FIVE ULI Fellows present **FIVE** Ideas for the next **FIVE** Years

Urban Land Institute

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Senior Resident Fellow
Finance

Michael Horst
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Leadership

John McIlwain
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The Urban Land Institute is a 501(c) (3) nonprofit research and education organization supported by its members. Founded in 1936, the Institute now has more than 32,000 members worldwide representing the entire spectrum of land use and real estate development disciplines, working in private enterprise and public service. As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information, and experience among local, national, and international industry leaders and policy makers dedicated to creating better places.

The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs by:

- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem-solving.
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development.
- Advancing land use policies and design practices that respect the uniqueness of both built and natural environments.
- Sharing knowledge through education, applied research, publishing, and electronic media.
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

The City in 2050: Creating Blueprints for Change program initiates a multiyear dialogue around urban development strategies leading into the mid-21st century. The growing significance of urban development as a means toward achieving public policy goals presents new choices and tradeoffs for all involved decision makers. Explore and help us define what land use professionals will need to consider while seeking to create communities that are economically, environmentally, and socially sustainable.

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The ULI Foundation is the philanthropic partner of the Urban Land Institute, providing an assured source of funding for ULI's core research, education, and public service activities. Through its various giving programs, the Foundation helps strengthen ULI's ability to provide leadership in the responsible use of land to enhance the total environment.

The ULI Foundation is proud to support the ULI Fellows program by providing endowed resources made possible through the generosity of the following ULI Foundation Governors.

John Bucksbaum
Matthew Bucksbaum
Joseph Canizaro
Harry Frampton
James Klingbeil
Peter Rummell
Ronald Terwilliger

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* in memoriam

Letter

Dear Reader:

ULI and the ULI Foundation are delighted to present *Five ULI Fellows present Five Ideas for the next Five Years.*

Together we recognize the crucial role land use and real estate must play in shaping the communities of tomorrow, both in the United States and worldwide.

We hope these essays provoke discussion and offer insight into how land use professionals incorporate these provocative ideas into their business strategies.

Patrick L. Phillips
Chief Executive Officer

Richard M. Rosan
President, ULI Foundation

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Introduction

A Metropolitan **Century**

Maureen McAvey, Executive Vice President, ULI Initiatives

For the first time in history, more people live in cities than in rural areas. In the United States, over 80 percent of the residents now live in cities, and by 2050, it will be over 90 percent. The same is largely true in Europe. Asia is in the midst of its own urban migration, with its metropolitan population projected to increase by over 25 percent in the next four decades. In response, ULI has kicked off its journey into the metropolitan century with The City in 2050 initiative, which has included a debut publication and an exhibit showcasing major issues, innovative projects, and trends from around the world. The Institute has initiated colloquies and forums with leading thinkers, and ramped up research. It now looks to engage ULI governors in the dialogue.

The year 2050 is a common benchmark used by the United Nations, the World Bank, and many others as a milestone by which to measure progress on reducing greenhouse gas emissions, poverty, and disease. Land use strategies will be a key component in determining whether this century is a success or a failure in the effort to improve people's lives. Developers, financiers, architects, planners, and city officials can shape metropolitan areas to be vital places offering an array of housing, transport, cultural, and employment choices. Or not. With over 75 percent of the built environment likely to be reconstructed or built new by 2050, the opportunity lies before us.

Today, 2050 seems like it is a long way off. The economy is struggling to emerge from the worst recession since the 1930s. And what will the emergence from this downturn look like? Will the industry go back to the trends of the early part of the decade, or will there be fundamental changes? It is said that a crisis does not often change the direction of trends; it accelerates them. We have asked the ULI senior fellows to observe powerful trends with a specific eye to the medium-term outlook. These observations, along with the snapshot provided by Emerging Trends, offer insights to both the near term and the trajectory for 2050.

During recent engagements with ULI members around the world, five themes surfaced repeatedly:

- ☐ the face of market resuscitation;
- ☐ the new role of government;
- ☐ demographics driving housing;
- ☐ energy demands in the context of climate change; and
- ☐ community leadership.

Throughout the discussions, five words were repeated again and again:

Flexibility is required. The pace of change is quickening. The life span of buildings and their intended use is changing. Housing often lasts over 50 years, but the number of occupants and uses change as people age, family members come and go, and different stages of life are accommodated. Commercial and retail structures may have a life span as short as five to ten years as one-story shopping gives way to larger or stacked uses. Housing over retail space is an old idea made new again today with ease of access to businesses meeting daily needs rising in importance. The importance of rethinking, re-creating, and reusing existing structures begs for flexible buildings, flexible use patterns, flexible residents, and flexible cities.

Urgency is demanded to address concerns about global warming, growing populations, traffic congestion, and a restructuring of finance markets. The slow pace of decision making, often cumbersome and antiquated governance structures, and the inadequacy of current methods to bring together different interests to create workable compromises all need an overhaul. Metropolitan regions cannot act quickly enough unless new forms of decision making are found.

Choice, a fundamental value, is both a luxury and a double-edged sword. Consumers demand choices. At all income levels and across all cultures, people seek to maximize their benefits and minimize the costs, whether measured in time, trouble, or treasure. The expansion of consumer demand for choice will require new urban laboratories that create new frameworks of tradeoffs for personal and community decisions.

Livability is being redefined with new shapes, sizes, and patterns. Moving beyond fulfilling basic needs to achieve an enhanced quality of life is the enduring allure of urban regions, including a broad display of choices for work and a spectrum of amenities for life. But what are the thresholds of livability for ever-urbanizing populations? How do we raise the bar as millions "vote with their feet" to enhance their own livability and prosperity?

Equity raises questions of fairness in times of great change. Who gets to make decisions, and what voices are heard? Many recognize that urban development can have big impacts. But will the impacts meet expectations for livability, amenities, flexibility, and individual choice? How cities and urban regions choose to share the good things in life among their many residents will continually be played out as we move toward 2050.

The next generation of land use decisions is where all these forces come together. ULI will foster more dialogue with its members and scientists, sociologists, and others to help envision communities that are good places to live and work, competitive in a globalizing world, environmentally responsible, and welcoming to increasingly diverse populations. The City in 2050 debuts in only 40 years. Please join us in properly setting the stage.

Where **We Stand**

Stephen Blank, Senior Resident Fellow, Finance

After a year when many commercial real estate investors and developers found themselves caught in a state of suspended animation waiting for inevitable cataclysm, U.S. property markets finally should hit market bottom during 2010 with a surge of painful write-downs, defaults, property give-backs, and workouts, lagging the already shattered housing industry. In the wake of massive government infusions, financial institutions will build up loss reserves to levels allowing them to foreclose on or strike deals with many overleveraged borrowers.

Banks Start to Unload REO

In turn, banks will start to dispose of real estate owned and government regulators will package and sell more bad loans and real estate assets captured in takeovers of failed community and regional banks. Transaction markets will begin to thaw and value declines ultimately will average more than 40 percent off early 2008 pricing peaks. These property market reversals likely will be the worst registered since the Great Depression, eclipsing the early 1990s industry debacle.

Cash is Again King

In a classic timing play, investors with cash should be poised to take advantage of highly attractive buying opportunities at cyclical lows. Stressed owners, meanwhile, should gird to hold on if possible and try to maximize property cash flows by focusing on asset management and leasing strategies in a decidedly tenants' market. Emerging Trends surveys indicate 2010 will be the worst time for investors to sell properties in the report's 30-year history, but offer a much improving environment to buy (with cash).

Debt markets will remain severely compromised; resuscitated banks will increase lending slowly, employing strict underwriting standards and requiring significant equity stakes from borrowers. Moribund commercial mortgage–backed securities (CMBS) markets remain entangled in complex workouts of failed multi-tranched structures with mounting levels of troubled loans maturing through 2015. Restoring confidence in a revamped CMBS model has become a major priority for the government and the financial industry, but a quick fix is unlikely.

Frosty Job Growth

A lackluster economic recovery marked by problematic jobs growth will hamper the pace of any real estate market resurgence, which probably cannot gain much traction until late 2011 or 2012. In the meantime, rents and occupancies will continue to fall well into 2010, savaging the prospects of weakened owners struggling with financing issues. Retail and office properties will take the biggest hits: debt-burdened consumers will continue to rein in shopping, and companies will delay rehiring while looking to shave occupancy costs and improve productivity.

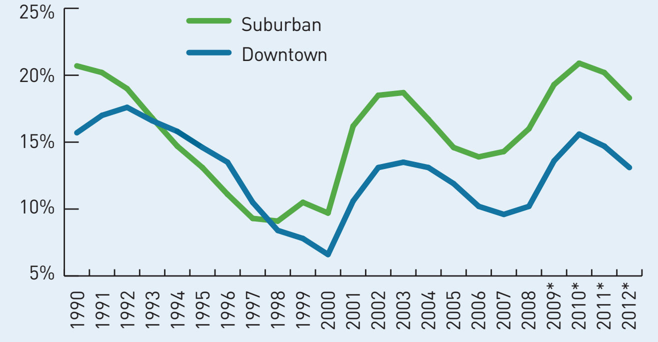
Once hiring increases, the apartment sector should rebound more quickly, thanks to pent-up demand from the expanding young adult population cohort—20-somethings who get tired of living with parents and doubling or tripling up with roommates. The pummeled hotel sector also can benefit quickly once businesses start to loosen travel budgets. First-to-hit-bottom housing markets will stabilize further and show modest improvement in some areas as homebuyers look for generational deals. But restrained mortgage lenders and cash-poor purchasers will limit the scope of any rebound.

Developers will go on enforced holidays. Commercial property sectors generally avoided overbuilding, but slack demand has pushed up vacancies and many new projects cannot hope to meet leasing projections or debt-service obligations. Values will sink well below replacement cost, and any construction loans will be extremely expensive to negotiate. Development does not pencil out when investors can buy existing real estate in the bargain basement.

Gateway Cities Lead

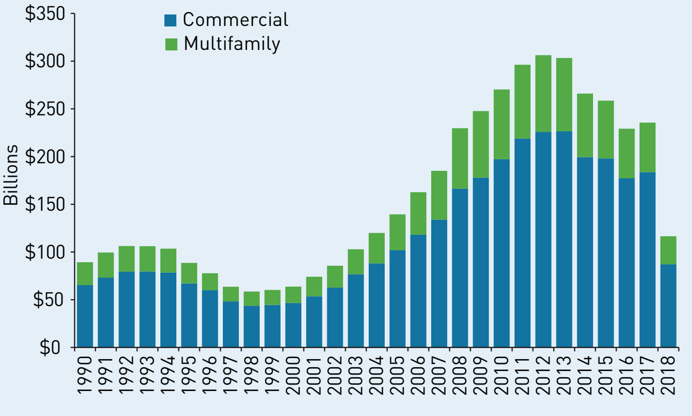
Metropolitan market prospects will decline coast to coast, but investors expect the nation's premier 24-hour gateway cities to weather the ongoing turmoil better and recover more quickly than most interior locations and secondary cities. Value losses will be mitigated somewhat in the

U.S. Office Vacancy Rates



Source: Torto Wheaton Research.
* Forecast.

Commercial and Multifamily Mortgage Maturities



Sources: Federal Reserve Board, Foresight Analytics LLC.

top-tier markets as institutional and foreign buyers look to acquire prime assets, keeping prices from free fall; cap rates in these cities will rise close to historic norms from unsustainably low levels.

"Recession-proof" Washington, D.C., has regained the top position in the Emerging Trends survey, but San Francisco, Boston, and New York City maintain reasonably positive long-term outlooks despite carnage to key employers, especially in the financial industry. Los Angeles and San Diego have lost some luster over concerns about government budget deficits, high costs, and increasing tax burdens. Texas metropolitan areas have gained standing with their business-friendly environment and sustained population growth. Florida markets and desert citadels—Phoenix and Las Vegas—are taking it on the chin from housing meltdowns and condominium/resort overbuilding.

It's an International Market

Canada's "boring" real estate markets have eluded direct impact from the U.S. credit market collapse, but they cannot escape fallout from lowered demand and global recession. Conservative banking practices and stricter regulation kept lending in better check and most investors were saved from overleveraging. In the meantime, Canadians worry about suffering more economic shocks if their primary trading partner south of the border cannot get its financial house in order more quickly.

Latin American investment opportunities center on Brazil, a rising global economic power. Mexico's fortunes are declining in lockstep with its U.S.-focused economy. But the real news is that Asian markets are expected to be the first to emerge from the downturned global economy.

A Mandate **to Partner**

Tom Murphy, Senior Resident Fellow, Klingbeil Family Chair for Urban Development

Two years ago, Charlotte was rising as one of the largest centers of banking in the world. Thirty years ago, Pittsburgh owned steel production, Detroit controlled auto manufacturing. Five years ago, New Orleans was--well New Orleans. These and many other cities changed because of economic and natural forces. Banking, global trade, crumbling infrastructure, climate change and demographics will ensure that wrenching change will be the norm for every region in the country and will reinforce federal engagement in matters integral to local economic development. K Street is the new Wall Street.

Two pending pieces of Federal legislation have the potential to alter the trends of the last 50 years. The re-authorization of the Surface Transportation Act allocates gas tax funds, historically for highway construction and heavily laden with pork. Efforts are underway to push more funding to transit and to encourage higher density and mixed-use around transit. Pending climate change legislation creates a new commodity—carbon--and a trading system that will reward reducing carbon emissions. Where we build and what we build are 2/3 of the carbon reduction challenge.

While the passage of federal legislation may change the rules, the implementation of those rules and their real impact will be with local governments and land developers and redevevlopers. Thriving in this moment of change will test the entrepreneurial spirit of communities and companies.

A new era of public/private collaboration is a critical ingredient for achieving success. To compete, local governments must become more efficient in the delivery of services, the competition for jobs, and improving the quality of community living. New regional partnerships are required to compete for Federal transportation funds and to effective market carbon creditis. Numerous types of partnerships will evolve.

Public Public Partnerships

The cost, efficiency and responsiveness of local government is essential to meet global competition. In a world of increasingly fungible development opportunities, the advantage belongs to those places that can act swiftly and respond appropriately. Regions with multiple jurisdictions often squander resources competing amongst themselves, have multiple planning and zoning boardsand are slow and unable to encourage a consistent quality of design., Governments within a region that can figure out how to consolidate services, taxes and even governments will compete successfully and be magnets for investments.

Teaming on Infrastructure

Prior to the economic upheaval the idea of monetizing traditionally governmental owned assets was beginning to gain interest and some traction in the U.S. From stadiums to highways, any asset with a predictable revenue stream has the potential to be valued and leased to a private concern. As the economy improves this type of transaction will become popular once again. For the public it is a source of immediate funds and for the private investors it is a predictable revenue stream and return. There will be continued controversy about the idea and the specifics of various deals, but the likely creation of a Federal Infrastructure Bank and the desperate need for infrastructure investment will drive more partnerships.

Spreading Development Risk

Public financing has been a staple of urban downtowns for decades utilizing tax increment financing and tax abatements. To achieve the type of compact and/or transit oriented developments required of the future, suburban areas will begin using these tools .based on a clearly articulated set of public benefits and values. These deals will involve additional layers from new sources of funds created through Federal climate change, infrastructure legislation or state and local initiatives.

Thomas Banks

Chicago's Skyway has been leased for 99 years, producing $1.83 billion in revenue.

In 2004, the residents of metropolitan Denver approved a sales tax increase to fund Fastracks, a multibillion-dollar comprehensive transit expansion plan that is building 130 miles of commuter rail, light rail, and bus rapid transit in over 32 municipalities across eight counties.

Sharing Regional Assets

Quality of life is an increasingly important competitive advantage. Great public places, culture and arts, quality education each help to shape a city's image and often are economic drivers. Millennium Park in Chicago is probably the most spectacular recent example of a public/private collaboration. The Park added direct civic value and indirect private value to nearby office, residential and retail uses.

Harnessing Private Sector Capacity

As local governments struggle with increasing costs in the delivery of traditional municipal services, they are contracting with private companies. From fleet maintenance to trash pickup the 'contacting out' represents a new area of business.

We are at a moment in time when the forces of climate change, energy volatility, infrastructure needs, global trade and demographics are going to change our society as we know it.

Public/private partnerships that recognize the momentous changes happening and embrace a new framework for development will position their developments and communities to compete in a new world.

Catching **Waves**

John McIlwain, Senior Resident Fellow, Ronald Terwilliger Chair for Housing

As the United States comes out of the current recession, two demographic groups will drive housing markets: the baby boomers and their kids, the echo boomers. They number 78 million and 74 million, respectively, and both are growing populations due to foreign immigration. Where they choose to live and what they choose to buy or rent will set the market not just for housing development, but also for where retail will be successful and where infrastructure will be needed.

The good news from a land use perspective is that both groups are focused on living in urban environments. This will bring long-term growth to cities and to redeveloped suburban town centers. As Ellen Dunham-Jones of the Georgia Institute of Technology said at the recent ULI Conference on Sustainable Suburbs, this will produce an "enormous market for more urban lifestyles within the suburbs."

The bad news is that it is unlikely that enough new housing can be built in urban areas to meet this growing demand. The result is likely to be rising urban housing costs—good for developers and owners and bad for homebuyers and renters with limited funds. This will force many people to the outer-ring suburbs who would prefer closer-in housing and who will then pay higher transportation costs, offsetting any savings they achieved in lowered housing costs.

The Baby Boomers Move toward Retirement

The baby boomers have redefined every age they have entered and will do so again as they approach retirement. They will push full retirement back by five years at least to age 70, and will not move in to life care facilities until they reach 80, if ever. They want to live closer to their kids and grandkids than previous generations did, except for the working class, which has always lived closer to parents and children than the college educated.

For the past decade they have been leaving the suburbs and choosing either "the sun or the city," and they will continue to do so. And while not all of them will want to live in the central city, a 2009 RCLCO survey found that 75 percent of retiring baby boomers said that they want to live in mixed-age and mixed-use communities, i.e., an urban setting. For this reason, walkable, urbanized suburban town centers will see an influx of aging baby boomers and will need condominiums, apartments, and townhouses for them, along with increasing services for seniors.

The Emerging Echo Boomer Market

The oldest of the echo boomers are now in their late 20s and early 30s. They also want to live in urban areas; a 2008 survey by RCLCO found that 77 percent of echo boomers want to live in an urban core, not in the suburbs where they grew up. But once they have school-aged children, they will look for good public schools. While this will drive them to the suburbs, they will look to move to more compact suburban town centers rather than to a low-density cul-de-sac.

This generation will be income constrained. The U.S. Census Bureau reports that during the past decade, incomes of those 25 to 34 have fallen 12 percent for men and 3 percent for women. Not many of them will be able to afford much housing, and they will have to defer buying their first home due to tight credit, lower incomes, uncertainty about the long-term value of housing, and uncertainty about where they will be living as they look to build a career. Instead they will rent—a sign that the rental markets will have strong growth following the current recession.

To help the echo boomers buy their first home, builders will need to offer starter homes in large numbers and at low prices, meaning small, simple homes on small lots—but well designed and built to green energy standards—or townhouses or condominiums. This is easier said than done, of course, except in the outer suburbs.

Population Growth Collides with the NIMBYs

During the recession, the population has continued to grow at a rate of 2.5 million a year or so. Once the unemployment rate falls back to more normal levels, household formation will jump, and there will be demand once

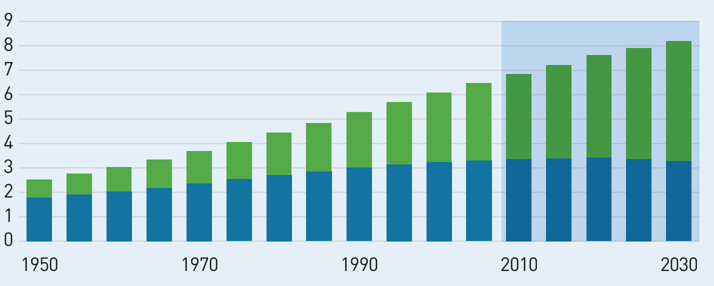
Population Pyramids: More Developed and Less Developed Countries

2005 (PERCENT OF TOTAL POPULATION)

Source: UN Population Division, World Population Prospects: The 2006 Revision, http://esa.un.org/unpp.

The Future is Urban

Global population (billion)



Source: UN

again for at least 1.5 million new homes a year. The dilemma is that 1.5 million new homes a year cannot be built in central cities and suburban town centers where resistance to development creates restrictive planning and zoning rules, and where approvals can take years. Even today, market demand is stronger for urban housing than for housing in the outer suburbs, which is why urban housing prices have held up better than outer-ring prices.

If the demand for urban housing exceeds the capacity of the industry to provide it, the echo boomers and working families will be forced to move to the new "slumburbs" on the outer edges where homes will cost less but where the high cost of transportation will eat up any savings.

If we are to leave behind a better legacy, ULI and others need to actively engage both the public and public officials to encourage changes in the local development process. Good development—compact, mixed use, mixed income, and particularly designed to be sustainable—should be readily approved in any jurisdiction, but particularly in rapidly growing suburbs. Increased use of master planning and form-based codes, and broader acceptable densities and uses can enhance this process.

Demanding **Energy**

Ed McMahon, Senior Resident Fellow, Charles Fraser Chair on Sustainable Development

The Sustainability Revolution is marking the beginning of a new era. It is about finding better, smarter, greener, more energy-efficient ways to live, work, and get around. It is about cities having less impact on natural systems.

The push for energy efficiency will only accelerate in the years to come. The expectation of higher operational costs resulting from higher energy prices is the most important trigger for the adoption of measures such as green buildings, fuel-efficient vehicles, the smart energy grid, and many other technological advances.

Fuels from Heaven and Hell

The Industrial Revolution gave a whole new prominence to non-renewable fuels—coal, oil, and natural gas. Some commentators call these "fuels from hell" because they all come from underground, are exhaustible, and emit carbon dioxide and other harmful pollutants when burned. They are also increasingly expensive and politically toxic. In contrast, renewable fuels, or "fuels from heaven"—wind, hydroelectric, tidal, biomass, and solar power—all come from above ground, are endlessly renewable, and produce no harmful emissions.

Finding the New Normal

In 2008, Royal Dutch Shell predicted that global consumption of all forms of energy would at least double by 2050 because of population growth and greater wealth driven by globalization and adoption of lifestyle preferences. The global recession may slow energy and natural resource consumption, but according to the Wall Street Journal, a global "rising demand for energy is the new normal."

Building Revolution

Already, 18 states, 131 cities, 36 counties, and 13 federal agencies, along with some of the biggest and most prestigious names in the building industry, had made commitments to using the Leadership in Energy and Environmental Design (LEED) rating system in some or all of their building projects. In 2008, $12 billion was spent on green buildings. McGraw-Hill Construction expects this figure to grow to at least $60 billion by 2013. Most analysts say the recession may slow, but will not fundamentally alter, the market shift to sustainable real estate. Just one example is colleges and universities.

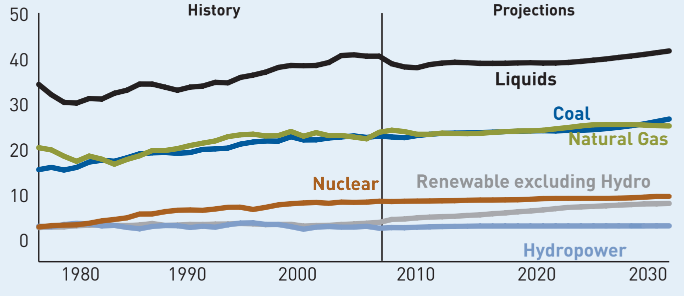
There currently are 3,005 LEED-registered buildings on college campuses. At least 50 higher education institutions have adopted a comprehensive green building policy; the University of California system has a green building policy that affects all ten campuses, as does the Washington State Community College system. According to green building expert Jerry Yudelson, green buildings are likely to become the norm in higher education by 2010. While other building sectors may lag behind, a recent article in the Harvard Business Journal declared "as green buildings become more common, conventional buildings will rapidly lose value and become obsolete." It is likely only a matter of time before building owners will be required to disclose a building's energy profile as a stipulation for sales or leasing.

Measure Then Manage Smart

The sustainability revolution is beginning as an energy efficiency revolution. A recent ULI survey of the top executives of the leading financial institutions in the United States—including investment funds, institutional lenders, real estate trusts, banks, and individual investors—found that 80 percent of respondents include an explicit energy efficiency analysis in their due diligence process, and nearly that many include transit accessibility and location efficiency in their reviews. This is significant because a recent McKinsey & Company analysis found that the United States could reduce annual energy consumption by 23 percent by deploying currently available market-driven energy efficiency measures. Improving energy efficiency is far less costly than building new power plants.

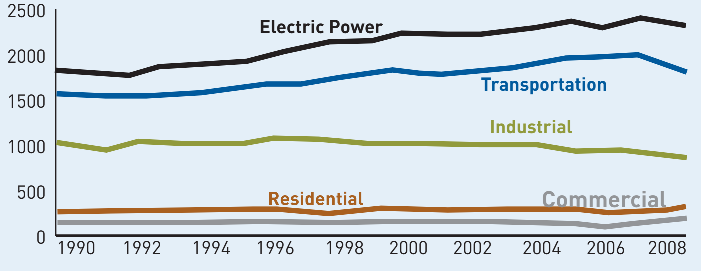
The real estate industry has the potential to lead the worldwide sustainability movement both because of the role buildings play in using energy and generating

Projected Energy Consumption by Fuel in the U.S., 1980-2030
(quadrillion Btu)



Source: U.S. EIA, 2009.

Direct-Fuel Use Sector CO2 Emissions in the U.S.
(1990-2008)



Source: U.S. EIA, 2009.

Direct-Fuel Use Sector CO2 Emissions in the U.S.
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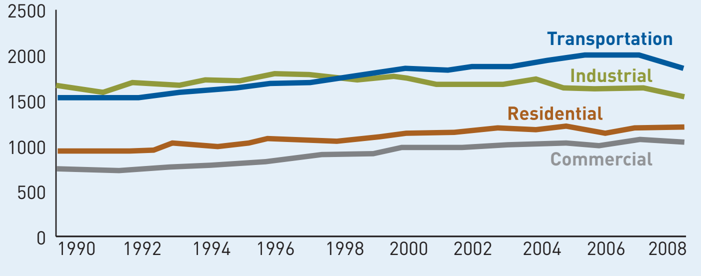


Source: U.S. EIA, 2009.

carbon emissions, and because where buildings are built and how communities are arranged are other keys to addressing the energy challenge. Leading research has documented that mixed-use development cuts driving by 20 to 40 percent, in turn constituting a huge advance in the reduction of greenhouse gas emissions in the transportation sector.

The United States is in a position to set a new and better example on growth. With a rapidly rising population and available land, the country is in a position to use its resources and know-how to invent the renewable, clean power sources and energy efficiency systems that can make growth greener. Walkable mixed-use development is a low-cost strategy for addressing climate change and reducing energy use.

We Know How

Unlike clean coal, carbon sequestration, hydrogen-powered cars, and many other technologies that have not yet been invented or made cost effective, the technology and experience exists within the real estate industry to build compact suburban centers that are both energy efficient and rewarding to live in. While there are many regulatory and infrastructure impediments to creating these communities, land use professionals have all the knowledge they need to create a new energy geography by building thriving, sustainable communities.

Rancor and **Acrimony**

Michael Horst, Senior Resident Fellow, Leadership

Decisions at all levels—federal, state, and local—are defaulting to polarized positions that result in inaction, gridlock, and, at times, highly publicized screaming. This polarization and lack of civility is expensive: pressing problems are not addressed, delay increases costs, and animosity prevents cooperation.

And yet, the challenges continue to mount. The need for leadership is urgent. ULI's new book *Keepers of the Castle* and myriad other leadership books and articles focus on three primary traits of leaders:

- ☐ Passion—the commitment to focus on a solution;
- ☐ Courage—putting a cause above self; and
- ☐ Integrity—acting with transparency and principle.

These traits have associated actions:

- ☐ Empowerment;
- ☐ Vision;
- ☐ Communication; and
- ☐ Collaboration.

At ULI's World Cities Forum in London in June 2005, Paul Hawken said, "I know of no other organization that holds more of the fate of the world in its hands than ULI." He went on to say that we have the opportunity to "deputize" ULI's members to do the work. Later that year, at the Fall Meeting in Los Angeles, he spoke of how fixing urban places is the key to the planet's sustainability and survival, and asked who is better positioned than the Urban Land Institute to lead the way.

Building Regional Leadership

Cities have historically thrived when leaders cooperate across many interest groups. Private sector leaders have often met to work on political and civic interests. In Boston, it's been the Vault; in Minneapolis, the Itasca Group; and in Chicago, the Commercial Club. Public sector groups have often joined forces to focus on specific problems, as in the case of 10,000 Friends of Pennsylvania, and others. As we face infrastructure, sustainability, and cultural challenges, regional solutions—and leaders—are required. ULI has a unique history of bringing together disparate groups in a focused and civil dialogue to craft workable policies and approaches.

In the Minneapolis–St. Paul region, ULI Minnesota's Regional Council of Mayors demonstrates the cooperation necessary to cut across political jurisdictions. Formed in 2005 and including Minneapolis, St. Paul, and 34 municipalities in the developed and developing suburbs, this collaborative partnership provides a nonpartisan platform focused on building action strategies. Joining with a variety of other groups, the Regional Council of Mayors has made improved transportation, light rail, and a strong infrastructure network its recent priorities. Since 2005, it has broadened its reach, credibility, and influence. Its focus is on impact and significance, not power and politics. Its strategies are to partner with ULI Minnesota to:

- ☐ Convene—bring mayors and cross-sector leadership together around issues of regional significance;
- ☐ Educate—equip mayors to lead and support learning across sectors;
- ☐ Engage—support civic outreach strategies;
- ☐ Effect change—seek solutions that support a better way for collective regional action; and
- ☐ Focus on four priority areas—housing, the environment, jobs/economic development, and transportation.

"I am convinced that the dynamic collaboration among our Regional Council of Mayors is having a meaningful impact on creating a better future together."—Mayor Elizabeth Kautz, Burnsville, Minnesota

Community Leadership: Convening All Stakeholders

ULI members lead in the communities in which they live and work by convening all stakeholders. An example is the number of district councils that have convened stakeholders to take part in the Reality Check process. Others have created new forms of community leadership, such as the ULI South Carolina Center for Sustainable Leadership, a nine-month educational program created to help shape the state's future.

The curriculum of the South Carolina program is designed to inform 54 senior-level leaders from the public, private, and nonprofit sectors of the impacts

New York City Department of Planning

Todd Bronk/EDAW

of land use decisions on regional sustainability, and to provide them with the leadership skills and a statewide network to lead their regions in the responsible use of land for future growth and development. The center fosters development of a statewide dialogue about land use issues among a multidisciplinary set of stakeholders that is based on respect for different perspectives and a shared understanding of the implications of land use and infrastructure on the region's quality of life.

"Participating in the charter class of the ULI South Carolina Sustainable Leadership Program has been a great experience. The program has created a statewide network of professionals from a variety of fields who are now prepared to collaborate on the environmental, quality of life, and economic development initiatives that our state needs."—Norm Whitaker, Midlands Council of Governments, Founding Class Member, 2007–2008

Through these cross-discipline, collaborative vehicles, ULI is educating leaders and building coalitions to solve problems in a rapidly changing and increasingly challenged environment.

So What?
Specific Things to Do

Where We Stand: Choosing Markets

- ☐ Determine whether your primary markets have hit bottom yet.
- ☐ Identify markets that bear watching as early recovery targets.
- ☐ Look for an uptick in local employment as an early indicator of recovery.
- ☐ Consider investing in emerging markets.
- ☐ Investigate alternative capital structures.

A Mandate to Partner: Public/Private Partnerships

- ☐ Identify government agencies and nonprofit groups with major stimulus funding or other funds.
- ☐ Identify governments that might be appropriate partners.
- ☐ Gauge both the ability and willingness of prospective partners.
- ☐ Encourage rapid approvals for any key projects in limbo.
- ☐ Prepare to build multifamily housing in three years.

Catching Waves: Baby and Echo Boomers

- ☐ Identify markets with the fastest-growing baby and echo boomer demographics.
- ☐ Consider vacant or underused properties to appeal to a different demographic.
- ☐ Create a new housing design prototype that is smaller, greener, and more affordable.

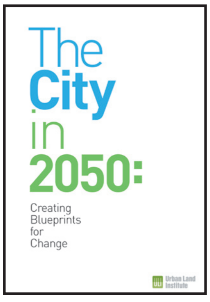
Demanding Energy

- ☐ Evaluate the costs and benefits of retrofitting existing portfolios to incorporate use of alternative energy sources.
- ☐ Focus on operating efficiency and management of existing structures.
- ☐ Seek new markets that have a lower cost of underlying utilities, and avoid locations dependent on coal-fired power.

Rancor and Acrimony

- ☐ Get active in ULI and other local organizations to encourage more education and direct problem solving.
- ☐ Let local policy makers know that negative campaigning and policies are counterproductive.
- ☐ Focus on envisioning a common future.
- ☐ Help educate community leaders about the value of compact, well-designed development.

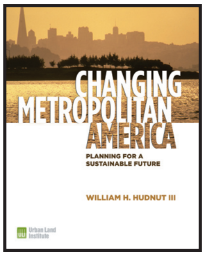
ULI on **the Future**



The City in 2050: Creating Blueprints for Change

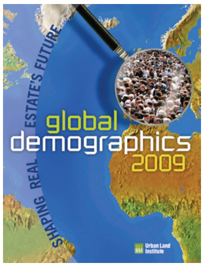
This book explores the changes facing metropolitan areas, illustrated through interesting facts and charts on topics such as the impact of capital markets, climate change, sustainability, transportation and infrastructure needs, demographic trends, housing, retail, and technology. Questions the book addresses include:

- ☐ How can cities and communities be shaped to meet present needs while empowering future generations to meet theirs?
- ☐ What must be done now to create value in the City of 2050?
- ☐ How can today's investments achieve both attractive returns and long-term outcomes?



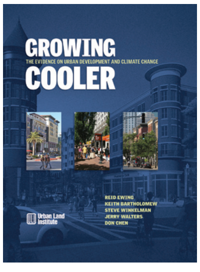
Changing Metropolitan America

Providing expert insight into the ways the nation's metropolitan areas are changing, this book explores the land use issues that affect quality of life and makes recommendations for reducing sprawl and dependence on cars, encouraging sustainability, investing in infrastructure, increasing the availability of workforce housing, and promoting leadership in land use.



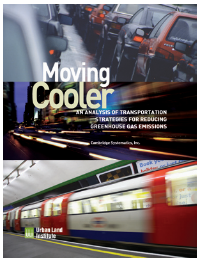
Global Demographics and Real Estate 2009

Written by experts in demographic and market analysis, this is the second book in a series that explores global demographic trends and their real estate implications. This edition provides an updated overview of international population growth trends, with a focus on Europe, and the Middle East and Africa; expands on last year's analysis of the Americas; and provides new insights for Asia and Oceania. Key topics examined include labor force skills and productivity; personal income, purchasing power, and poverty; and retailing.



Growing Cooler: The Evidence on Urban Development and Climate Change

Based on solid research by leading urban planning researchers, this book illustrates how compact development can be a crucial strategy in combating greenhouse gas emissions from automobiles. It makes the case that one of the best ways to get people to drive less is to build pedestrian-friendly places with a mix of uses where people can walk, bike, or take transit from their homes to offices, schools, restaurants, and shopping. Using charts and graphs, it demonstrates that many fewer miles will be traveled by car if compact development is put in place rather than the current ubiquitous sprawl, resulting in a significant reduction in carbon emissions.

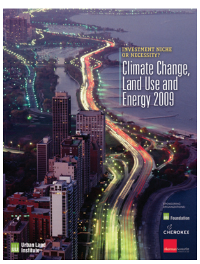


Moving Cooler

This report offers hard facts and describes the science behind the significant, long-term impact that responsible land development can have in improving the environmental quality of areas. Land use is one of nine categories of strategies considered by Moving Cooler, along with transportation pricing and taxes, public transportation improvements, nonmotorized transport such as walking and biking, regulations to moderate vehicle use and speed, intelligent systems, expanded highway capacity, and more efficient freight movement. The effectiveness of each strategy in cutting greenhouse gas emissions is measured against a baseline that represents current trends.

Infrastructure 2009

This report warns that the United States must develop a concerted, long-range infrastructure strategy to maintain national prosperity in a rapidly evolving and increasingly competitive global marketplace. In the midst of a financial emergency, the nation faces a historic opportunity to fundamentally rethink how it plans, funds, and builds infrastructure.



CLUE 2009

Concentrating on the real estate investment community's outlook, preferences, and business practices associated with climate change, land use, and energy (CLUE), this publication has been researched through a ULI member survey, a dedicated ULI conference, and a review of existing literature in the field.

Emerging Trends 2010

What are the best bets for real estate investment and development in 2010? Based on personal interviews with and surveys from more than 900 of the most influential leaders in the real estate industry, this forecast will give you the heads up on where to invest, what sectors offer the best prospects, and trends in capital flows that will affect real estate.

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U.S. Metropolitan **Market Update**

	Demographics									
	U.S. Metro Area	Population, 2008 estimate (millions)	Population change, 2000-08 (%)	Below poverty level (%)	High school diploma (%)	Advanced degree (%)	Over 65 years (%)	Median age	Foreign born (%)	Unemployed (%)
1	Atlanta	5.4	26.6	11.7	87.3	11.9	8.4	35	13.2	10.4
2	Austin	1.7	32.2	12.8	86.5	13.7	7.7	32.6	14.5	7.2
3	Baltimore	2.7	4.5	9.2	87.7	14.6	12.3	37.7	7.8	7.7
4	Boston	4.5	3.0	9.2	89.9	18.6	12.7	38.6	16.2	8.4
5	Charlotte	1.7	27.9	11.3	86.4	9.9	9.4	35.7	9.6	11.8
6	Chicago	9.6	5.2	11.8	85.5	12.5	11	35.7	17.7	9.7
7	Cincinnati	2.2	7.2	11.3	87.4	10.4	12	37	3.5	9.9
8	Cleveland	2.1	-2.8	13	88	10	14.7	40.2	5.7	8.9
9	Dallas	6.3	22.1	12.7	81.2	9.5	8.3	33.3	17.8	8.3
10	Denver	2.5	15.0	11.3	88.6	13	9.7	35.9	12.6	7.4
11	Detroit	4.4	-0.6	13.9	87.1	10.4	12.4	38.6	8.3	17.0
12	Houston	5.7	21.5	13.6	80.1	9.3	8.3	33.1	21.6	8.4
13	Indianapolis	1.7	12.5	11.5	88.7	10.7	10.7	35.9	5	8.2
14	Kansas City	2.0	9.0	10.1	90.1	11.4	11.5	36.8	6.1	8.8
15	Las Vegas	1.9	35.6	10.8	83.2	6.9	10.6	35.1	21.6	13.4
16	Los Angeles	12.9	4.1	14	76.8	10.5	10.9	35.1	34	11.8
17	Miami	5.4	8.1	13.8	82.7	10.6	16.7	40.4	36.8	10.8
18	Milwaukee	1.5	3.2	11.8	88.9	10.5	12.4	38	6.8	7.7
19	Minneapolis/ St. Paul	3.2	8.8	8.3	92.7	14.2	10.1	36.6	8.7	9.3
20	New Orleans	1.1	-13.9	14.4	83.6	8	12.2	38.4	5.9	7.7
21	New York	19.0	3.7	12.3	83.8	14.5	13	38.1	28	9.3
22	Orlando	2.1	24.9	11.9	87.5	8.5	13.2	37.2	15.8	10.9
23	Philadelphia	5.8	2.7	11.5	87.6	12.6	13.2	38.3	8.7	8.8
24	Phoenix	4.3	31.7	13.5	83.7	9.3	11.5	34	15.9	8.6
25	Pittsburgh	2.4	-3.3	11.9	90.8	10.8	17.1	42.4	3	7.9
26	Portland	2.2	14.5	11.3	92	11.7	10.6	36.8	12.7	11.8
27	Sacramento	2.1	17.4	12	87.1	9.7	11.8	34.9	17.2	12.0
28	Salt Lake City	1.1	15.2	8.4	88.9	10.3	8.6	30.9	12	6.2
29	San Antonio	2.0	18.7	16	81.7	8.6	10.8	33.3	10.6	7.0
30	San Diego	3.0	6.7	12.6	85	12.9	11.2	34.2	22.1	10.4
31	San Francisco/ Oakland	4.3	3.7	9.4	86.9	17.1	12.6	39	29.4	10.7
32	Seattle	3.3	9.9	9.3	91.3	12.8	10.5	37.8	15.7	8.8
33	St. Louis	2.8	4.4	11.3	88.4	10.8	13	38.1	4.1	9.9
34	Tampa	2.7	14.1	12.6	86.5	8.5	17.5	41.1	11.7	11.3
35	Washington, D.C.	5.4	11.7	7.1	89.3	21.9	10	36.3	20.3	6.0

Top 5 **Bottom 5**

Economics and Real Estate

GDP ($ billion)	Per capita income	Per capita (GDP)	Combined CO2 emissions per capita (million tons)	Multifamily residential building permits, 2008 (%)	Residential building permits, 2008	City office vacancy rate, June 2009 (%)	Change in city office vacancy rate, 2008-09 (%)
269.8	27,903	50,183	2.682	37.9	19,294	15.9	1.09
80.1	27,344	48,455	2.567	34.6	11,792	n/a	n/a
133.0	31,828	49,871	2.714	43.5	5,544	18.6	0.85
299.6	34,597	66,239	2.024	55.7	7,634	16.9	0.78
118.4	27,376	69,544	2.757	40.3	12,236	12.8	0.79
520.7	28,390	54,409	1.965	52.4	16,058	18.7	0.86
98.8	27,007	45,821	3.281	17.8	4,000	20.8	0.92
104.4	25,757	50,005	2.235	15.9	2,685	12.2	1.10
379.9	26,732	60,296	2.582	50.7	36,321	17.2	1.03
150.8	30,078	60,165	2.392	54.6	8,814	14.3	0.86
200.9	n/a	45,390	2.35	25.2	2,590	18	0.99
403.2	25,274	70,390	2.292	34.0	42,728	15.6	0.80
96.4	27,300	56,184	3.364	37.1	6,982	19.9	0.85
101.0	27,521	50,449	2.969	50.8	5,300	18.2	0.88
97.1	26,829	52,018	2.013	53.4	12,537	n/a	n/a
717.9	26,335	55,767	1.413	69.6	15,045	23.5	0.69
261.3	26,350	48,250	2.156	58.2	7,821	14.5	0.80
82.7	27,432	53,375	2.436	49.9	2,425	17.5	0.88
193.9	31,582	60,048	2.44	28.0	5,781	19.2	0.91
72.4	n/a	63,839	2.162	42.5	4,789	n/a	n/a
1,264.9	31,465	66,550	1.495	83.0	51,590	10.6	0.81
104.0	25,424	50,611	2.551	48.4	10,233	15.8	0.77
331.9	29,578	56,847	2.137	31.2	10,570	14.4	0.90
187.4	25,784	43,773	2.072	31.7	18,533	21.4	0.76
114.7	25,469	48,787	2.276	10.4	3,774	n/a	n/a
112.4	27,355	50,927	1.446	42.2	7,408	10.1	0.97
93.7	28,319	44,388	1.768	28.3	5,511	17.7	0.84
62.5	23,780	56,041	2.522	55.6	4,070	n/a	n/a
80.9	22,046	39,822	2.27	43.2	10,574	n/a	n/a
169.3	29,751	56,422	1.63	55.9	5,357	17.9	0.83
310.8	37,437	72,716	1.585	68.8	7,555	14.1	0.74
218.8	31,196	65,406	1.556	57.0	15,512	11.2	0.89
128.5	26,465	45,609	3.217	18.8	5,735	12.1	0.98
110.5	26,138	40,424	2.499	47.0	9,613	14.8	0.84
395.7	38,927	73,859	3.115	32.1	13,732	9.6	0.82

Livability					
Annual hours lost in traffic	Workers with 30 minutes or less commute (%)	Commuters using transit (%)	Crimes per 100 people per year	Annual days of unhealthy air	Annual sunny days
57	50.7	3.6	n/a	34	110
39	63.1	3	4.5	4	115
44	55.4	6.6	4.3	45	105
43	54.7	11.7	3.3	3	98
40	62.5	2.3	6.0	33	109
41	50.2	11.3	n/a	23	84
25	66.3	2.6	3.7	39	80
12	66.8	3.9	3.4	22	66
53	57	1.7	4.8	11	135
45	60	4.9	3.5	21	115
52	n/a	1.8	n/a	21	75
56	54.1	2.6	4.8	25	90
39	67.8	1.2	4.8	24	88
15	69.9	1.5	4.8	10	120
44	69.6	3.7	5.0	7	210
70	55.3	6.3	3.3	59	186
47	51.6	3.7	6.5	3	74
18	73.4	3.7	4.6	11	90
39	67.8	4.8	n/a	5	95
20	n/a	2.6	n/a	17	101
44	37.3	30.4	2.3	20	98
53	59.2	1.6	5.2	8	89
38	56.9	9.3	3.6	40	93
44	60.8	2.6	5.1	11	211
15	64.7	5.8	2.5	44	59
37	66.3	6.4	3.8	5	68
39	64.5	2.9	4.3	32	188
27	72.8	3.3	5.2	28	125
38	67.1	2.6	5.8	3	105
52	65.4	3.4	3.5	33	146
55	52.3	14.4	8.2	2	160
43	59	8	4.7	4	58
26	62.8	2.7	4.0	34	101
47	64.2	1.4	4.7	12	101
62	46.6	12.2	3.5	38	96

ULI's 2008 City "Index of Indices"

City	Score	Rank
London	35	=1
New York	33	2
Paris	31	3
Tokyo	25	4
Los Angeles	12	=5
Vancouver	12	=5
Vienna	12	=5
Seattle	11	8
Copenhagen	9	=9
Singapore	9	=9
Chicago	8	11
Frankfurt	7	=12
San Jose	7	=12
Zurich	7	14
Munich	6	15
Moscow	5	=16
Hong Kong	5	=16
Atlanta	5	=16
San Francisco	5	=16
Shanghai	5	=16
Sydney	5	=16
Toronto	5	=16
Venice	5	=16
Barcelona	4	=24
Berlin	4	=24
Boston	4	=24
Calgary	4	=24
Istanbul	4	=24
Melbourne	4	=24
Rome	4	=24
Dubai	3	=31
Geneva	3	=31
Hamburg	3	=31
Washington, D.C.	3	=31
Adelaide	2	=35
Amsterdam	2	=35
Dallas	2	=35
Madrid	2	=35
Osaka	2	=35
Perth	2	=35
Auckland	1	=41
Doha	1	=41
Helsinki	1	=41
Honolulu	1	=41

Greg Clark, City Success: What Do The Global Indices Tell Us? ULI, November 2008.

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