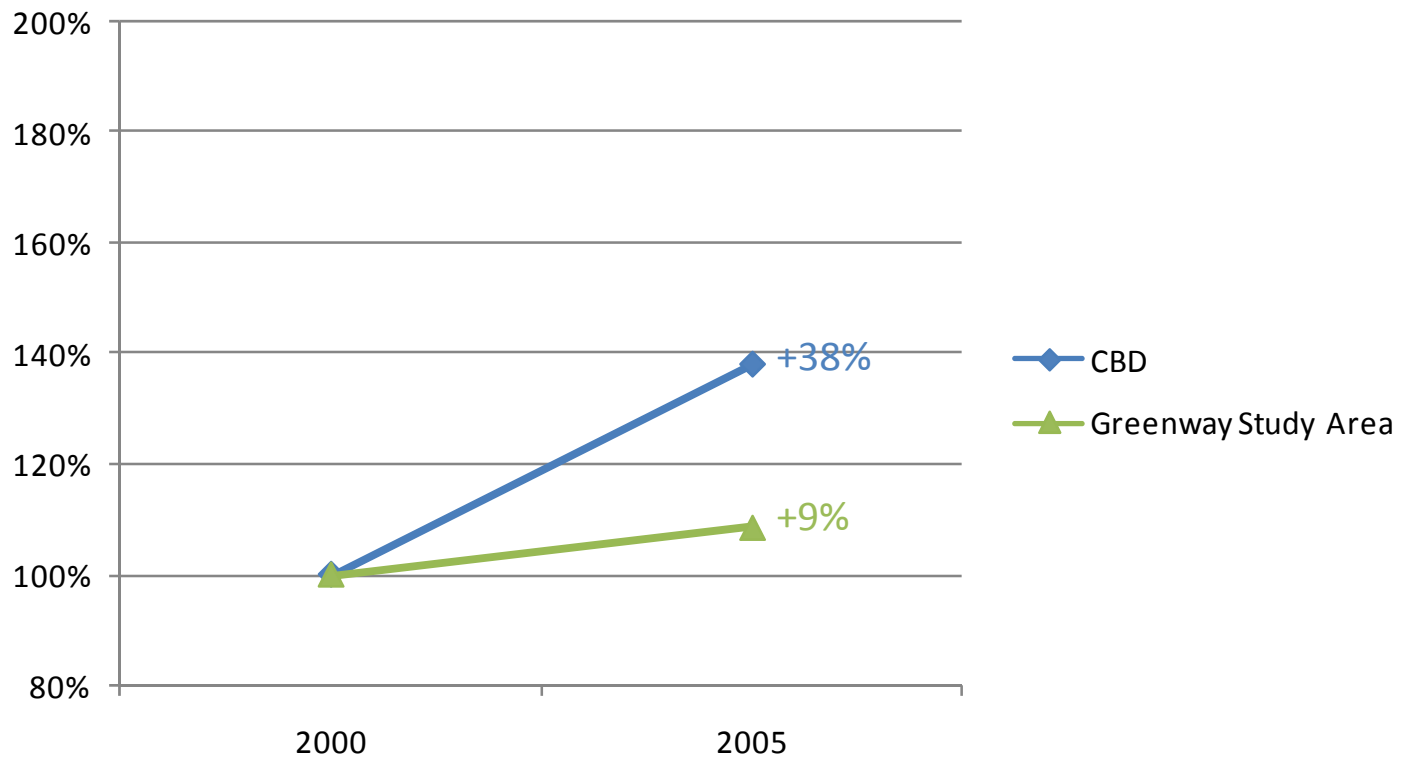
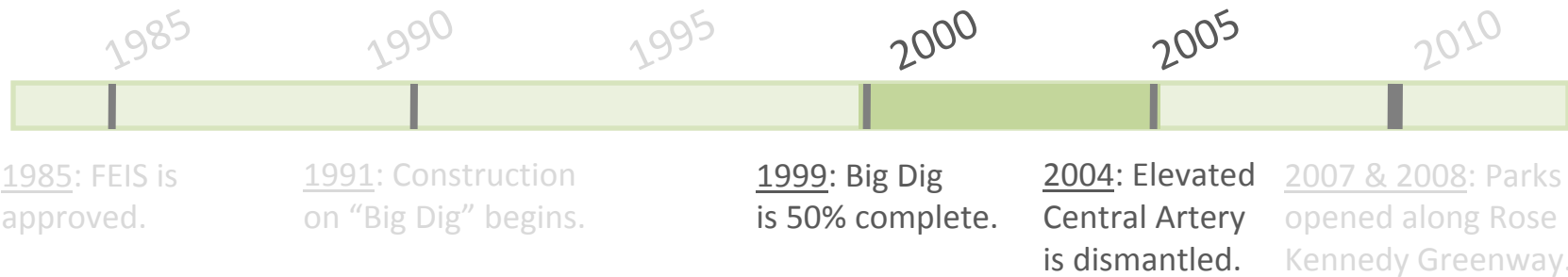
1999: Big Dig is 50% complete.

2004: Elevated Central Artery is dismantled.

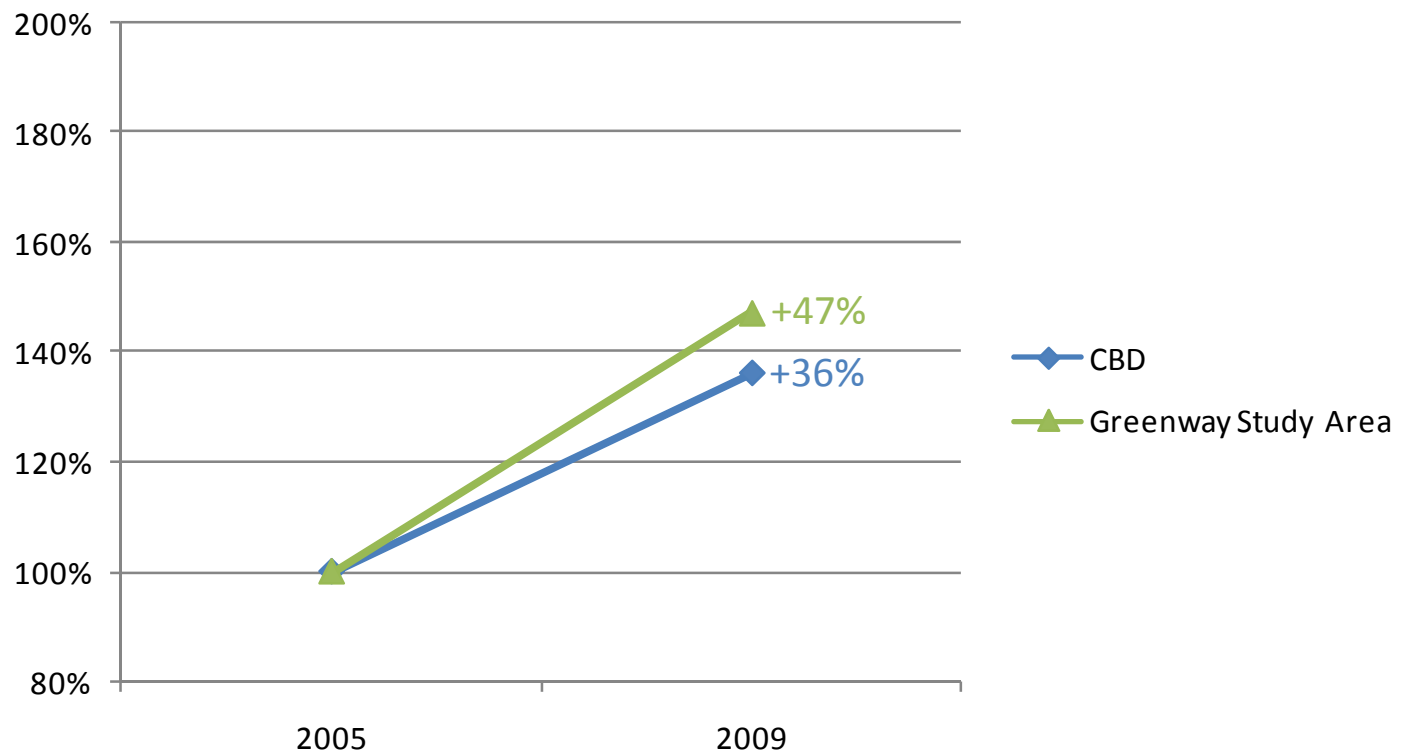
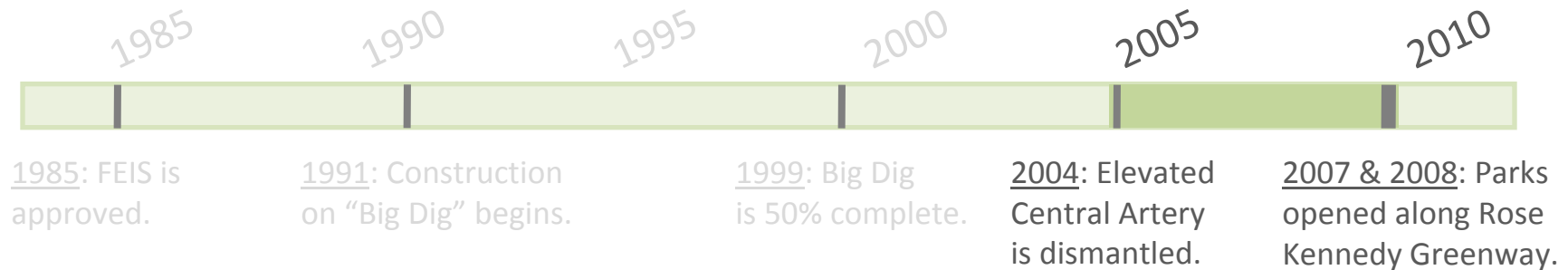
2007 & 2008: Parks opened along Rose Kennedy Greenway.



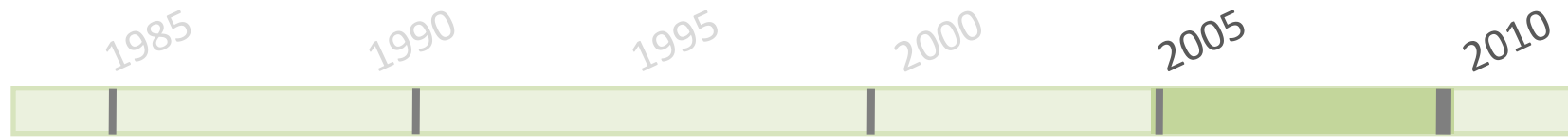
Pain of construction: Greenway district lags significantly.



Greenway era: Accelerating rate of growth as district catches up.



Greenway era: High commercial concentration drives higher rate of growth.



1985: FEIS is approved.

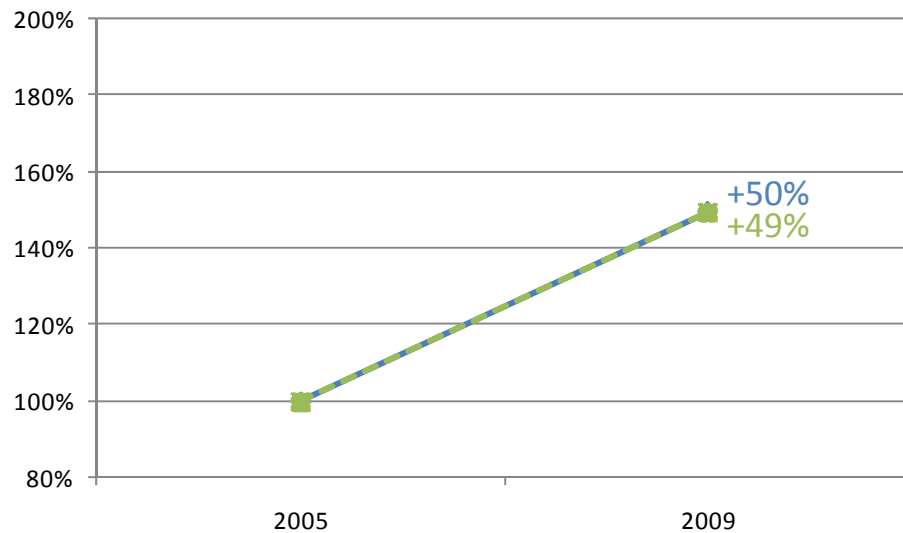
1991: Construction on "Big Dig" begins.

1999: Big Dig is 50% complete.

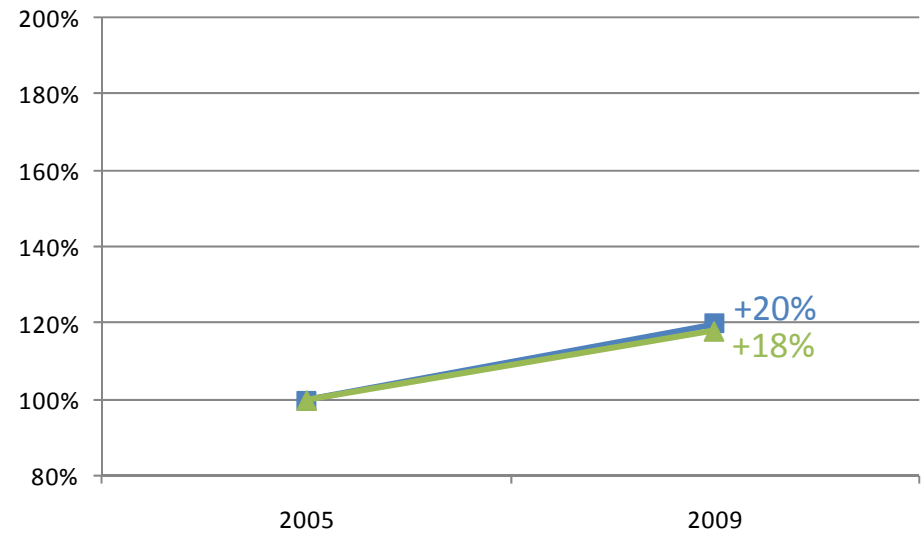
2004: Elevated Central Artery is dismantled.

2007 & 2008: Parks opened along Rose Kennedy Greenway.

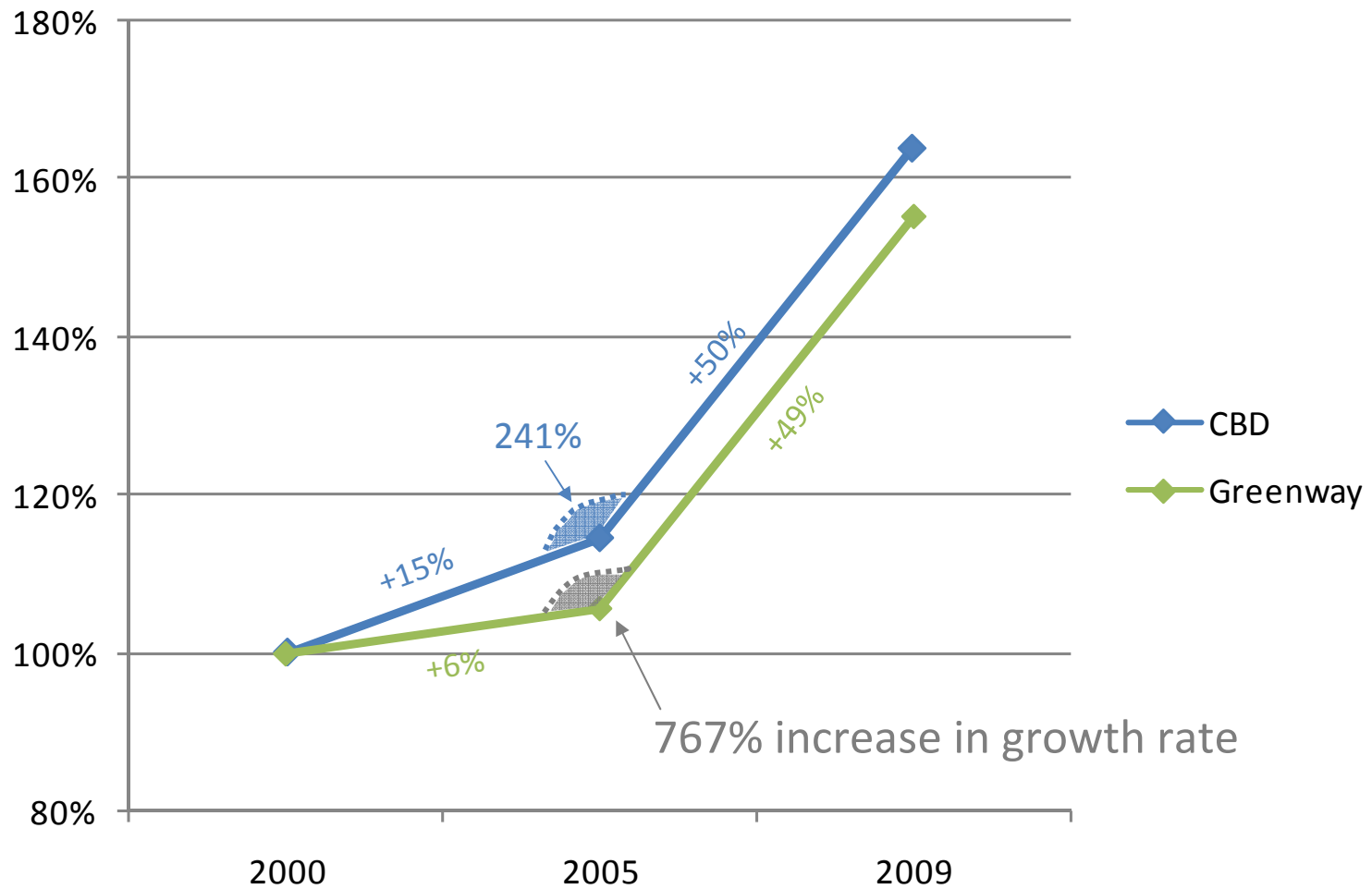
Commercial



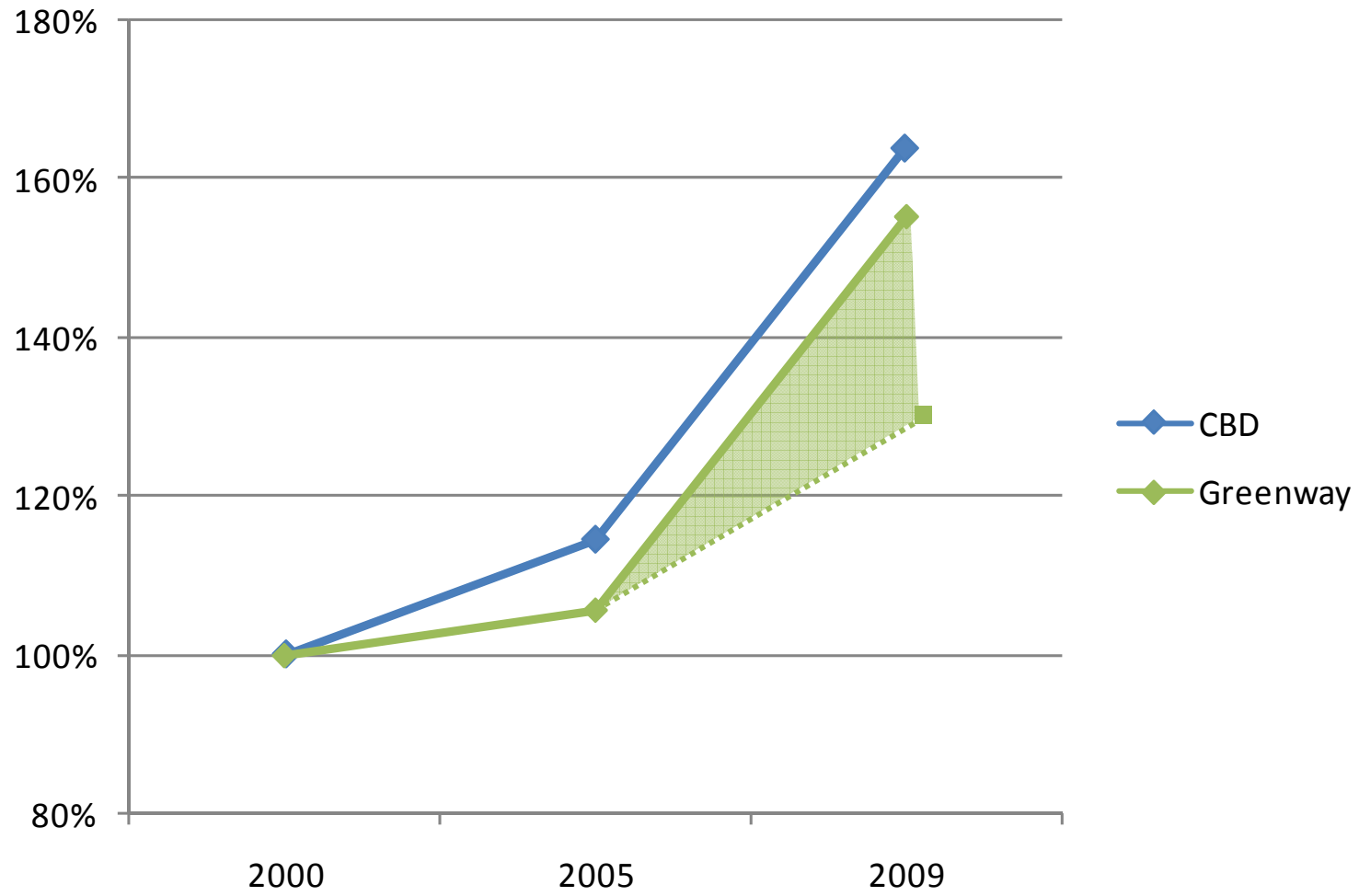
Residential



Value of Greenway Investment: Increased rate of commercial property value growth between Construction Era and Greenway Era.



Increase in growth rate of commercial properties generated \$3.1 B in property value.



Transformation of value is long-term.

Reorientation of development to capture value takes time.



West Side Highway, New York City



173-176 Perry Street, New York City

Reorientation of development to capture value takes time.

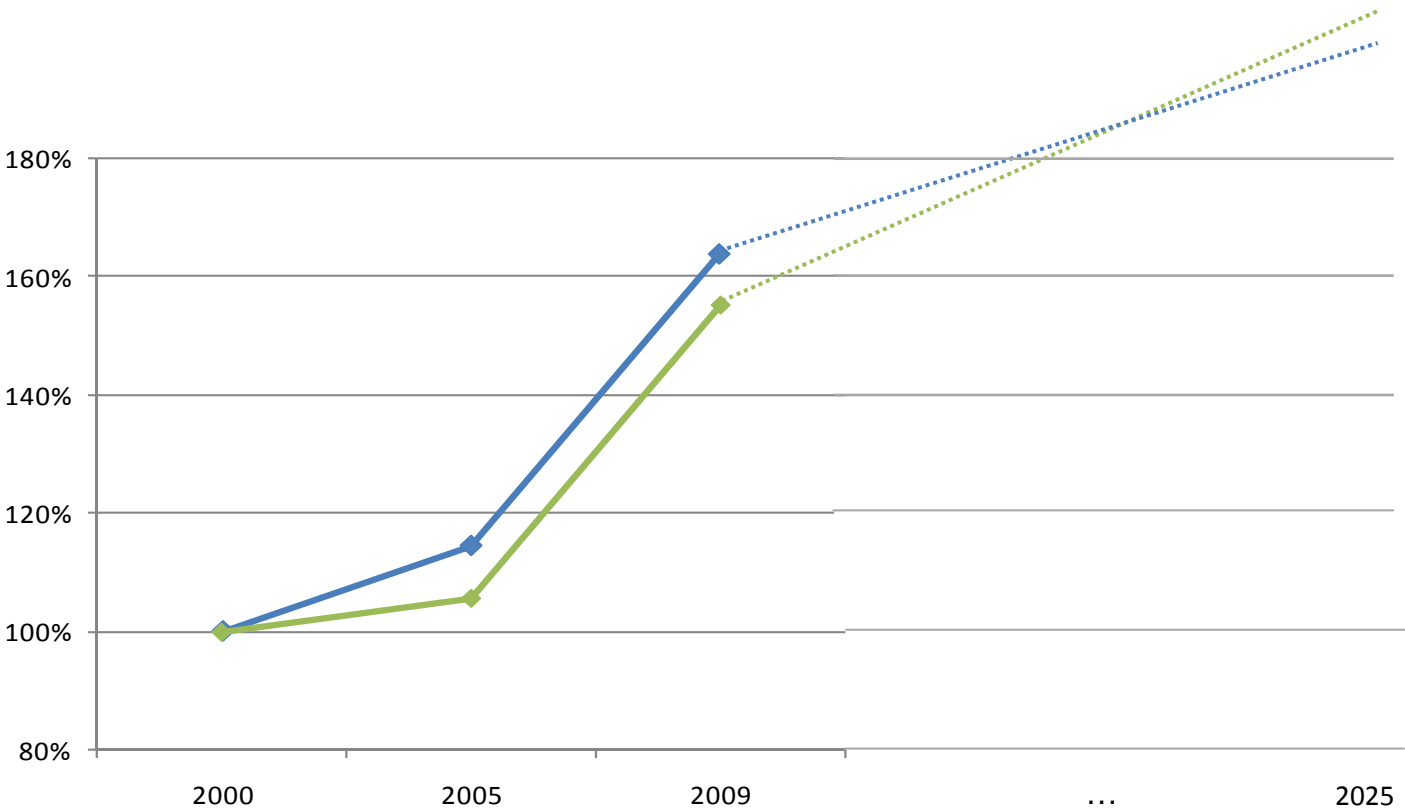


Embarcadero, San Francisco



Ferry Building Marketplace, San Francisco

Incremental future tax revenue will be generated by incremental value and new investment.



Strong investment to date.

CURRENT AND ONGOING GREENWAY DISTRICT INVESTMENT

4M SF

\$1.4B

FUTURE DEVELOPMENT ENVELOPE

3-5M SF



Placemaking activities will bolster long-term value creation.

Create and activate the open space asset



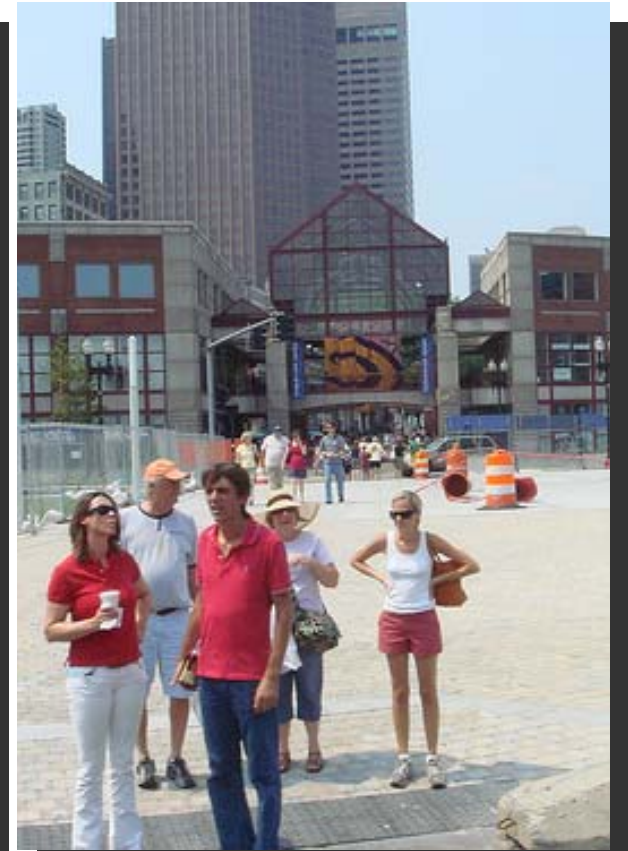
Create and activate the open space asset



Workers

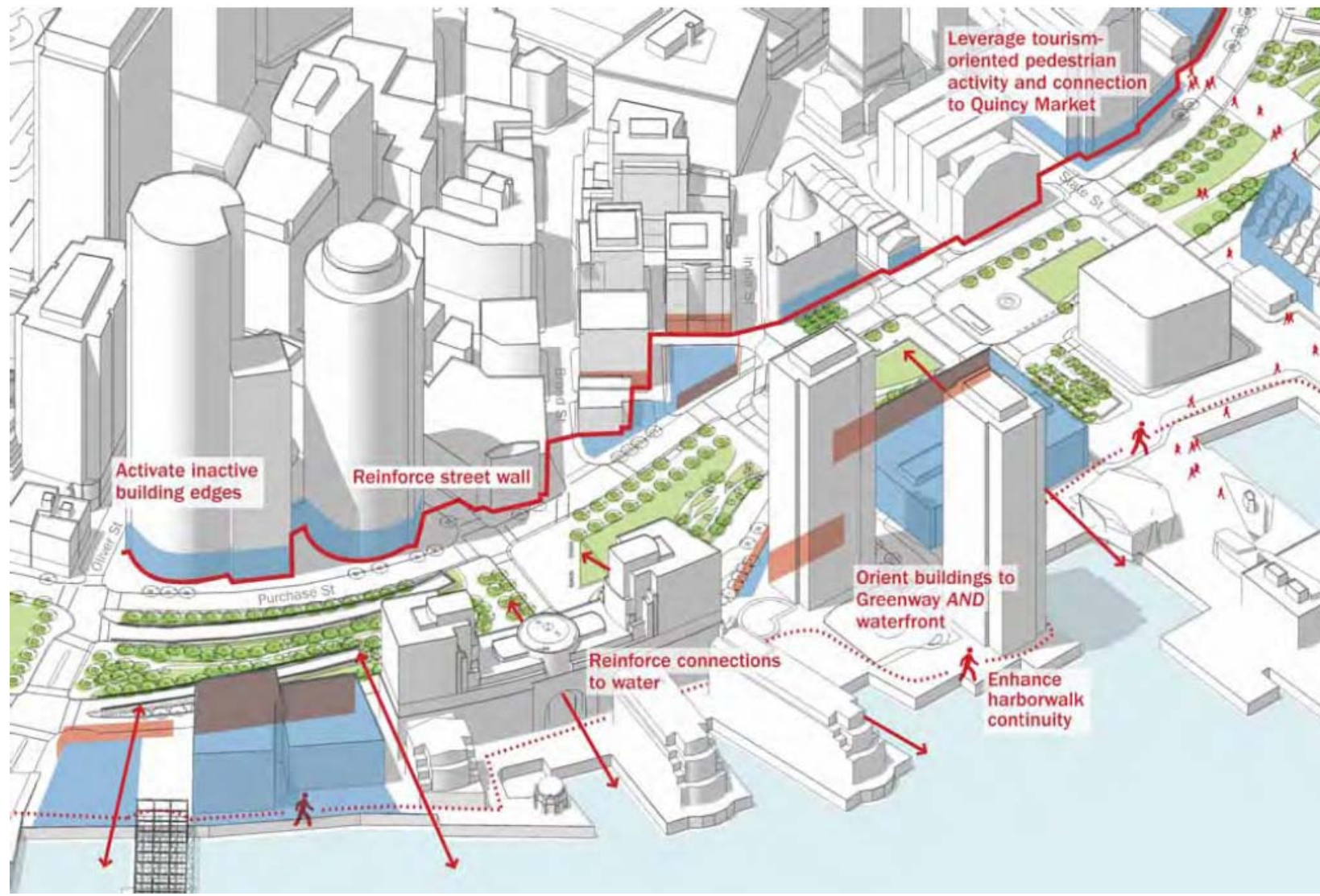


Residents

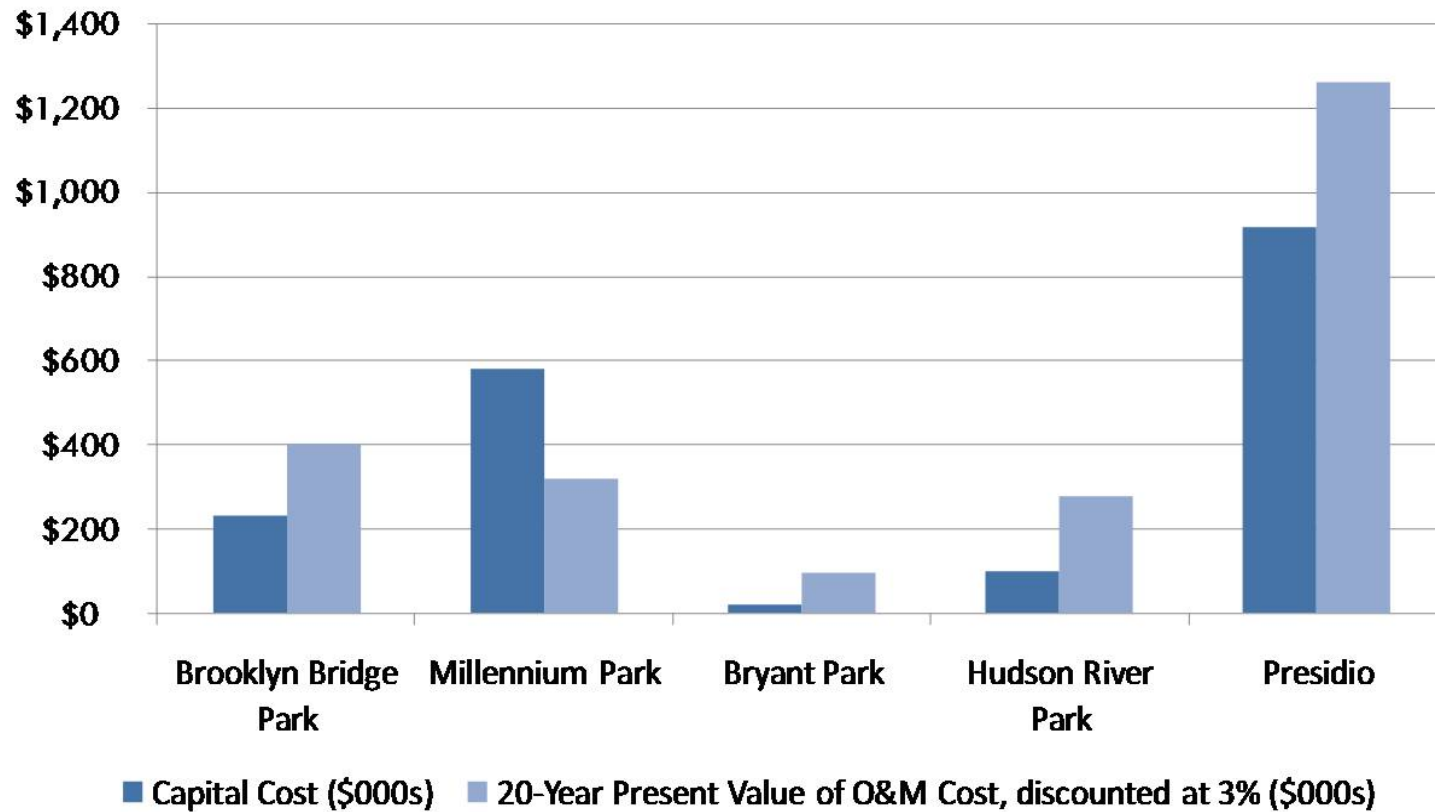


Tourists

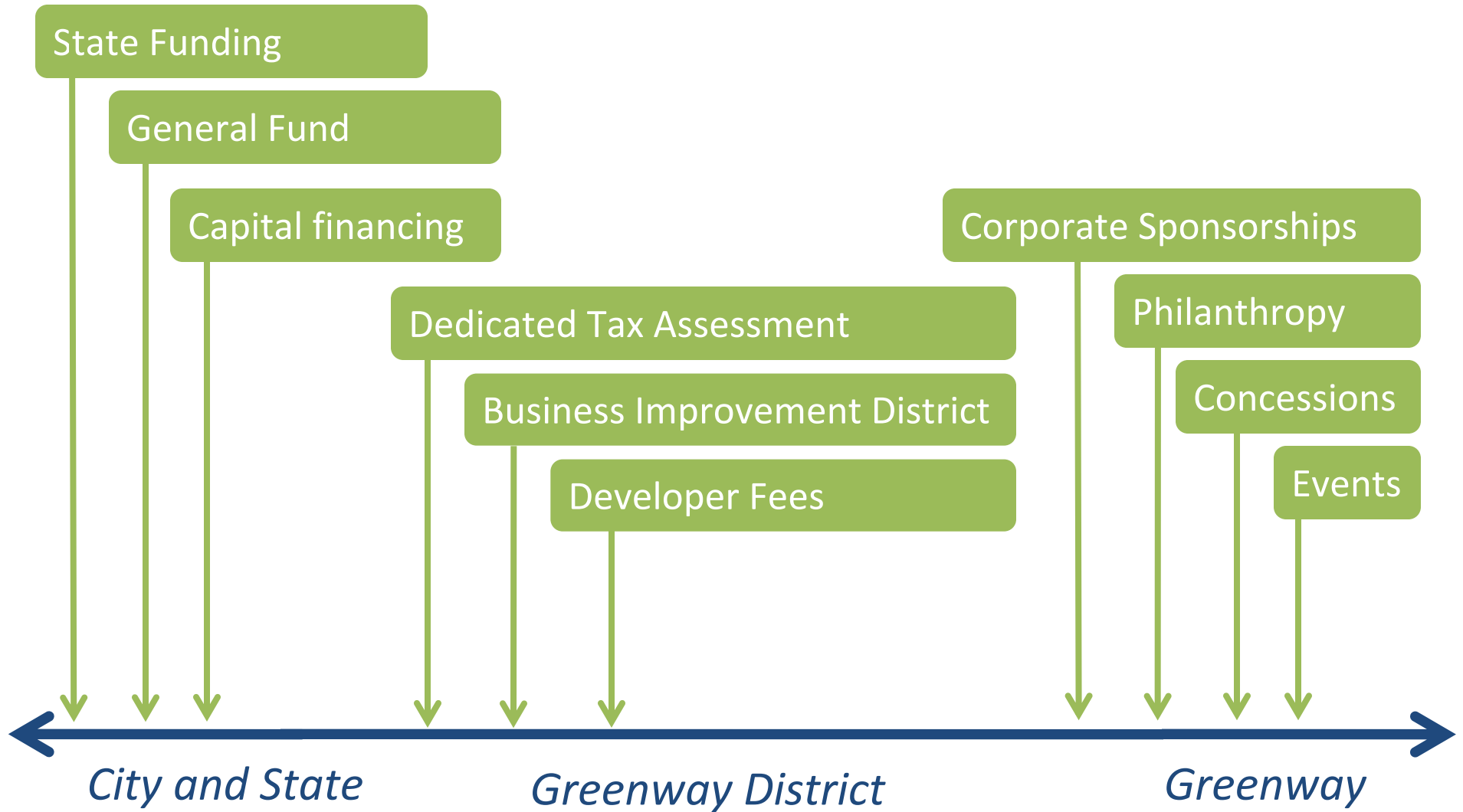
Create a complementary urban district.



Attain an adequate standard of O&M



Attain an adequate level of O&M funding





Rose Kennedy Greenway: Creating Long-Term Value

MARCH 2010

HR&A
Analyze. Advise. Act.

utile

HR&A ADVISORS, INC.

Prepared for The Boston Redevelopment Authority