
APPENDIX B: UNIVERSITY DISTRICT MARKET ANALYSIS

University District, Market Analysis Spokane, Washington

June 18, 2007

Prepared for:
The City of Spokane Economic Development Department



INTRODUCTION

A market and economic analysis was completed for the City of Spokane to estimate the demand for housing and employment uses in the University District. The market and economic analysis will set the stage for developing a coherent vision and plan for the University District that will both take advantage of the market demand, and also allow greater economic development than would be possible without planning.

Setting the Context

The City of Spokane is located in Eastern Washington, approximately 20 miles from the Idaho Border. As the largest city in the region, Spokane is the largest employment center and is the area where many living in the region do their shopping. Over the past decade as vacant land available for office space began to dwindle in Spokane, cities outside of Spokane such as Spokane Valley and Liberty Lakes developed into job centers for service and technology jobs (Figure 1).

Figure 1: Spokane County



Source: Google Earth, 2007.

The University District, located just to the east of the downtown, houses three universities, Gonzaga University, Eastern Washington University and Washington State University (Figures 2 and 3). The district is divided into north and south by the Spokane River. The northern part of the district, where Gonzaga is located, is a distinctly separate housing and office market than the area to the south of the river.

Figure 2: University District Boundaries



Source: Google Earth, 2006

Figure 3: Central Spokane



Source: Google Earth, 2006

The southern part of the University District is further divided into four sub-areas (Figure 4). Washington State University is designated by state law as the institution with full power, authority, and responsibility to manage and operate the Riverpoint campus (located in Areas 1 and 2), which houses academic programs delivered by Washington State University and Eastern Washington University. Area 1, the northern most area between Spokane Falls Boulevard and the Spokane River, is mostly comprised of academic buildings. Area 2, the area between Spokane Falls Boulevard and the railroad tracks, is mainly owned by Washington State University, with some private ownership, particularly west of Pine Street. This area has many vacant properties, a valuable cache of historic buildings and a few university-related buildings such as the Sirti Technology Center and Washington State University Bookstore. Area 2 has the best immediate potential to capture residential and commercial development. Area 3, between the railroad tracks and Sprague Avenue contains mostly one to two-story commercial and light industrial uses built in the last 50 years. This area has potential in the medium term, approximately five to seven years, to capture residential and commercial development. The best opportunities for Area 4, south of Sprague Avenue and north of Interstate Highway 90, lie in capturing commercial development in the long-term. Short-term potential for this area is largely dependent on the extent to which hospitals south of I-90 will look to this area for expansion needs.

Figure 4: University District sub-areas

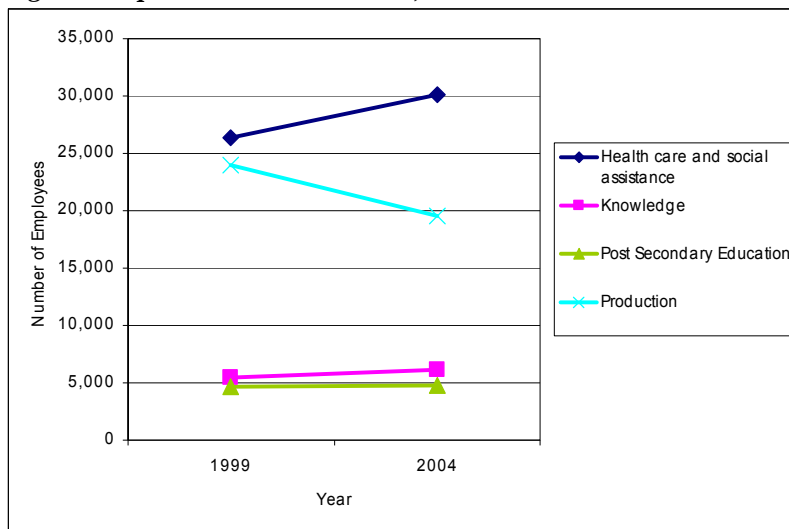


Source: Google Earth

ECONOMIC DRIVERS OF DEMAND

In 2005, the Spokane MSA comprised 259,515 jobs, up 13 percent (30,651 jobs) from 1995. This modest but steady growth is indicative of the Spokane economy over the last twenty-five years. During this time, the economy experienced significant changes as a result of decreases in the production sector, which includes manufacturing. For example, from 1999 to 2004, the production sector had a loss of –22 percent (4,378 jobs). In response, the economy demonstrated a marked shift to a knowledge- and service-based economy. In the period from 1999 to 2004, the services sector enjoyed an increase of 13 percent (7,255 jobs) and the knowledge sector demonstrated an increase of 13 percent (735 jobs). Indicative of the advancement of knowledge-based sectors are the increasing share of the professional, scientific, and technical services devoted to knowledge-based industries¹. In 1999, these industries comprised 18 percent of all professional, scientific and technical services (NAICS code 54) and in 2004 they made up 22 percent, or an increase in 478 jobs. While this growth suggests only a slight shift in the economy, other indicators suggest that it is a meaningful one. For example, despite an overall decrease in traditional manufacturing, the area is experiencing an increase in small, high-tech manufacturing operations. When these facts are coupled with the demonstrated strong growth in the health care sector, they are reflective of a significant economic trend.

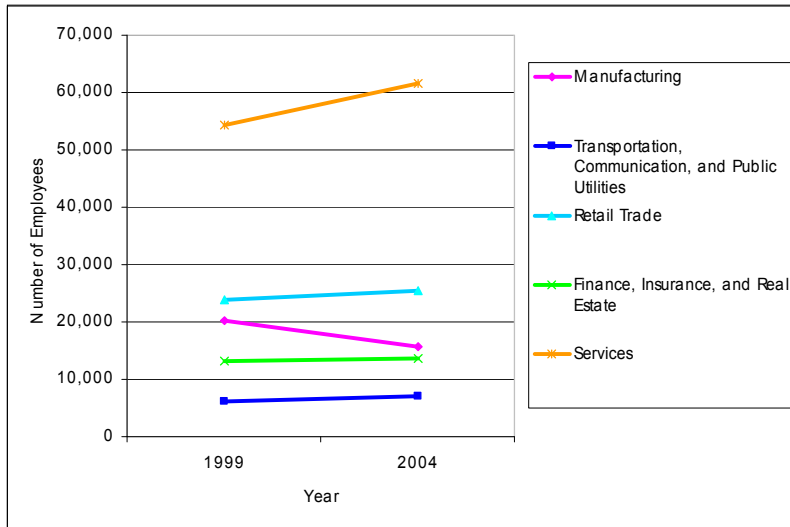
Figure 5: Spokane Cluster Trends, 1999 - 2004



Source: *Strategic Economics, 2006; County Business Patterns, 1999, 2004*

¹ Comprised of NAICS codes: 5419 - Other professional, scientific, technical services; 5416 - Management, scientific and technical consulting; 5417- Scientific Research and Development.

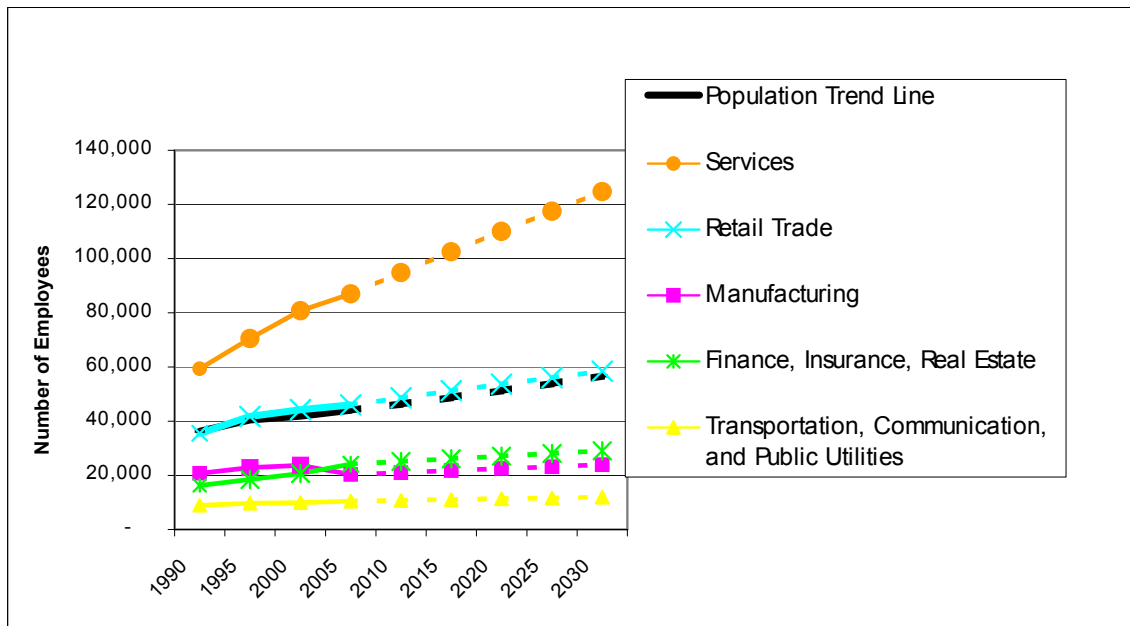
Figure 6: Employment Trajectory 1999 to 2004



Source: Strategic Economics, 2006; County Business Patterns, 1999, 2004

Despite this change in the economy’s makeup, Spokane maintained its role in the region as a center for regional trade and state and local government jobs. Combined, these two sectors comprised 32 percent of Spokane’s economy in 2005 (retail trade comprised 17 percent and state and local government comprised 15 percent). Equally significant in the Spokane economy are the educational services, health care, and professional services sectors.

Figure 7: Spokane Industry Trends



Source, Strategic Economics, Woods & Poole

While growth in educational services and professional services tracks fairly closely with the overall population growth of the region, growth in the health care and social assistance sector exceeds population growth and reflects Spokane's competitive advantage in these sectors. From 1999 to 2004, the health care sector experienced 39 percent growth (3,751 jobs). This accelerated growth is largely a result of the major institutions that call Spokane home (within this sector, Medical and Surgical Hospitals are, not surprisingly, historically the largest employers in Spokane). The influential presence of Deaconess and Valley Hospitals, Sacred Heart Hospital, Holy Family Hospital, Washington State University, Gonzaga University, and Eastern Washington University serve to catalyze biomedical and biotech startups within the region. Evidence of growth in these sectors can be seen in many physical developments in and around Spokane, such as, Sirti, Liberty Lake, Spokane Valley, Iron Bridge and the Inland Northwest Technology Park. Growth in the sector is also benefiting from Washington State's investment in educational sectors. For Spokane, legislative appropriations for the WWAMI (Washington, Wyoming, Alaska, Montana, Idaho) and RIDE (Regional Initiatives in Dental Education) programs (pending legislative approval in the 2007 session) will result in expanded medical and dental programs. WSU is also launching a doctoral degree in nursing and expanding its nursing enrollments.

Role of a University in the Local Economy and Economic Development

The importance of local universities to the Spokane economy is evident in the large number of jobs in education but it is important to also consider the economic role that universities play in local economies, beyond just their role as major employers, and distinct from large corporations. Universities tend to be more stable in a local economy than companies governed by stockholders interested primarily in revenue. For this reason, they do not merge or relocate with the same frequency as other companies. Additionally, because a university attracts students from a large area outside its home territory, it generates significant dollars from outside the region but typically spends the money locally within the region.

In Spokane, the universities serve this economic function and have also coalesced into a distinct neighborhood, the University District. Within this district lies the bedrock of a vibrant, dynamic area attractive to businesses working in tandem with the universities and hospitals. As part of our research, Strategic Economics conducted several telephone interviews with the companies and organizations that comprise this element of Spokane's new economy. These companies spoke about the synergies that exist between the hospitals and the business community. The presence of Sirti, a tech incubator and business support organization geared toward the development and growth of technology companies in Spokane, contributes to the collaborative and innovative spirit of the University District. As one economic development professional characterized it the University District, "is where higher ed and technology come together." Companies that we talked to expressed a predisposition toward locating in the University District. Some companies like the area because of the, "interaction between Riverpoint campus and the hospitals." Locating in the "hub of the action" is useful for companies for many other business reasons. Company representatives view the University District as a means of showing off Spokane. One said, "I like being in the hubbub and when you bring my companies (i.e. big pharma) it's kind of all there is to show off in the neighborhood, which I think shows off well...but if I were taking them to the Spokane Industrial Park, they don't really get a flavor...The University District shows very nicely...I put them up at downtown hotels and they can walk." Not only does the University District make a good impression for investors but locating there is also useful for collaboration with other researchers and colleagues. One entrepreneur said of Sirti, "People like the community feeling...people like to hang out and that's when you start dialoguing about ideas and that sort of thing." Finally, interviewees said that the location of Sirti in the University District aids in recruiting interns and new graduates from the universities. One person reported that proximity to universities is an especially critical issue for startups, who depend heavily on entry-level employees, because they can more easily recruit interns and new employees.

Despite voicing a clear desire to locate their business in the University District, several companies expressed frustration that the University District plan was happening slower than market forces and

therefore was impacting their business decisions. One reported that, “The whole U district thing is not moving fast enough. These companies, like startups that are growing fast, need to have things happen quickly.” And another said, “I was interested in being located in the U district for the technology side, we could have probably had some joint labs [with the hospital and universities]...We wanted to be one of the big parties down there to attract attention and we wanted it for our employees because we do think that in the long run that it’s going to be kind of a neat place to be.”

The competing building requirements of the universities and growing businesses also emerged as an area where the needs and strategic objectives of the businesses and the universities differ. One interviewee reported that, “...when you build at the university, they build it to last 100 years. There is a difference in terms of university construction...when you’re looking at costs, you’ve gotta look at cost of construction in what the university thinks they own. So they want to assert that they have the right to take it back and by the way, we built it to your specs so that you can put students in there 40 years from now even though it’s going to be in need of a functional update in 40 years but it still has marble columns and ceilings that are 40 feet high. Most businesses don’t do it that way because it is a business not an institution.”

All respondents expressed dissatisfaction that despite their desire to locate in the University District, there is a lack of adequate space in the Sirti buildings or in university or privately owned buildings in the University District for successful companies who need additional space. The space and facility needs of the biotech and biomedical businesses is very specific and according to the firms that we interviewed most of the properties that are in the University District are not currently configured to meet their facility needs. These firms mentioned that they would like support from the city or WSU Spokane to help them find space in the District that is configured, or can be configured to meet their needs.

An economic development professional told us that companies that outgrow Sirti are, “more than likely going to go to the traditional areas where companies aggregate, which would be Liberty Lake and the Spokane Valley Industrial Park or Inland Northwest Technology Park.” A Sirti business owner agreed, saying, “I think that as companies graduate from Sirti, they will be forced to go to the Valley or up north.” Another company’s representative who is looking for space within Spokane said, “There’s not a lot of inventory of buildings out there so I’ve had discussion about building a new building but I would prefer not to go that way.”

Conclusions about implications for market: future demand = here now!

Interviews of Spokane area business people and analysis of the economic data tell a common story that the biomedical and biotech sectors are genuine growth and opportunity sectors for Spokane. Along with this growth and development comes a need for research space. Depending on the type of company, this demand can take the form of wet labs, engineering prototype shops, bench space, dry labs, and other research facilities. When Strategic Economics talked with companies working in these areas, they unanimously expressed a desire to locate their business in the University District above all other areas. They saw value in locating in an area close to universities, hospitals, students and each other. However, despite this demonstrated demand, these companies have experienced difficulty actually identifying space that meets their needs in the University District. We spoke with companies were currently searching for space and could not find what they need in the University District. They expressed disappointment that that space hasn’t been made more readily available through Sirti and/or in collaboration with the university. Strategic Economics’ analysis of the potential for future demand for space in Sirti and the University District revealed that there is no need to wait for the future because demand exists today.

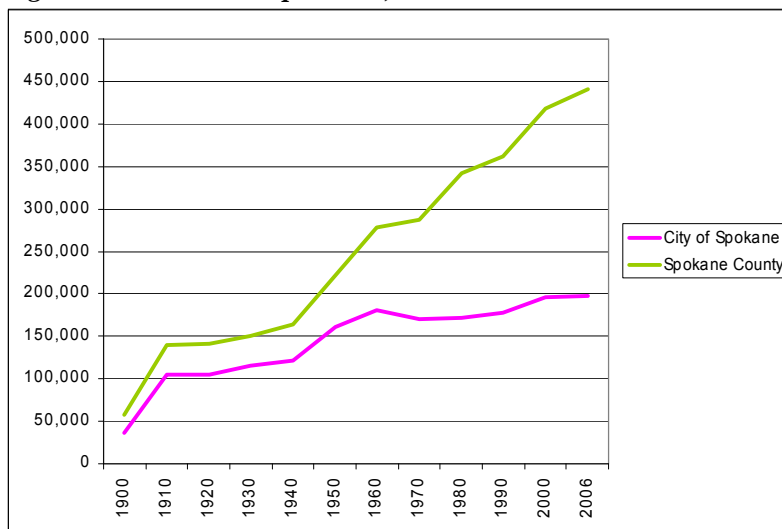
While this analysis finds that biomedical and biotech firms present a strategic niche for Spokane, it also concludes that this sector has not fully taken hold in the Spokane economy. The relatively small numbers of these businesses represented in the economic data supports this conclusion. It was further substantiated

by interviewees who reported that new tech businesses in Spokane are largely started by people already within Spokane or from Spokane and not by people from the outside relocating to Spokane because it offers them a competitive advantage. For that to happen, it is extremely important that decision-makers capitalize on what activity exists today by promoting agglomeration and concentration opportunities among existing companies. On a small- short-term-scale, Sirti fills this need. However, because demand today exceeds what is available at Sirti, it is important that efforts be made to meet the demand quickly. According to the firms that we interviewed, they will be more likely to move to tech parks on the periphery of the city, if they cannot find space in the University District. This could dilute the concentration of companies in any one place and work in opposition to efforts to further grow Spokane's biomedical and biotech sectors. Additionally, the provision of new private sector space should be balanced with the need to provide academic land and buildings that support the instructional and research mission of WSU Spokane and EWU. Continued growth of WSU and EWU is essential to the expansion of the biotech and biomedical sector. Finding land in the University District for both academic and non-academic uses is critical to maximize the synergies between the universities, technology and medical sectors.

DEMOGRAPHIC DRIVERS OF DEMAND

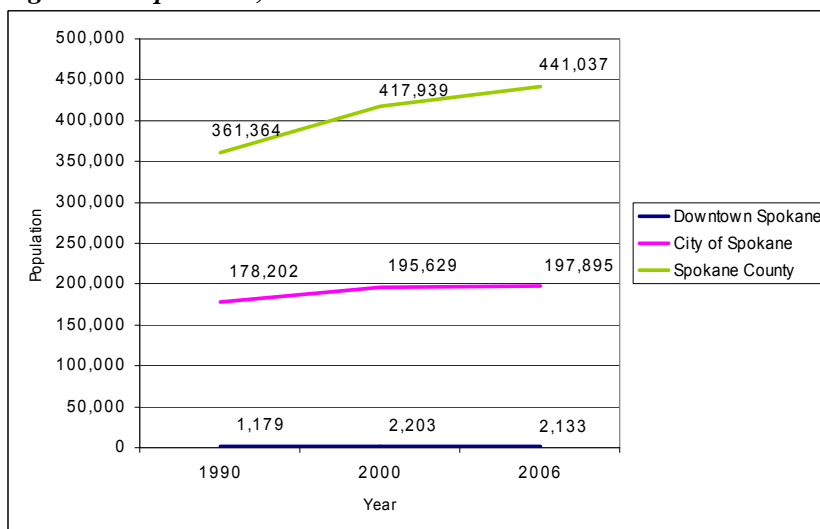
This section profiles demographic characteristics of Spokane and Spokane County and outlines their implications for market demand in the City of Spokane and the University District. Prior to the mid-1950s, the population growth rate of Spokane County and the City of Spokane were about the same. Following a nationwide trend, increasing levels of suburbanization caused Spokane County's growth rate to be much greater than the City of Spokane's growth rate (Figure 8). This trend has continued to fuel growth in the County even as the population of the City of Spokane has leveled off or even declined in certain decades. After a dip in population from the late 1960s through the mid-1980s, the population of Spokane has risen as downtown revitalization and demographic changes have fueled an increased interest in city living. Trends over the past six years show a modest increase in Spokane's population and housing units compared to more robust growth in the County.

Figure 8: Historical Population, 1900 - 2006



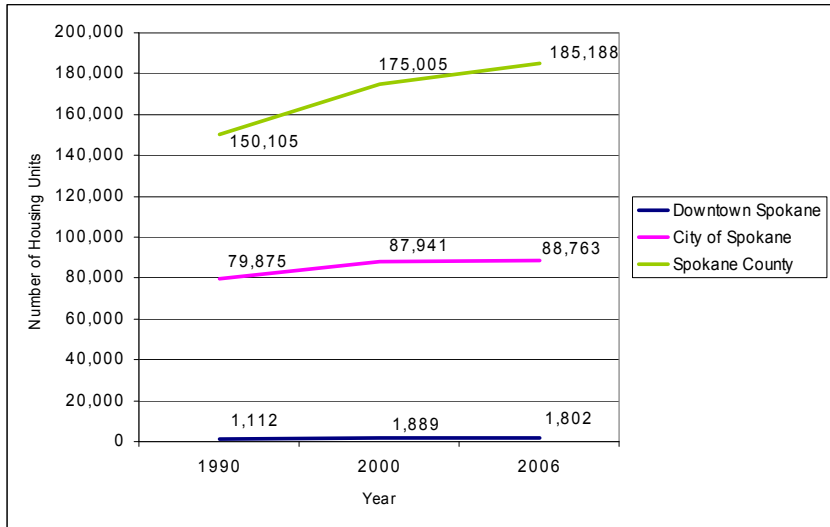
Source: Washington State Office of Financial Management, 2002; Claritas, 2006

Figure 9: Population, 1990 - 2006



Source: U.S. Census 1990, 2000; Claritas, 2006

Figure 10: Housing Units, 1990 - 2006

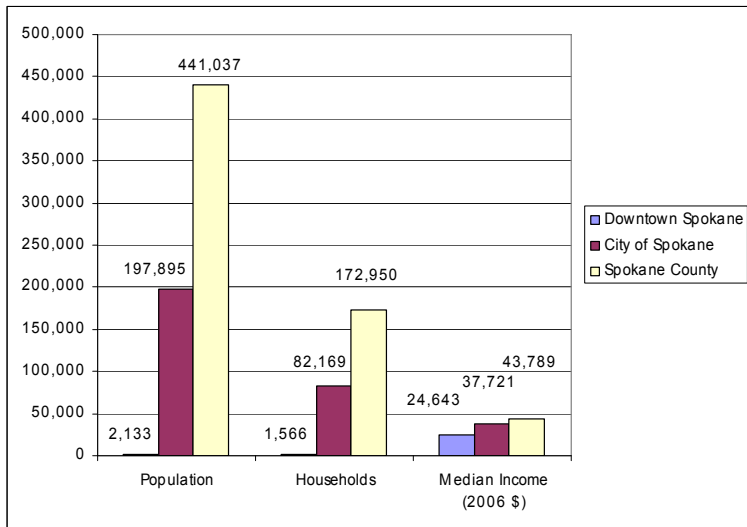


Source: U.S. Census 1990, 2000; Claritas, 2006

Today 197,895 people live in the City of Spokane while 441,037 people live in Spokane County (Figure 9). The population of downtown Spokane is 2,133. The City has 88,763 housing units compared to 1,802 in the downtown (Figure 10).

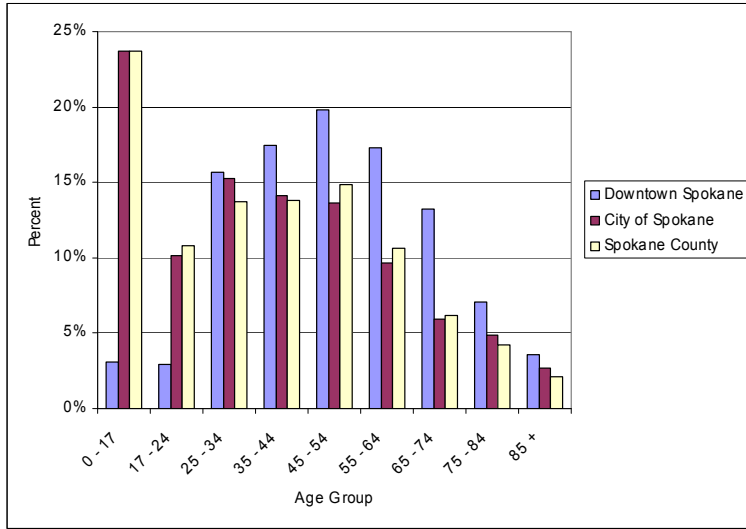
Today 197,895 people live in the City of Spokane while 441,037 people live in Spokane County. The population of downtown Spokane is 2,133 (Figure 11). The median income of Spokane is \$37,721, lower than the county median income of \$43,789. On average, buying power in the City will be lower than in the County. The age distribution of Spokane is approximately the same as the County with a large percentage of children under the age of 18 (Figure 12). This demographic makes up almost 25 percent of the population. There are also a large portion of people in the age groups that tend to desire downtown living; young professionals between 25 and 35 and Baby Boomers aged 43 to 61. This segment of the population makes up over 40 percent of the population of Spokane.

Figure 11: Current Demographics, 2006



Source: Claritas, 2006

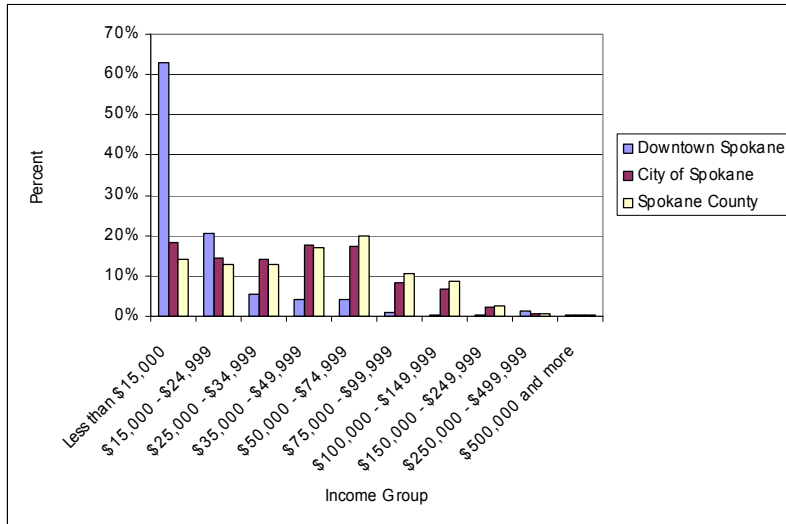
Figure 12: Age Distribution, 2006



Source: Claritas, 2006

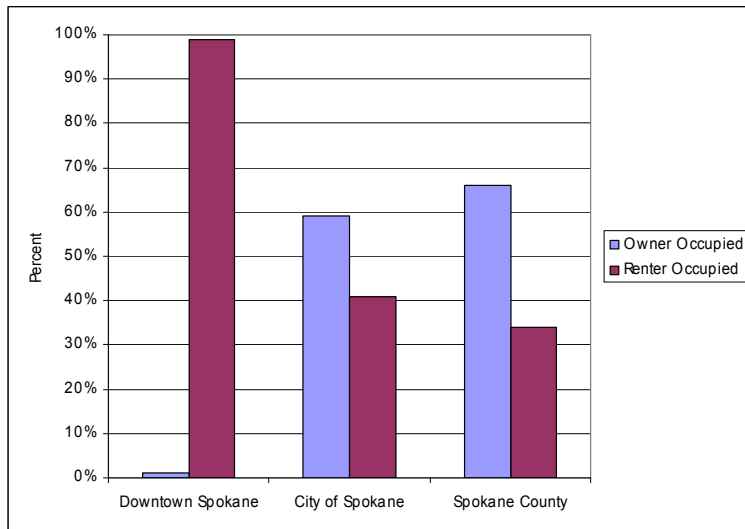
Income distribution and tenure are also similar between the City and the County with tenure being slightly higher in the County (Figures 13 and 14). Demographics for downtown Spokane show a concentration of low-income elderly who live in rental housing. Prior to the recent interest in downtown from other demographic groups, senior living facilities were clustered in downtown near hospital and social services. This distribution will become younger and wealthier given the types of buyers recently built projects are marketed to.

Figure 13: Income Distribution, 2006



Source: Claritas, 2006

Figure 14: Housing Tenure, 2006

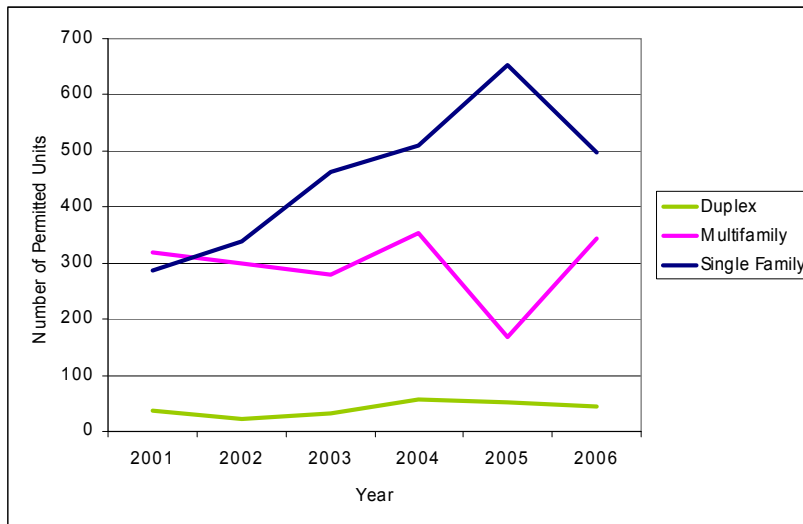


Source: Claritas, 2006

MARKET ANALYSIS

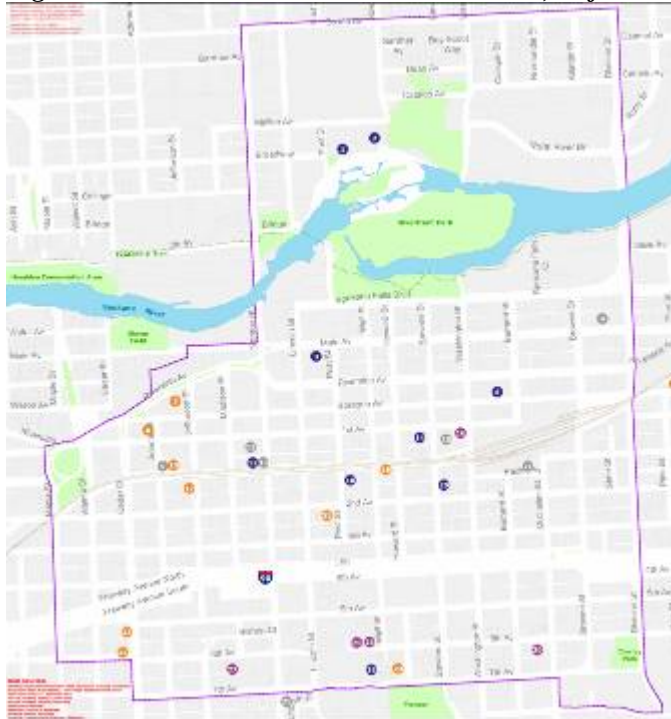
In the past five years, almost 600 housing units have been built in the downtown and the City has been permitting approximately 300 multifamily units per year for the last five years (Figure 15). Current market momentum is focused on the downtown and shows there is demand for denser product types. Figure 16 shows the location of major projects built in the downtown over the last five years. These projects have commanded high per square foot prices compared to other product types. The mid-range of the market for condominiums is between \$300,000 and \$500,000 but ranges from \$150,000 on the low end to \$500,000+ on the high end. There has been a healthy market for rehab which is transitioning into new buildings. Another much anticipated new project, Kendall Yards, will use the principals of Traditional Neighborhood Design (also called New Urbanism) and feature more dense housing types than are typically found outside of downtown Spokane. Market momentum is starting to shift beyond the CBD, including east towards the University District. The Western Soap Condos on Division and Sprague are an example of the shift.

Figure 15: Number of Permitted Units



Source: City of Spokane, 2006

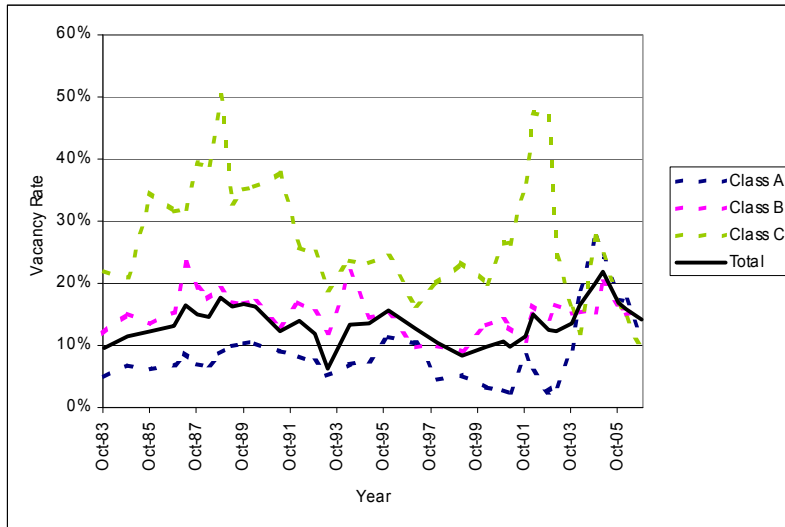
Figure 16: Recent Downtown Condominium, Loft and Townhouse Projects



Source: City of Spokane, 2006.

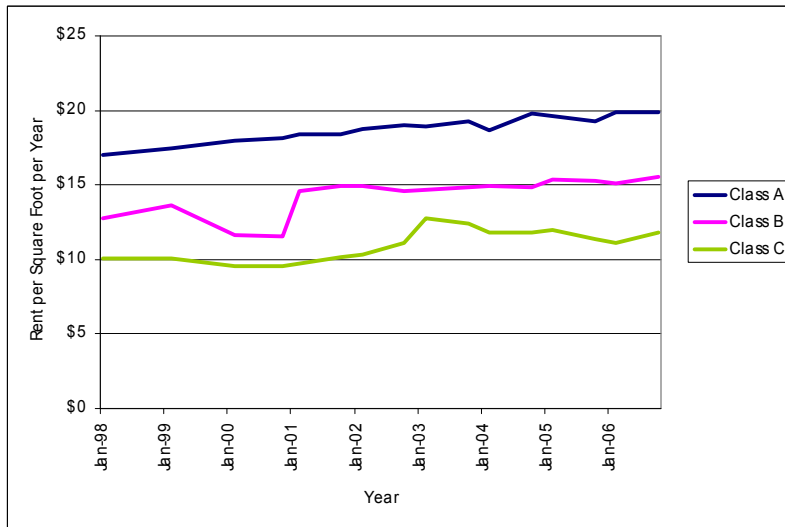
Historical downtown office metrics show a consistently strong market even though the market is currently in a downturn (Figure 17 and Table 1). Historic rents show a fairly constant and gradual increase and vacancy rates for Class A office space were historically below 10 percent (Figure 18). Qualitative research has shown the main issue for the University District is lack of the right kind of office space. The companies that want to locate in the University District often need access to lab space. Since none of this kind of space is being built in downtown Spokane or the University District, these businesses are forced to locate in nearby business parks.

Figure 17: Historical Downtown Office Vacancy Rates



Source: *The Real Estate Report, Real Estate Research Committee, Dec 2006*

Figure 18: Historical Downtown Office Rents



Source: *The Real Estate Report, Real Estate Research Committee, Dec 2006*

Table 1: Current Rental and Vacancy Rates

	Class A	Class B	Class C
Average Rental Rate	\$19.88	\$15.58	\$11.83
Vacancy Rate	11.52%	16.06%	9.44%

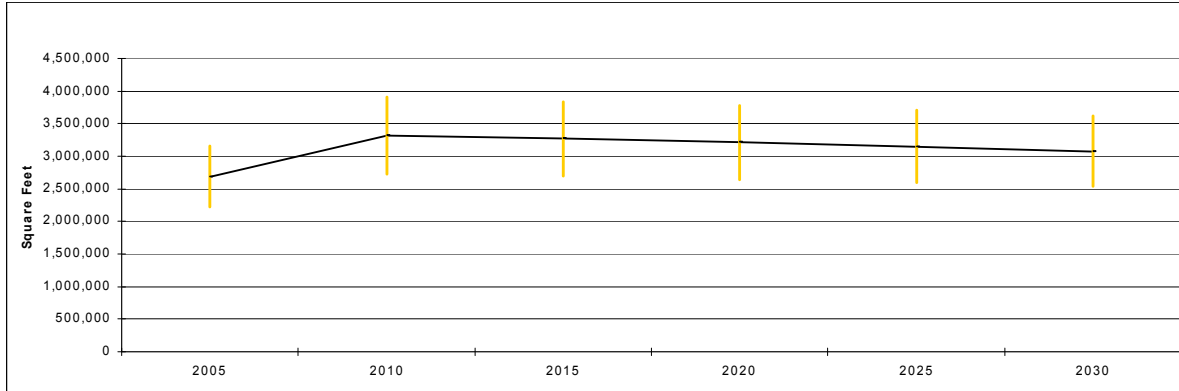
Source: *The Real Estate Report, Real Estate Research Committee, Dec 2006*

Projected Demand

Employment

Employment growth in Spokane is projected to continue to increase between now and 2030. By 2030, 77,473 new jobs are projected in the Spokane economy. This amounts to a 22.9 percent overall projected growth. Within the economy, the service sector is projected to comprise 37 percent of all jobs, for a total of 124,745 jobs. Job growth will support between two and three million additional square feet of office space every five years (Figure 19).

Figure 19: Projected Service Sector Demand for New Office Space

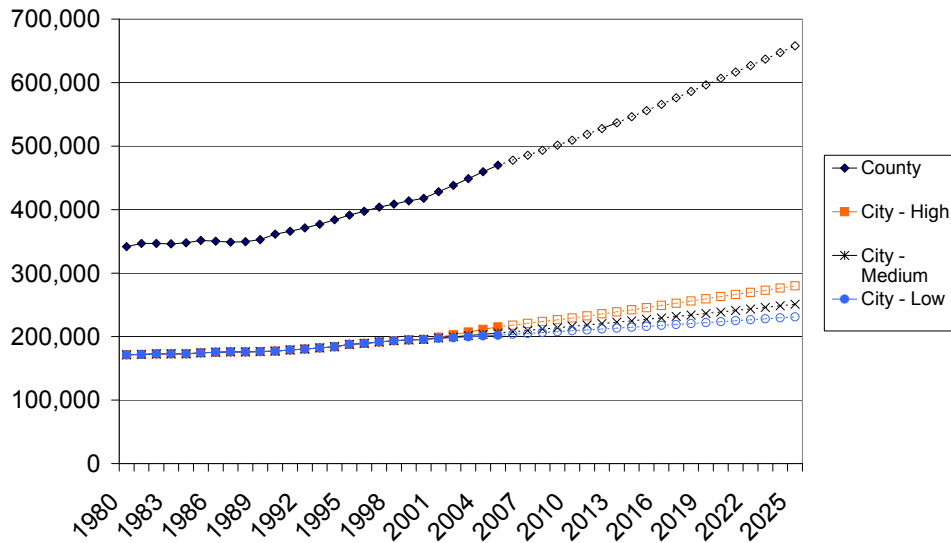


Source: Strategic Economics, 2006; Woods and Poole, 2005.

Housing

Over the next 20 years, it is expected that the population of Spokane County will increase faster than the population of Spokane. The Washington State Office of Financial Management developed population projections. Strategic Economics developed several three projections based on the OFM county projections. Using different assumptions about growth rate and the proportional share of county population, high, medium and low growth scenarios were developed. The City of Spokane is expected to have between 230,000 and 280,000 thousand people by 2025 (Figure 20). This represents an increase of approximately 20,000 and 60,000 people from 2006.

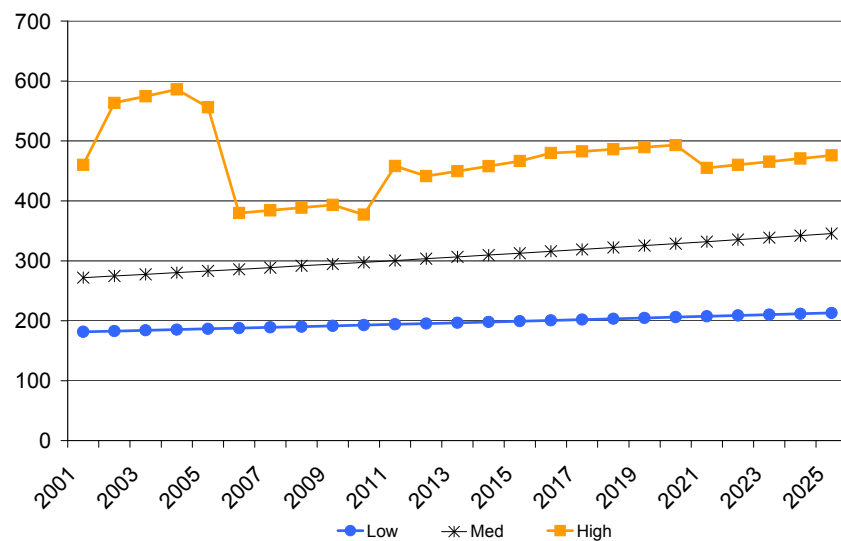
Figure 20: Historical Population and 2025 Projections



Source: Strategic Economics; 2000 US Census; Claritas, 2006; Office of Financial Management, 2006.

Using the city population projections, Strategic Economics estimated for each scenario how many additional households would be likely to locate in downtown Spokane. Strategic Economics estimated that approximately 50 to 75 percent of all target households² would choose to locate in dense housing types in downtown Spokane if the product was available. Strategic Economics estimated that there is demand for between 200 and 450 units per year in the downtown (Figure 21). This figure is in line with estimates developed by Zimmerman/Volk Associates in a 2003 market study. This study estimated a demand for approximately 300 units per year in downtown Spokane.

Figure 21: Projected Downtown Housing Demand

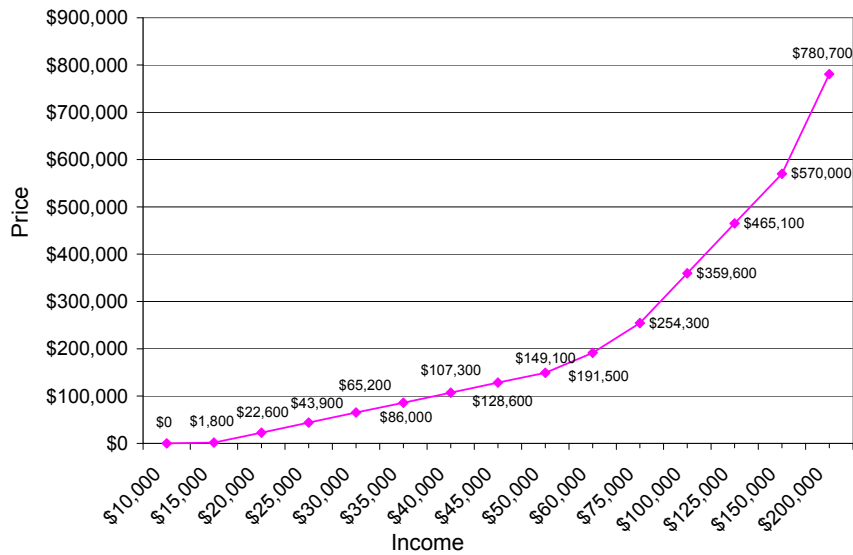


Source: Strategic Economics; 2000 US Census; Claritas, 2006; Office of Financial Management, 2006.

² Target households include singles, non-family households and family households above age 65. These households have shown a preference for locating in dense, urban areas.

One factor mitigating the demand for housing in downtown Spokane is the affordability of the units being constructed. Figure 22 shows affordable home prices by income. The lower range of the market for units in the downtown is approximately \$150,000. In order to be able to afford a home of that price, a household or person would need to make approximately \$50,000. Table 2 shows that approximately 30 percent of the population of Spokane can afford a home at this price. Target households make up approximately 25 percent of all households. However, at the mid-range of the market, between \$300,000 and \$500,000 only 10 percent of the population can afford these units. In order for Spokane to realize between 200 and 450 units per year, they must be in a price range affordable to Spokane target households.

Figure 22. Affordable Home Price by Income



Source: Strategic Economics; 2000 US Census; Claritas, 2006; Office of Financial Management, 2006.

Table 2. Affordable Home and Rent Prices by Income

Income Distribution	Target Home Price		Target Rent		% Able to Afford Target Price
	Low	High	Low	High	
Less than \$10,000	\$0	\$0	\$0	\$150	100.00%
\$10,000 to \$14,999	\$0	\$1,800	\$150	\$275	87.29%
\$15,000 to \$19,999	\$1,800	\$22,600	\$275	\$400	78.64%
\$20,000 to \$24,999	\$22,600	\$43,900	\$400	\$525	70.24%
\$25,000 to \$29,999	\$43,900	\$65,200	\$525	\$650	62.30%
\$30,000 to \$34,999	\$65,200	\$86,000	\$650	\$775	54.24%
\$35,000 to \$39,999	\$86,000	\$107,300	\$775	\$900	46.41%
\$40,000 to \$44,999	\$107,300	\$128,600	\$900	\$1,025	39.86%
\$45,000 to \$49,999	\$128,700	\$149,100	\$1,025	\$1,150	34.29%
\$50,000 to \$59,999	\$149,100	\$191,500	\$1,150	\$1,400	29.79%
\$60,000 to \$74,999	\$191,500	\$254,300	\$1,400	\$1,775	21.33%
\$75,000 to \$99,999	\$254,300	\$359,600	\$1,775	\$2,400	13.08%
\$100,000 to \$124,999	\$359,500	\$465,100	\$2,400	\$3,025	6.46%
\$125,000 to \$149,999	\$465,100	\$570,000	\$3,025	\$3,650	3.50%
\$150,000 to \$199,999	\$570,000	\$780,700	\$3,650	\$4,900	2.12%
\$200,000 or more	\$780,700	+	\$4,900	+	1.19%

Source: US Census, 2000; Strategic Economics.

KEY MARKET FINDINGS

Market demand is strong, but the development community is uncertain.

The University District has great potential for both housing development and job growth, but the Developers and property owners don't have a clear vision for what the City wants in that area or of what investments are going to be made.

The most desirable development location in the area is between Spokane Falls and the railroad tracks. Major land assembly has been done in this area by WSU. For this land to be available to the private sector, it will require the participation of the university, willing developers and investors, and potentially some changes in state law concerning use of state-owned assets. Given projected enrollment in WSU and EWU over the next 50 years, the land between Spokane Falls Boulevard and the railroad tracks may not be fully used at buildout. However, it is likely that WSU may want to reserve some of the land for changes in enrollment. Remaining land could potentially be used for private sector redevelopment (housing, research and professional partnerships, clinical services, recreation/wellness, dining, retail), that benefit the city and the universities on the Riverpoint campus. One possible disposition strategy for WSU is to lease the land to commercial developers who would build office space that could be reclaimed for university use at a later date if needed.

Development should capitalize on existing synergies.

The synergism created by Sirti, WSU, EWU and area hospitals is helping to create successful businesses who want to be located in the University District. There is also a good match between the types of workers employed in the health/biomedical industries and those who have a demand for housing downtown. The health and biomedical industries draw primarily on a young, educated workforce. This same demographic has a preference for downtown living. These businesses find it easier to recruit workers who want to live close to their jobs. These businesses also have an easier time recruiting interns from nearby Universities.

The proposed infrastructure investments don't fully leverage development.

The street network proposed for the Riverpoint Campus as well as the Riverside extension doesn't fully maximize the potential to draw market momentum from downtown into the University District. The lack of a grid sub-optimizes the amount of development that can be accommodated in this area by creating incremental development parcels where the individual buildings are emphasized more than the overall street. Good urban design is the key to maximizing value in this area. Strategic Economics' research has found that good placemaking can add between 10 and 20 percent to the value of development.

As currently planned, the Riverside extension would widen the gap already created by the railroad tracks and possible future light rail right of way. If the area south of the railroad tracks is to capitalize off future growth in the University District and be integrated into the University District then this barrier needs to be made as small and permeable as possible. The best way to minimize the impact on development of barriers like railroad tracks is to envelop them in the urban fabric. In downtown Spokane, high-quality projects have recently been built that are adjacent to the railroad tracks.

Figure 23: University District Master Plan



Source: City of Spokane

Next Steps in Planning for the University District

If the City wants to maximize development in the University District their next step should be to create a plan for the University District that clearly delineates blocks and streets, defined major land uses, and specifies what public investments will be made for streets, streetscape and other public amenities. The plan would accomplish the following:

Provide certainty for the market and establish a street network that allows for incremental development.

The best way to spur growth and economic development in the University District is to provide certainty for the market. Establish a detailed plan for the University District so developers, business owners and residents have a clear idea of what investments the City will be making in the future and what kinds of development are appropriate for this area.

Incremental development should be made possible by continuing the street grid both between Spokane Falls Boulevard and the railroad tracks and between the railroad tracks and Sprague Ave. Continuing the pattern will allow for orderly incremental development. Planning out the street grid will also help to reduce the number of undevelopable or oddly shaped parcels created in this area. Minimizing the barrier of the railroad tracks is also a key step to development south of the railroad tracks.

Ensure ongoing synergy between jobs and housing.

Preventing the dissipation of jobs and housing out of the University District meets the economic development goals of the City. By encouraging and investing in plans and implementation strategies that result in residential and office development in the University District, the City can enhance the existing synergy.

Prioritize City resources

The City can leverage more return and development from their investments by focusing their efforts in the University District. Market momentum is currently focused on downtown, but will shift to the University District next. The combination of both public and private investment in the University District will result in better and possibly more development than if each invested on their own.

Move catalyst projects forward.

The development community is often hesitant to try out new markets if the perceived risk is great. Lenders are also hesitant to loan money to projects building untested products or in transitional areas. Catalyst projects show the development community as well as lenders that development is feasible and opens the door for more projects. If the City wanted to help spur development in the area, they could work with the University to reuse the Jensen Byrd Building for office space and other compatible uses.