



# Martin Way Corridor

## Market Study FINAL

PREPARED FOR



PREPARED BY



JULY 2021

# Introduction

## Purpose & Methodology

**Martin Way Corridor Study.** Martin Way is a major regional thoroughfare and corridor serving the communities of Olympia, Lacey, and Thurston County. The former state highway serves as the area's primary alternative to Interstate 5, has frequent transit service, and is home to a variety of business activities and destinations. Looking forward, the corridor is forecasted to grow in importance into the future as a strategic transportation link and business destination. A comprehensive review of the Martin Way's current conditions and future opportunities is underway to help guide growth to better serve the needs of the community.

Led by Thurston Regional Planning Council, the Martin Way Corridor Study will identify a common vision, as well as opportunities to develop the identity and character of the Martin Way Corridor (MWC) as it grows into the future.

**Market Study.** The purpose of this market study is to identify economic opportunities and constraints, highlight potential models for future development, establish the potential corridor market capture for residential, commercial, industrial, and other uses, and begin a discussion of strategic recommendations. It will specifically address the following questions:

- What are the current demographics and employment trends that affect opportunities in the corridor, including the ongoing COVID pandemic and vehicle and transit access and ridership?
- What are the market, economic, and employment factors that affect development opportunities?
- What are the best opportunities for redevelopment?
- Which land uses, character, and scale are most appropriate and are supported by economic conditions?

While the market study will be conducted for the entire corridor, the latter recommendations will focus on high-priority areas based on market conditions, land availability, and regulatory structure.

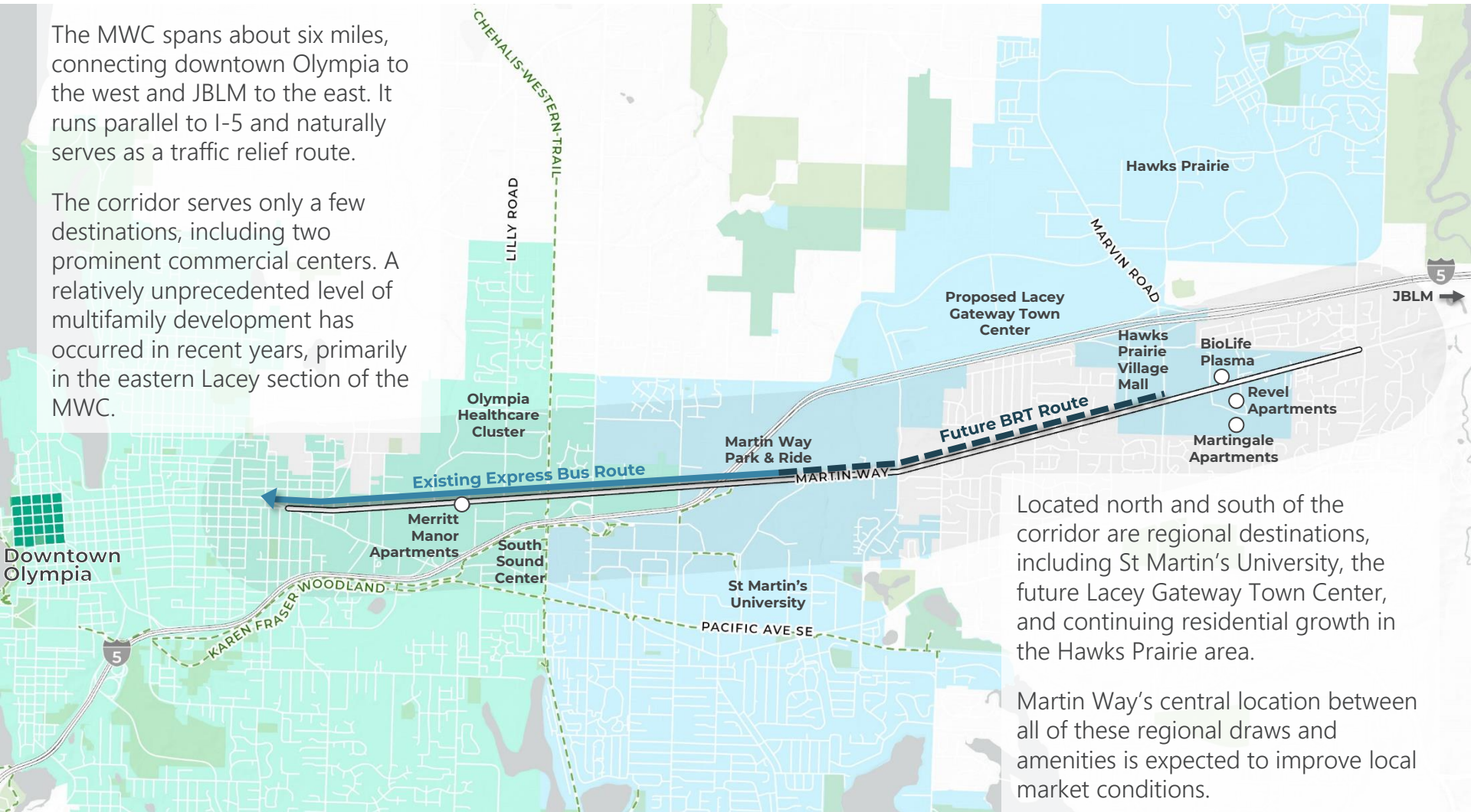
**Methodology.** In order to document opportunities and constraints from a market perspective, Leland Consulting Group documented key takeaways from existing planning documents, market studies, and broker reports; analyzed US census data, real estate data (from Costar, a national database), building permit data, and economic information; and held stakeholder interviews with developers, brokers, major employers, and public agency partners.

# Introduction

## Martin Way Corridor Study Area & Local Context

The MWC spans about six miles, connecting downtown Olympia to the west and JBLM to the east. It runs parallel to I-5 and naturally serves as a traffic relief route.

The corridor serves only a few destinations, including two prominent commercial centers. A relatively unprecedented level of multifamily development has occurred in recent years, primarily in the eastern Lacey section of the MWC.



Located north and south of the corridor are regional destinations, including St Martin's University, the future Lacey Gateway Town Center, and continuing residential growth in the Hawks Prairie area.

Martin Way's central location between all of these regional draws and amenities is expected to improve local market conditions.

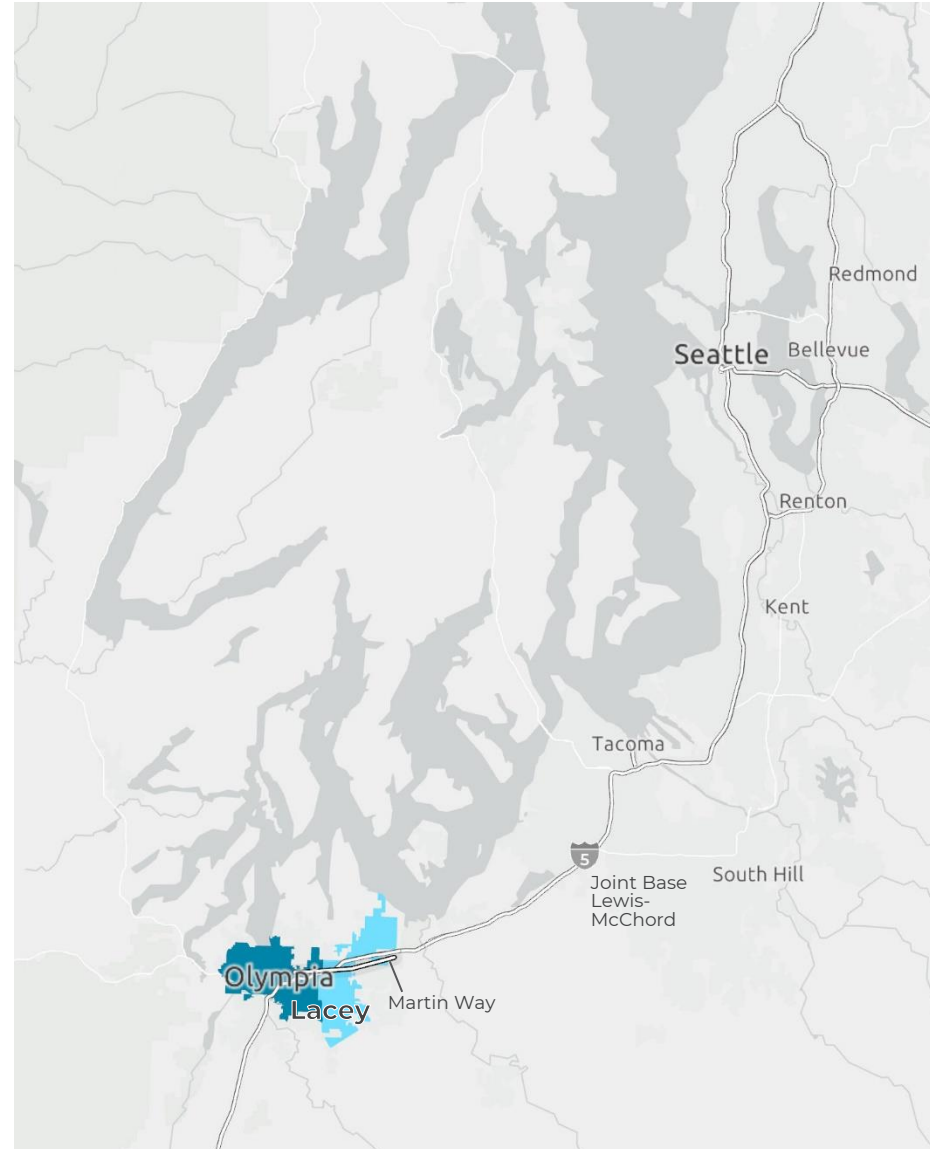
# Introduction

## Vision & Regional Context

**Vision.** The shared vision for the Martin Way Corridor is as an “attractive mixed-use, high-density residential and commercial area where people enjoy walking, shopping, working and living. Over time, it will transition away from automobile-dominated use to a more pedestrian-friendly streetscape that also encourages bicycling and supports high-capacity transit.”

Many cities in the Puget Sound region have experienced the type of development that aligns with this vision. In the Case Studies section, we document some of the efforts that have been made by cities to transition an auto-oriented highway corridor to a mixed-use, more walkable environment.

**Regional Context.** Proximity to Olympia (the state capital), the military base (Joint Base Lewis-McChord) and I-5 shapes a lot of the land use patterns in the region. The affordability of the area relative to cities closer to the Seattle urban core has attracted significant residential growth in the recent past. Looking forward, the area is poised to benefit further as a less centralized model of employment growth emerges from the pandemic.



# Stakeholder Perspectives

Opportunities

Challenges/Barriers to Development

# Stakeholder Interviews

## Overview

An important step taken at the outset of this process was to interview a set of corridor stakeholders that have experience with real estate, economic development, leasing, and development within the corridor or region.

These stakeholders included developers, brokers, major employers, and other public agency partners. The purpose of the interviews was to gain a better understanding of the local and regional market and explore nuanced observations specific to the Martin Way Corridor.

Based on these interviews, market conditions are generally perceived as favorable for future economic growth and development across the region and within the Martin Way Corridor. The Martin Way Corridor faces similar challenges to that of other former and current highways in secondary or less prominent urban markets, with parcelized, underutilized, and fragmented land use patterns that make redevelopment challenging. The lack of a centralized area of focus exacerbates these challenges.

# Stakeholder Perspectives

## Opportunities

**Residential Demand.** Housing of all types, including market-rate, affordable, and student. There is pent-up demand (deficient by about 600 units over the past decade) that is slowly being realized and addressed with new construction. JBLM is experiencing a shortage of housing in the surrounding areas.

**Healthcare Expansion.** Continuing expansion of the existing healthcare cluster, including Providence and Kaiser, and the diversification of the healthcare industry. Providers are now increasingly taking a holistic, multifaceted approach to healthcare, looking at expanding residential and employment options with a greater lifestyle focus.

**Public Improvements.** Improvements to Martin Way are likely to improve the likelihood of new businesses and developments to locate on the corridor, but it is unlikely to change the economic feasibility of higher density development.

**Redevelopment of Underutilized Property.** The high proportion of underutilized properties, particularly in the Tanglewilde-Thompson Place section, might require assemblage for a large-scale redevelopment in keeping with the vision, but land remains at a price that offers a lower barrier to entry for investors. Encouraging redevelopment of existing property will require growth of other amenities, aesthetics, public improvements, and incentives.

**Supportive Zoning.** Current zoning designations support the vision for the corridor. Zoning is not seen as a barrier to development.

**Transitional Corridor.** Investors are becoming aware of lower cost locations, such as the MWC. As rents trend upwards of \$2 per square foot, higher density development types will start penciling.

**Tax Credits.** The availability of tax credit or abatement programs are critical for development feasibility. Low Income Housing Tax Credits are available to affordable developers, and Olympia's Multifamily Tax Exemption program (within 250 ft of Martin Way west of Lilly Road) is seen as a highly effective in incentivizing new apartment development. The development community would like to see these tools expanded.

**Political Commitment.** Public agency commitment to housing. Both Olympia and Lacey have adopted various elements of the Regional Housing Action Plan (HAP).

**Favorable Market Conditions.** Low interest rates, available land, and rent increases are improving prospects for higher density opportunities, especially nearer Olympia.

# Stakeholder Perspectives

## Challenges

Challenges or barriers to development can be grouped into one of five categories: physical, regulatory, political, financial, and market-based.

Challenge	Description
Market	<ul style="list-style-type: none"> <li>• Despite rising rents, construction costs have risen so rapidly that most higher density products fail to pencil, especially vertical mixed use</li> <li>• Slow historic rate of new investment</li> <li>• Difficult to find office tenants; uncertain/unknown office forecast due to the pandemic</li> </ul>
Financial	<ul style="list-style-type: none"> <li>• Market is more cost-sensitive than other geographies in the region; requires an opportunistic approach to development</li> <li>• Recent multifamily development has been on vacant land; most sites on Martin Way require redevelopment</li> <li>• For most of the corridor, the current land use remains more valuable relative to the cost of the land than the potential return on investment for redevelopment.</li> </ul>
Physical	<ul style="list-style-type: none"> <li>• Development constraints limit a lot of areas in the corridor for new development.</li> <li>• Length of corridor; lack of central area of focus</li> <li>• Martin Way has the feel of a highway and is not oriented to pedestrian activity</li> <li>• Lots/sites are typically one parcel deep, which is difficult to redevelop or to build a dense development cluster; much of the corridor is likely to look similar in 20 years from a land use perspective</li> </ul>
Regulatory	<ul style="list-style-type: none"> <li>• Arduous SEPA process for new development; perception of little public agency assistance; many sites are contaminated because of former and current auto-oriented uses.</li> <li>• Permitting process – capacity issues that slow down the entitlement process</li> <li>• Zoning includes minimum density standards that are challenging to meet given current market conditions</li> <li>• CC&amp;Rs typically prohibit mixed-use developments (e.g., Hawks Prairie, Costco area)</li> </ul>
Political	<ul style="list-style-type: none"> <li>• Lack of champions for the corridor</li> <li>• Private-sector and non-profit leadership appear indifferent</li> <li>• Perception of crime, homelessness, and vandalism discourages new investment</li> </ul>

# Existing Conditions

Demographics

Employment

Regulatory

Development

Transit

# Existing Conditions

## Demographics

The following pages in this section borrow from the Martin Way Corridor Current Conditions Report. This serves as an important baseline on which to build.

**Population.** The Martin Way Corridor is home to approximately 9,000 people. Two-thirds live in the area from Pacific Avenue to Marvin Road. One-third live between Marvin Road and Meridian Road, reflecting the density of housing. College Street to Carpenter Road has the fewest residents.

**Projected Growth.** The population of the corridor is projected to increase significantly over the coming decades, growing to 13,700 by 2045 (growth of 1.5 percent annually). This will drive demand for various amenities, services, and jobs.

**Age.** The age characteristics of MWC residents is similar to that of Thurston County, with 24 percent of the population aged 19 and under, 31 percent between 20 to 39, 24 percent between 40 to 59, and 21 percent 60 or older.

**Income.** Residents of the Martin Way Corridor experience higher rates of poverty than is typical in the surrounding communities. Two out of five corridor residents are considered cost-burdened, which means that they spend a high proportion of their income on housing, and one-fifth of households are considered severely cost burdened. These households typically have less income available for transportation, health care, and other needs. Cost-burden and poverty levels are highest in the westernmost section of the corridor, between Pacific Avenue and Lilly Road.

**Tenure.** The corridor is heavily renter-occupied (56 percent). About half of all corridor residents (49 percent) live in multifamily units and 10 percent live in manufactured housing (there are nine manufactured home parks in the corridor).

TRPC’s population estimates indicate that by 2045 two out of three corridor residents (64 percent) will live in a multifamily development, while less than a third (27 percent) will live in a single-family home.

Future development along the Martin Way Corridor is expected to be predominantly multifamily and renter occupied.

Corridor Sections	2017 Pop	2045 Pop	Annual Growth	Total Growth
Pacific - Lilly	1,654	2,831	1.94%	1,177
Lilly - College	1,170	2,122	2.15%	952
College - Carpenter	244	287	0.58%	43
Carpenter - Marvin	2,732	4,302	1.63%	1,570
Marvin - Meridian	3,242	4,167	0.90%	925
<b>Martin Way Corridor</b>	<b>9,043</b>	<b>13,708</b>	<b>1.50%</b>	<b>4,665</b>

Source: TRPC MWC Existing Conditions Report

# Existing Conditions

## Employment

### Regional Conditions

**Government.** Proximity to the state capital contributes to a high proportion of government workers. These jobs are generally more resilient to economic downturns than most. In addition to the statehouse, Joint Base Lewis-McChord borders the eastern edge of Thurston County, and many military personnel live in the region.

**Other Sectors.** After government, the next-largest sectors in the region are trade, transportation, utilities, and education and health services. Combined, these sectors provide about as many jobs as the government sector. Among trade, transportation, and utilities, nearly three-fourths are retail trade jobs, which have seen a major decline in recent quarters due to the coronavirus pandemic. Leisure and hospitality also makes up a good portion of jobs, and combined with retail trade, the two sectors account for more than 20 percent of the total workforce in the region.

**Major Employers.** Some of the largest private employers are Providence St. Peter Hospital (1,700 employees), Walmart Supercenter (1,000 employees), Safeway (900 employees). The median household income is significantly higher than the national level, but the region's limited income growth is reflective of these lower-paying sectors.

**Education/Talent.** A relatively high proportion of educated residents contributes to the above-average incomes here. The metro's percentage of those with a bachelor's degree or higher is greater than that of most small metros in Washington. In addition, Saint Martin's University, a private university in Lacey, enrolls around 1,600 students and employs more than 200 academic and administrative staff members. South Puget Sound Community College (SPSCC) has a campus located in Lacey near St. Martin's and The Evergreen State College. TESC's campus is further away in West Olympia near SPSCC's main campus .

### Local Conditions

More than 13,000 people work at locations in the Martin Way Corridor.

The corridor includes a wide range of businesses, including health and medical services, big box retail, small businesses, restaurants and other food services, professional offices, hotels, schools, and government agencies.

The westernmost section of the corridor, Pacific Avenue to Lilly Road, has the greatest concentration of jobs currently, and is likely to see the greatest of number of new positions over the coming decades, while the section from Lilly Road to College Street is anticipated to see the greatest rate of job growth.

In both sections, employment trends are strongly correlated to the continued growth of the health services industry, one of the Thurston County region's strongest employment sectors.

Projected job growth is otherwise distributed evenly across the corridor—as a whole, the corridor is anticipated to gain nearly 6,000 new jobs over the next twenty-five years, an increase of 43 percent over current conditions. This outcome is heavily dependent, however, on the future of employment in the retail and services sectors.

# Existing Conditions

## Regulatory & Land Use

**Physical Conditions.** Twenty percent of the corridor remains in a more natural condition—either as forest, wetland, or other open space. Along its length, Martin Way crosses three important stream systems, or watersheds, and cuts through extensive wetlands and other habitat (Indian Creek, Woodard Creek, Woodland Creek). Environmental conditions influence the type of land use that has developed along Martin Way, and in turn these resources are impacted by activity within the corridor. For example, the concentration of wetlands around Ensiga Road and in the section of the corridor from College Street to Carpenter Road limits the potential for future development in these locations.

**Zoning.** Current zoning in the corridor largely corresponds with existing use, with mixed use and commercial zoning directly on Martin Way, low- and mid-density residential zones around the edges, and limited areas identified for open space and industrial use. Nearly half the corridor is zoned to allow a mix of commercial and residential uses (mixed-use) (46 percent). Both Olympia and Lacey have specific high-density zoning designations that correspond to their visions for these sections of the corridor.

One area of discrepancy between current use and zoning are the large portions of the College Street to Carpenter Road section Lacey has zoned as Central Business District, although these areas have remained largely undeveloped.

Based on Leland Consulting Group’s understanding of market conditions and input from developers during the stakeholder interviews, zoning is not considered a major barrier to development.

**Land Use.** Martin Way alternates between areas that are highly urbanized, areas of light development, and areas that are thickly forested and undeveloped. Almost three quarters of the corridor is considered development, albeit at a medium or low intensity.

Land uses in the corridor are diverse, with a wide variety of large and small commercial businesses directly on Martin Way, and low- to moderate-density neighborhoods nestled just a parcel back from the street. Most of the light manufacturing that populated the corridor historically has moved out, leaving just a handful of remaining parcels with industrial uses.

Land Cover Class	Percent Cover
<b>Developed</b>	<b>72%</b>
High-intensity Developed	16%
Medium Intensity Developed	27%
Low Intensity Developed	29%
Developed Open Space (i.e. landscaped parking lots)	8%
<b>Forest</b>	<b>14%</b>
Deciduous Forest	2%
Evergreen Forest	8%
Mixed Forest	4%
<b>Wetland</b>	<b>3%</b>
<b>Other Open Space (Pasture, grassland, cultivated, scrub/shrub, bare land)</b>	<b>3%</b>

Source: TRPC MWC Existing Conditions Report

# Existing Conditions

## Development

**Development Opportunities.** The corridor has only a limited supply of remaining vacant land, but the potential for substantial redevelopment of mixed use and commercial areas. The section from Carpenter to Marvin Road has the greatest cluster of parcels with redevelopment potential (100 acres), most of these very high (58 acres)

The section from Pacific Avenue to Lilly Road also has substantial redevelopment potential, but these parcels are more likely to be constrained by wetlands and other critical areas. This section has the greatest amount of vacant land, however, most of this is tied to two parcels along Ensign Road that are zoned as high-density multifamily and currently owned by the Sisters of Providence who founded the Providence St. Peter Hospital, just north of the corridor boundary. The easternmost section of the corridor, Marvin Road to Meridian Avenue, has the least amount of redevelopment potential since much of the development there is newer, though that section does still have some remaining vacant land.

Acres	Pacific - Lilly	Lilly- College	College- Carpenter	Carpenter- Marvin	TOTAL, Martin Way Focus Area	Marvin- Meridian	TOTAL, Martin Way Corridor
<b>Developable Land (Acres)</b>							
Vacant Single Lots	1.0	0.0	0.0	0.8	1.8	0.0	1.8
Vacant Subdividable Land	51.8	15.5	4.6	44.5	116.5	35.4	151.8
Partially Used Subdividable Land	10.3	7.8	0.0	0.0	18.2	3.6	21.7
<b>Subtotal</b>	<b>63.2</b>	<b>23.2</b>	<b>4.6</b>	<b>45.4</b>	<b>39.0</b>	<b>136.4</b>	<b>175.4</b>
<b>Redevelopable Land (Acres)</b>							
Very High	57.2	19.3	11.0	57.8	145.3	12.6	157.9
High	16.6	17.1	5.9	17.3	56.9	5.1	62.0
Medium	20.1	53.4	25.9	24.5	124.0	5.3	129.3
<b>Subtotal</b>	<b>93.9</b>	<b>89.8</b>	<b>42.8</b>	<b>99.5</b>	<b>326.1</b>	<b>23.0</b>	<b>349.1</b>
<b>TOTAL</b>	<b>157.1</b>	<b>113.1</b>	<b>47.5</b>	<b>144.9</b>	<b>462.6</b>	<b>62.0</b>	<b>524.5</b>

Source: TRPC MWC Existing Conditions Report

# Existing Conditions

## Transit

Several routes, including The One, 62A&B, 612 and 620, serve the Martin Way Park & Ride lot, just east of the Martin Way-Interstate 5 interchange (Exit 109). The lot includes 318 parking stalls and sees use seven days a week. In 2019, the lot had an average of 140 vehicles on weekdays and 85 vehicles on weekend days

Martin Way is a priority corridor for Intercity Transit. It accounts for a significant portion of their total ridership and is a critical east-west route for transit users to access a variety of destinations.

A future Bus Rapid Transit line is planned for the Martin Way Corridor. It will connect downtown Olympia and terminate at Marvin Road in the eastern Lacey section of the corridor. This is likely to increase demand for housing in the corridor.



Source: TRPC MWC Existing Conditions Report

# Case Studies

Aurora, Shoreline

Bridgeport Way, University Place

Bothell Way, Bothell

68th Avenue, Kenmore

# Case Studies

## Overview

Case studies serve as an educational tool that can help public agencies understand how similar geographies or markets typically respond to public investments or changes.

For this study, we selected four Washington-based case studies that currently share or previously shared (prior to investments) similar characteristics with the Martin Way Corridor, including the primary arterial's functionality as a highway, the type of planned streetscape or transportation improvements, and status as an outlying or secondary market.

The four selected case studies are:

- Aurora Blvd – Shoreline
- Bridgeport Way – University Place
- Everett Highway – Bothell
- Hwy 522/Bothell Way – Kenmore

### Lessons Learned:

- Corridor redesigns have been most successful when there is City ownership, and/or when a City sees the corridor as their "Main Street," and therefore have been willing to invest tens of millions of dollars
- The private-sector land use response to corridor redesign is typically slow. Market conditions, land availability, and the availability of financing tools and incentives are more relevant factors.
- Most of the new construction along highway corridors (current and former) that fits the description of pedestrian-oriented, TOD, or mixed-use has been the result of targeted public investments in land and real estate development.
- Multifamily apartments have dominated the development

# Case Studies

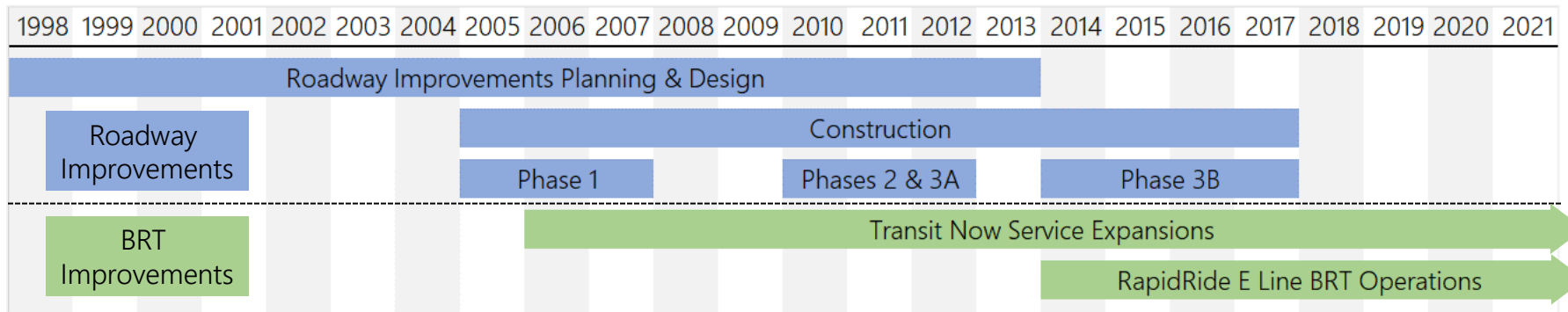
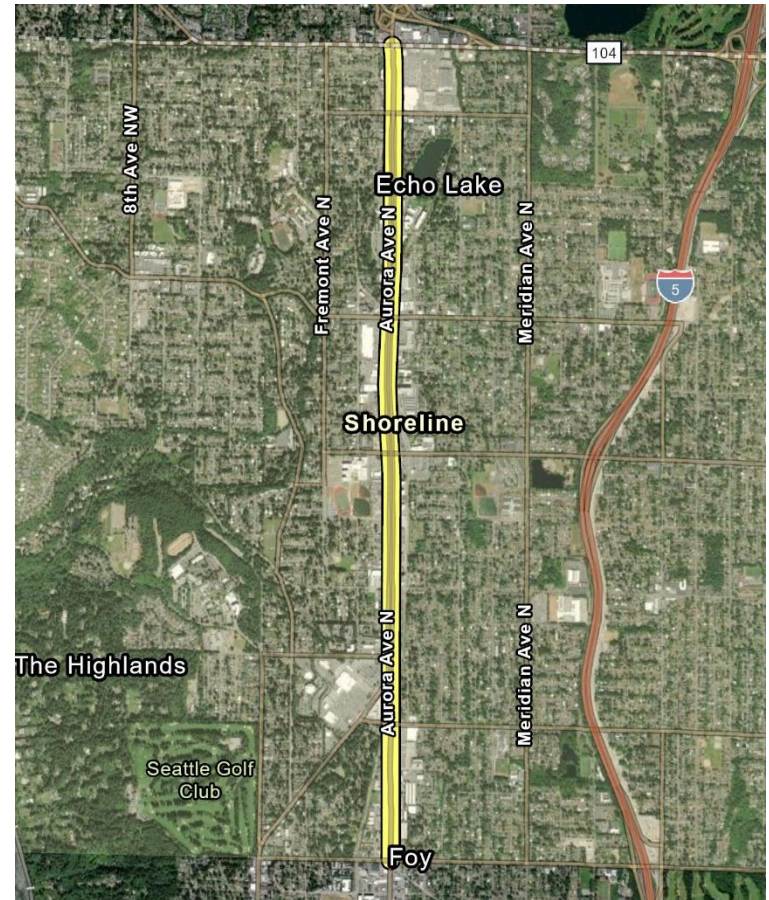
## Summary

	Aurora Corridor Shoreline	Bridgeport Way University Place	Bothell Way Bothell	68 <sup>th</sup> Avenue Kenmore
Length of Corridor	3 miles	1.5 miles	0.4 miles	1.7 miles
Time Period of Improvements	1998 – Present (23 years)	1996 – Present (25 years)	2006 – Present (15 years)	1999 – Present (22 years)
<b>Project Elements</b>				
Addition of BRT	Yes	No	No	No
Pedestrian + Bicyclist Improvements	Yes	Yes	Yes	Yes
Zoning or Subarea Plan	?	Yes	Yes	Yes
City-Led Redevelopment Effort	No	Yes	Yes	Yes
<b>Results</b>				
Private Sector Improvements	Yes	Yes – 2:1 private to public investment	Yes – transition to high density uses	Yes

# Aurora Corridor

## Shoreline, Washington

- 3-mile state highway corridor
- Initial goals were to address pedestrian safety deficiencies and improve traffic flow
- Economic development was a secondary goal that became more important in later project phases
- The project has been fully complete for about four years
- BRT service was added in this corridor seven years ago

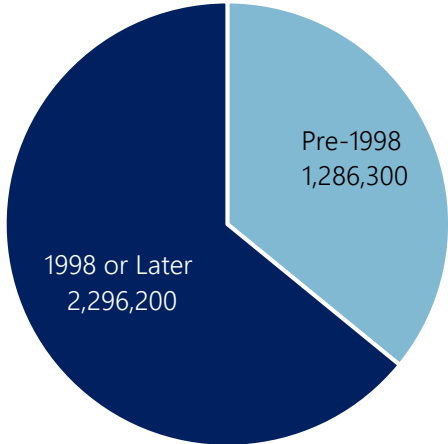


# Aurora Corridor

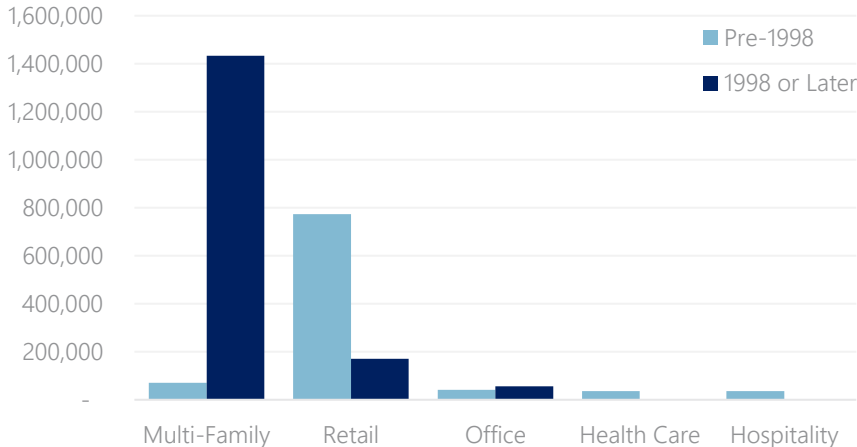
## Shoreline, Washington

- 36% of development square feet took place prior to the roadway improvements that began in 1998
- 64% of development took place after roadway improvements began in 1998
- The majority of the corridor’s retail development was built prior to 1998
  - About 775,000 square feet
- Since 1998, the bulk of development has been apartment developments
  - Nearly 2,000,000 square feet
- 190,000 square feet of retail, office, industrial, and one multifamily building dating from the 1950s to 1980s were demolished

Square Feet of Development  
Pre- and Post-Roadway Improvements  
Costar, 2021



Types of Development by Square Feet  
Pre- and Post-Roadway Improvements  
Costar, 2021



# Aurora Corridor Shoreline, Washington

June 2015 Streetview



The Current Shoreline - Under Construction – 330 Units



Paceline Apartments – 2018 – 221 Units



Costco– 1993 – 254,000 Square Feet



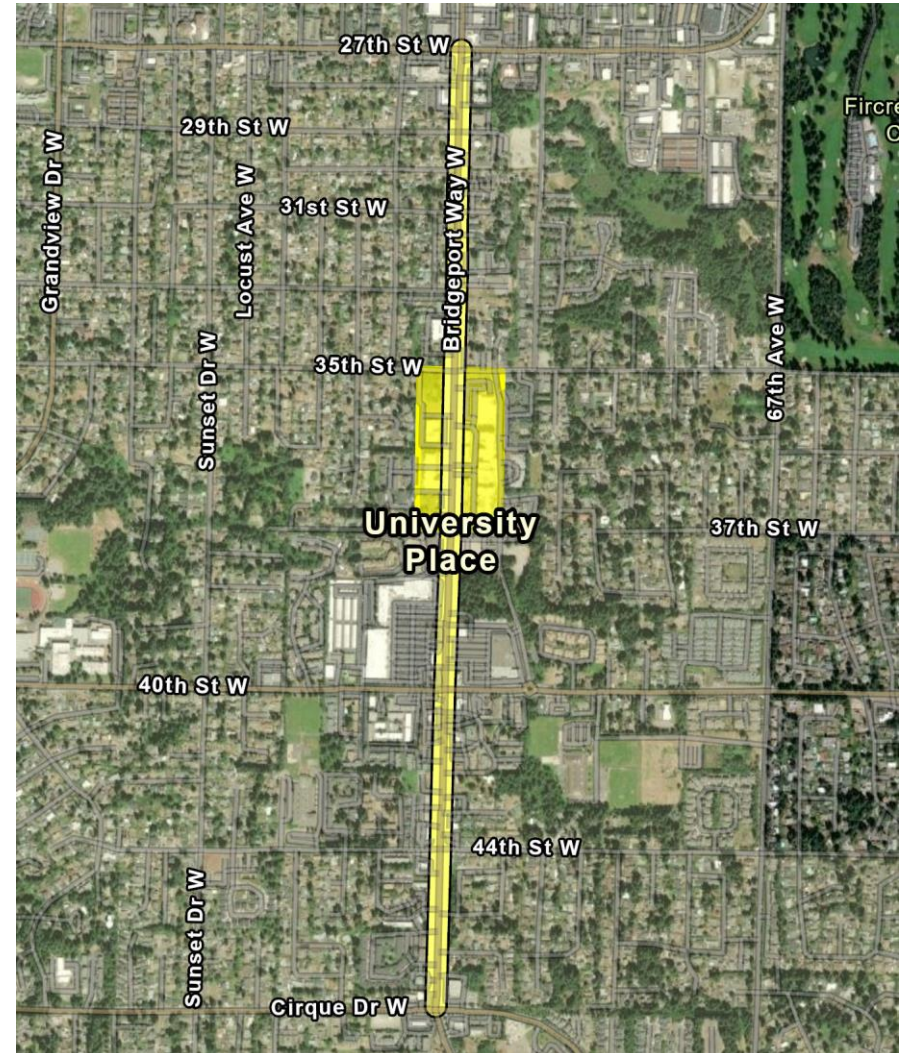
June 2019



# Bridgeport Way

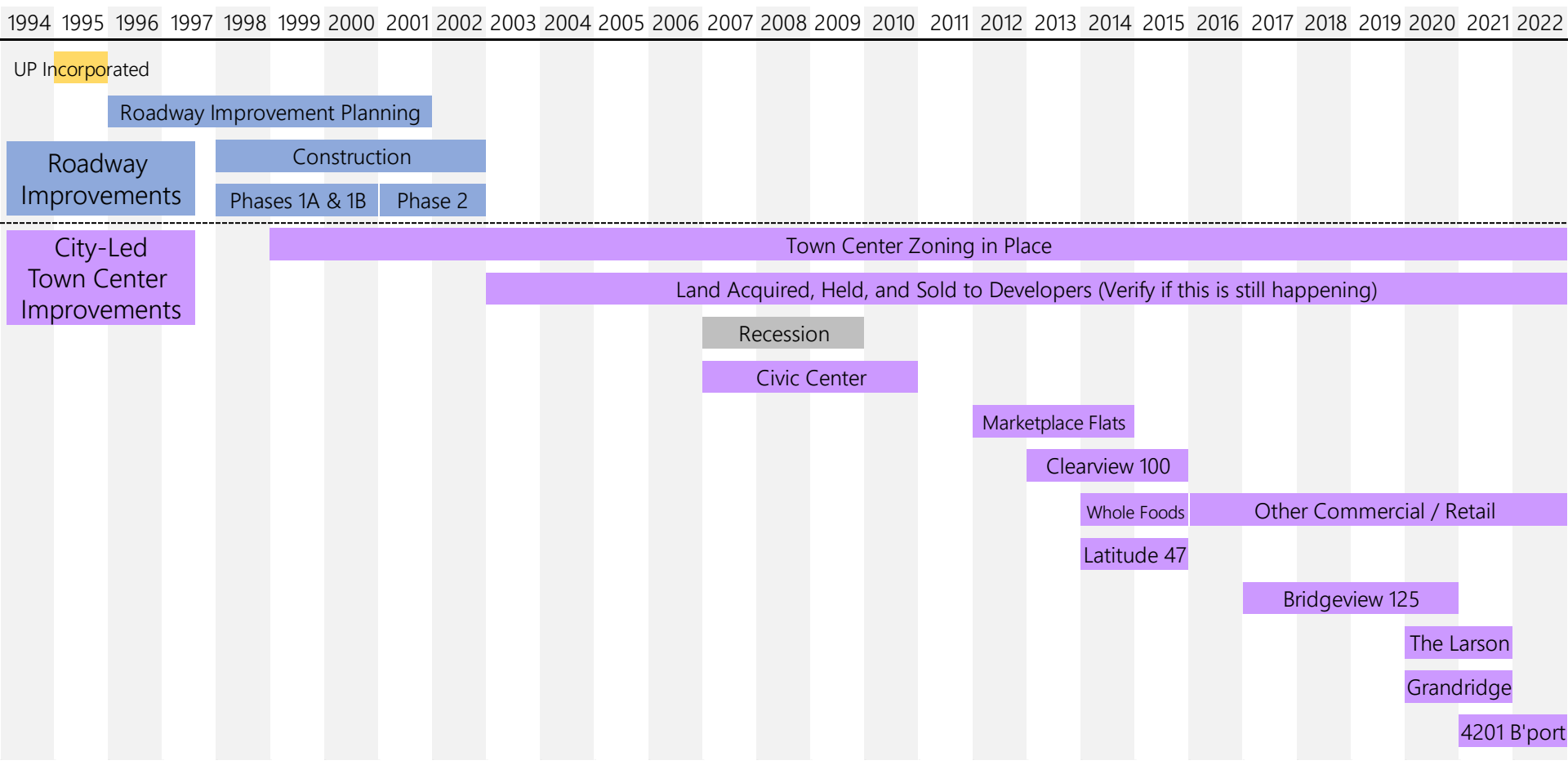
## University Place, Washington

- 1.5-mile state highway corridor
- Initial goals were to add sidewalks and increase pedestrian and driver safety
- Includes a substantial Town Center component
- The City of University Place not only completed corridor redesign, it also acquired 22 acres of property, built a parking garage, and conducted public-private partnerships (PPPs) to bring in Whole Foods, 500 housing units (3 projects), a new City Hall and library, plaza, etc.
- Most redevelopment is nodal (Town Center)
- Estimated \$270 - \$320 million in private investment from Town Center development
- Private market has not been catalyzed into action: about \$2 in private investment for each \$1 in public investment (Kevin Briske)



# Bridgeport Way

## University Place, Washington

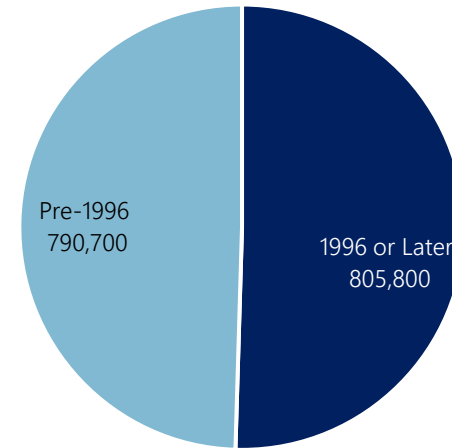


# Bridgeport Way

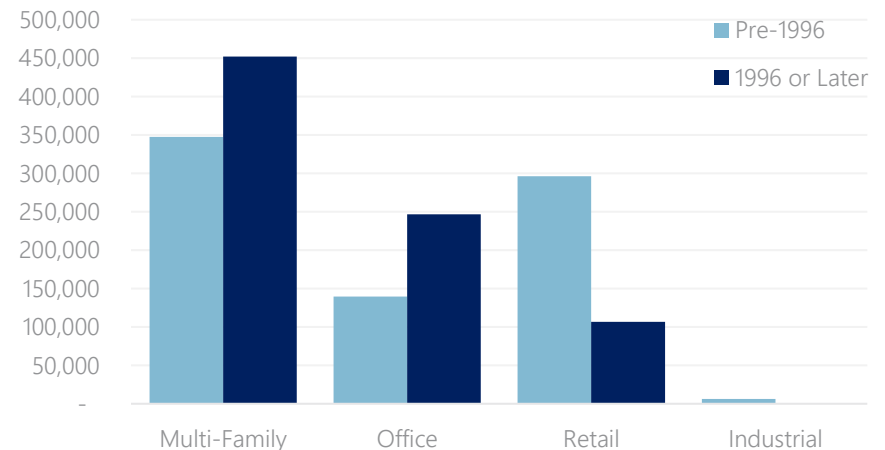
## University Place, Washington

- 50% of development square feet took place prior to the roadway improvements that began in 1996
- 50% of development took place after roadway improvements began in 1996
- Similar to the Aurora Corridor, more of the corridor's retail development was built prior to 1996
- Since 1998, multi-family and office development are more prevalent than they were before 1998
- 65,500 square feet of retail and office buildings dating from the 1960s to 1990s were demolished

Square Feet of Development  
Pre- and Post-Roadway Improvements  
Costar, 2021



Types of Development by Square Feet  
Pre- and Post-Roadway Improvements  
Costar, 2021



# Bridgeport Way

## University Place, Washington

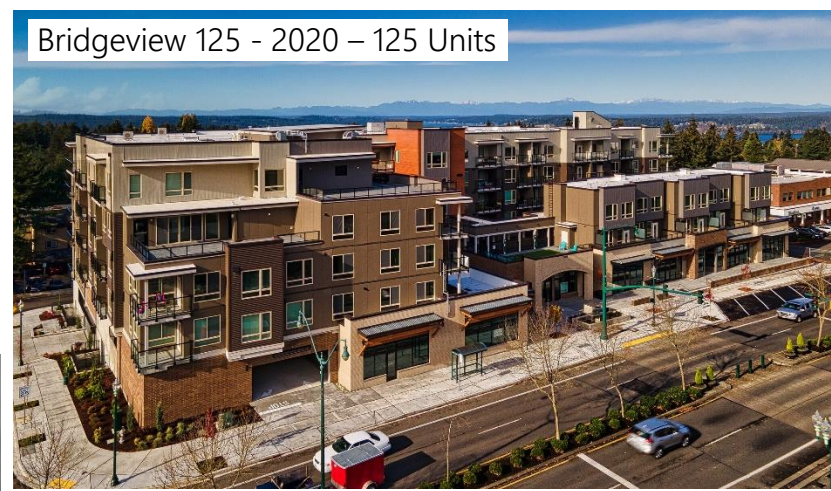
September 2007 Streetview



November 2018



Bridgeview 125 - 2020 - 125 Units



Latitude 47 - 2015 - 170 Units



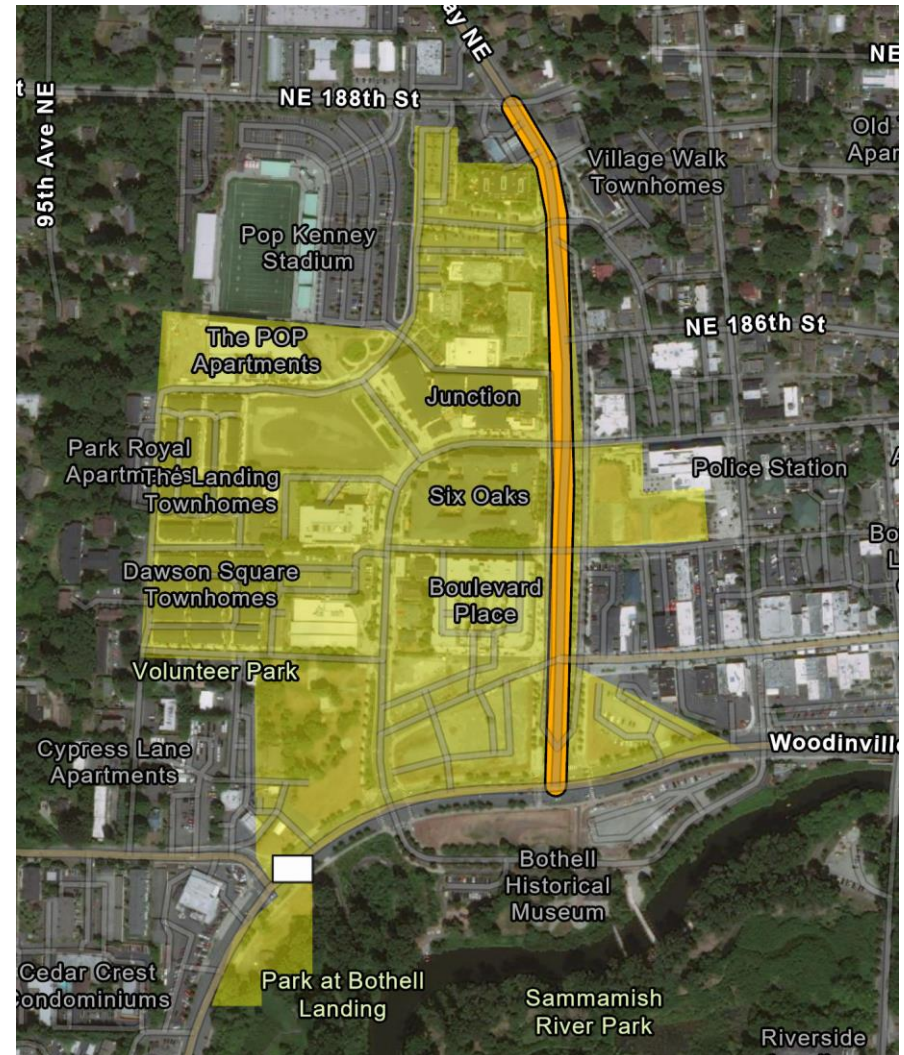
Clearview - 2011 - 155,000 Square Feet



# Bothell Way

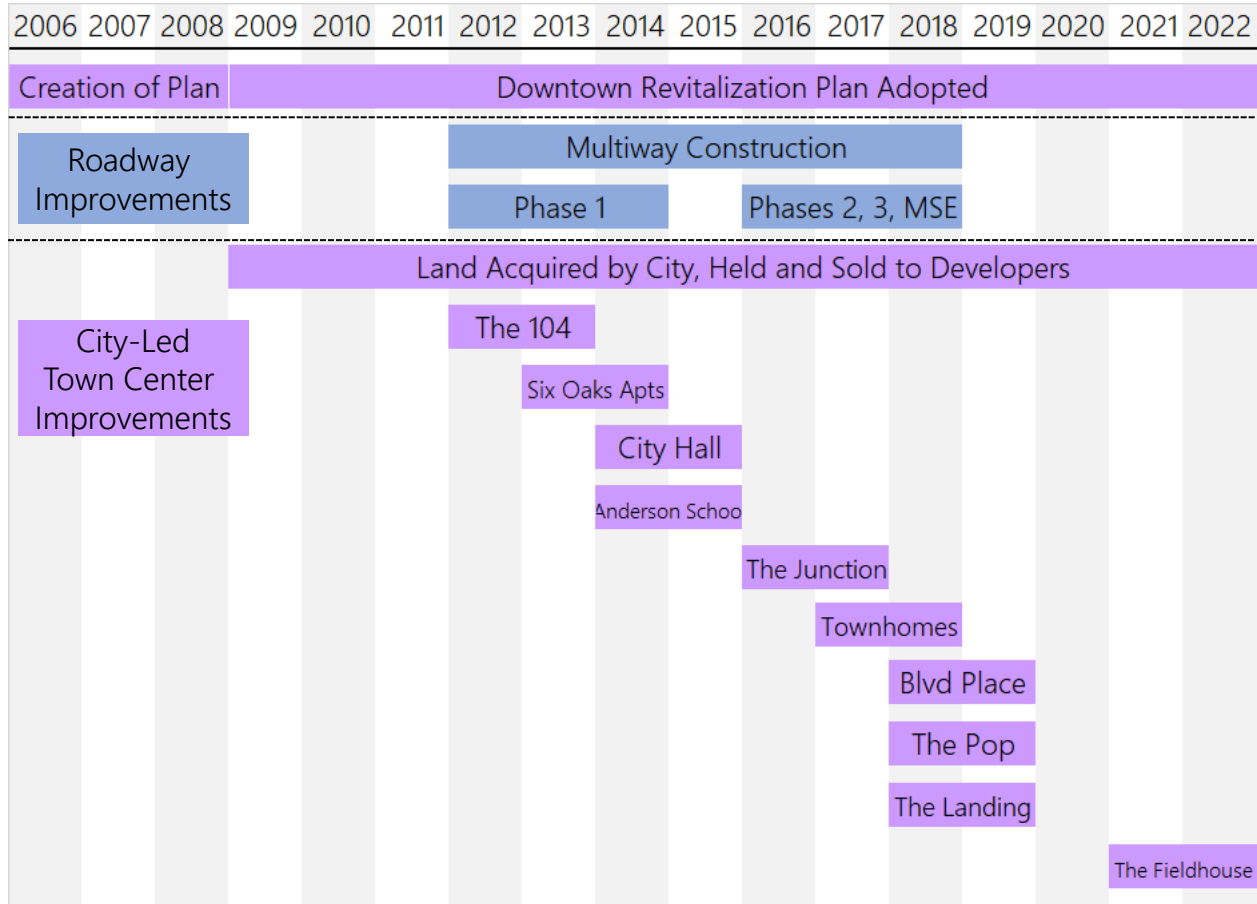
## Bothell, Washington

- 0.37-mile former state highway corridor
- Goal was to transform downtown portion of Bothell Way into a “multiway boulevard” with parallel outer roadways for slower vehicles, pedestrians, and bicyclists
- City bought 20+ acres of land for the purpose of creating a downtown
  - Components include:
    - City Hall (2015)
    - Multifamily
    - Townhomes
    - Hospitality
- Total downtown area shown here totals 45 acres



# Bothell Way

## Bothell, Washington

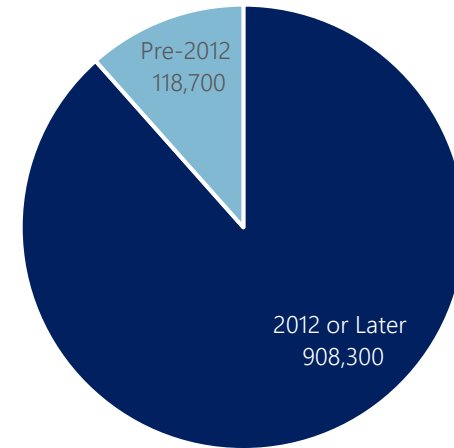


# Bothell Way

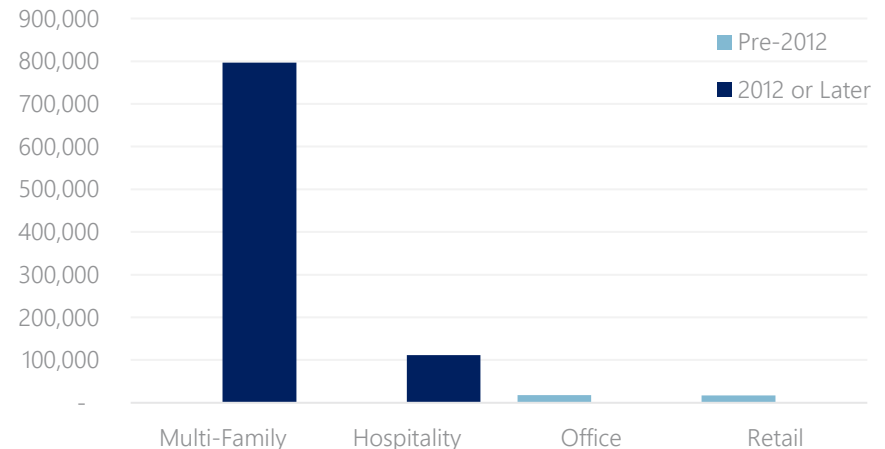
## Bothell, Washington

- 12% of development square feet took place prior to the roadway improvements that began in 1996
- 88% of development took place after roadway improvements began in 1996
- 95,000 square feet of buildings constructed during the 1940s to 1960s were demolished for new development (not included in pie chart)
- Similar to the other case studies, retail (and office in this case) was built prior to the roadway improvements and city-led development efforts that began in 2012
- Since 2012, the bulk of development has been multi-family, with a small amount of hospitality. There are parcels available for commercial development, but no new retail or office has been built since 2012.

Square Feet of Development  
Pre- and Post-Roadway Improvements  
Costar, 2021



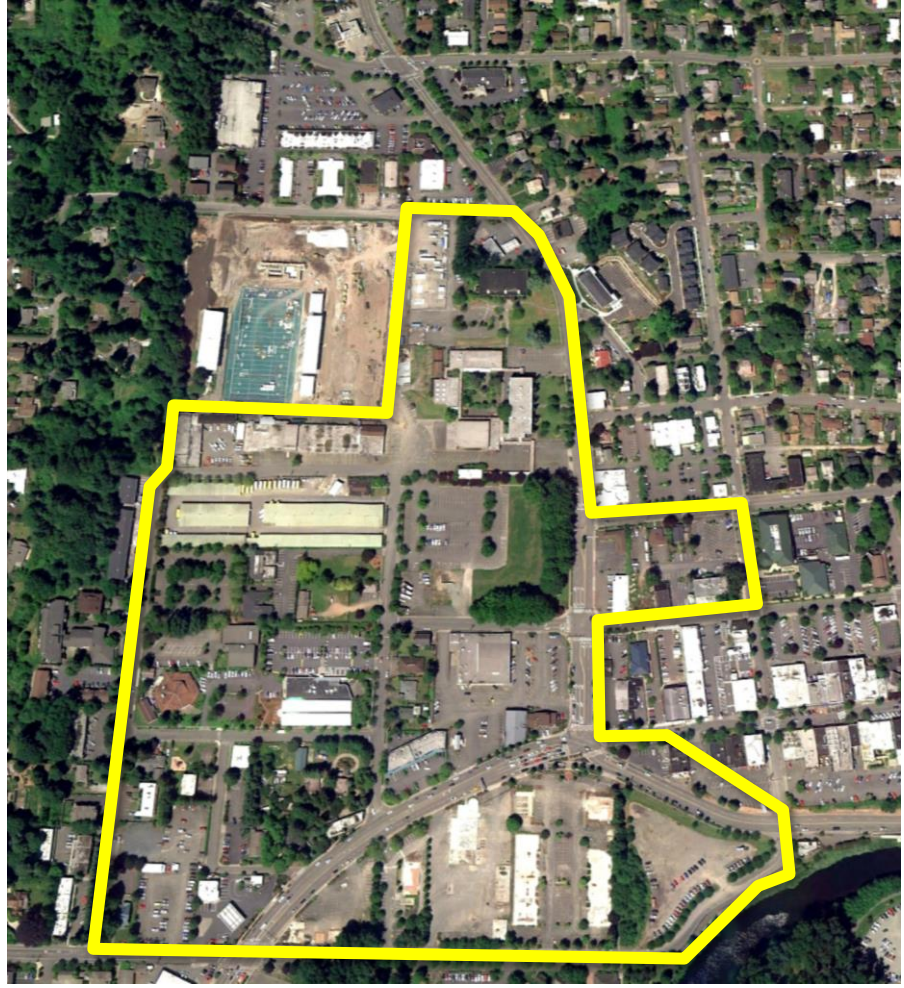
Types of Development by Square Feet  
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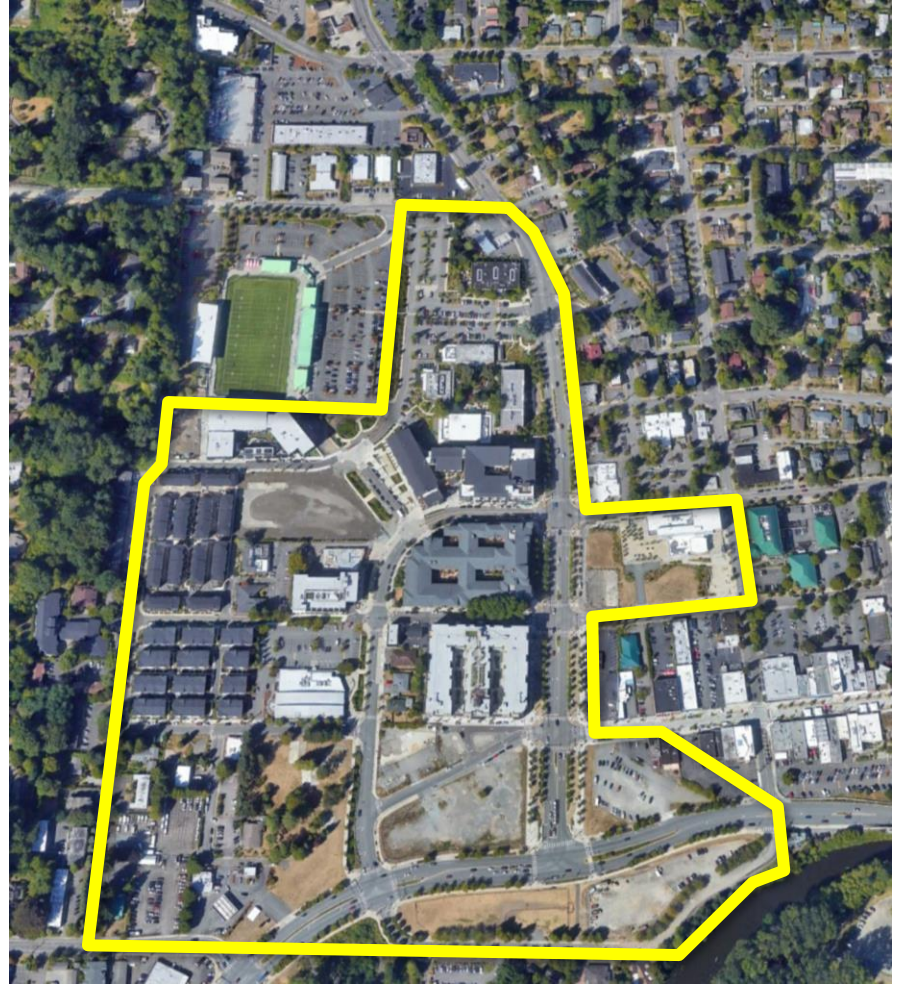
# Bothell Way

## Bothell, Washington

June 2010



August 2020



# Bothell Way

## Bothell, Washington

November 2015 Streetview



June 2019 Streetview



Six Oaks - 2014 - 203 Units



The Junction - 2018 - 130 Units



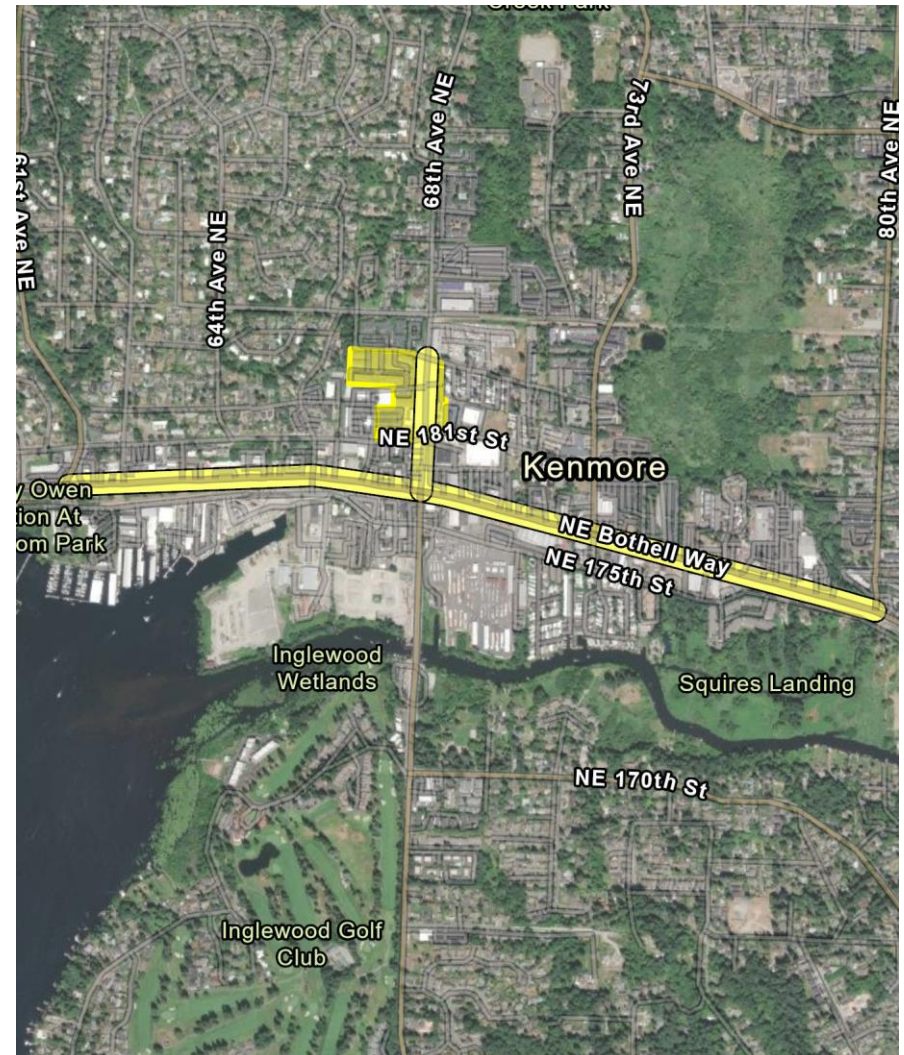
Anderson School Hotel - 2015 - 72 Rooms



# 68th Street

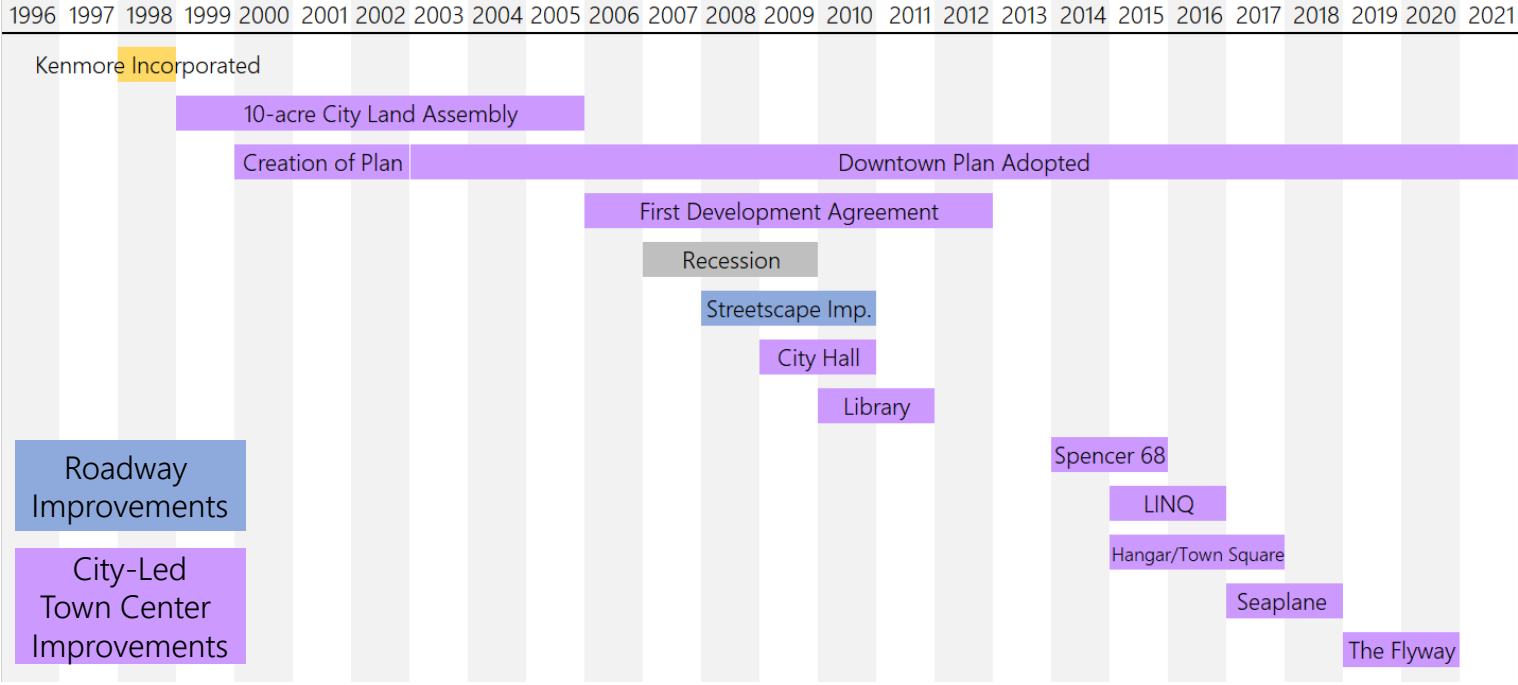
## Kenmore, Washington

- 1.7-mile state highway corridor + 0.2 mile local street
- Goal was to add pedestrian facilities and create a downtown
- City acquired 9.6 acres of land for the purpose of creating a “downtown”
  - Components
    - City Hall (2010)
    - Library (2011)
    - Hangar/Town Square (2017)
    - Multifamily
    - Restaurant
- Total downtown area shown here measures 10.7 acres



# 68th Avenue

## Kenmore, Washington

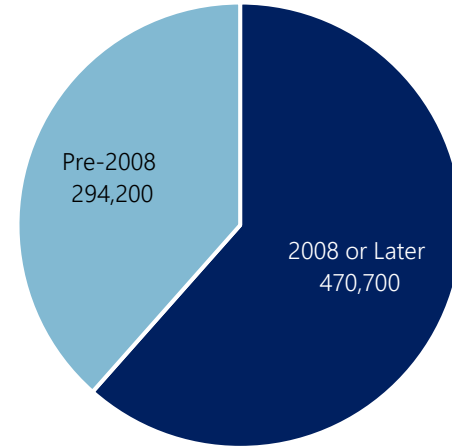


# 68th Avenue

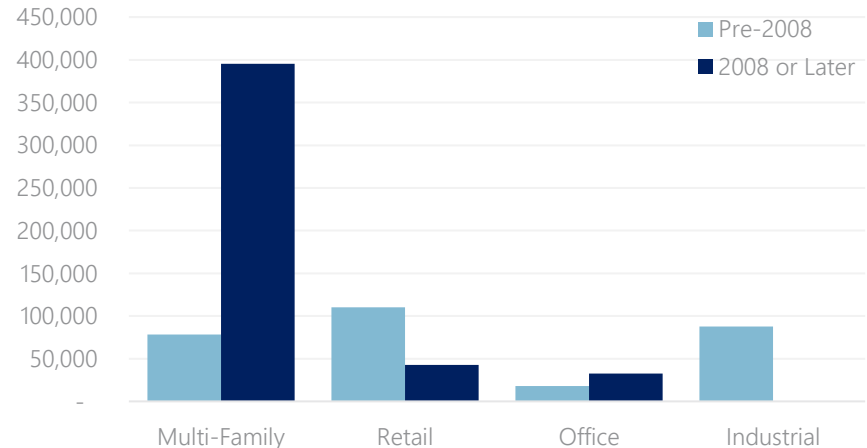
## Kenmore, Washington

- 38% of development square feet took place prior to the roadway improvements that began in 2008
- 62% of development took place after roadway improvements began in 2008
- 46,300 square feet of buildings from the 1960s – 1970s were demolished for new development (not included in pie chart)
- Similar to the other case studies, more retail (and industrial in this case) was built prior to the roadway improvements that began in 2008
- Since 2012, the bulk of development has been multi-family

Square Feet of Development  
Pre- and Post-Roadway Improvements  
Costar, 2021



Types of Development by Square Feet  
Pre- and Post-Roadway Improvements  
Costar, 2021



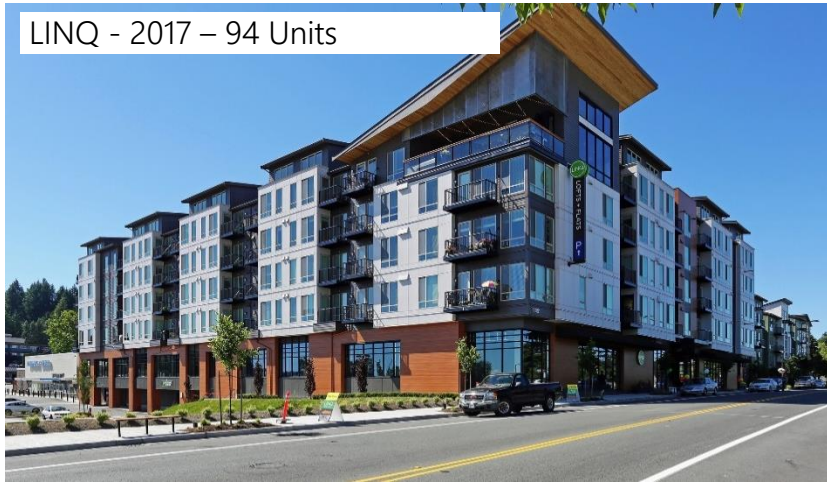
# 68th Avenue Kenmore, Washington



August 2011 Streetview



October 2018 Streetview



LINQ - 2017 - 94 Units



The Hangar & Town Square - 2017



The Spencer 68 - 2015 - 222 Units

# Market Conditions

National & Regional Trends

Local Market Overview

Opportunities

Challenges

Development Character

Focus Areas

# National Trends

## Overview

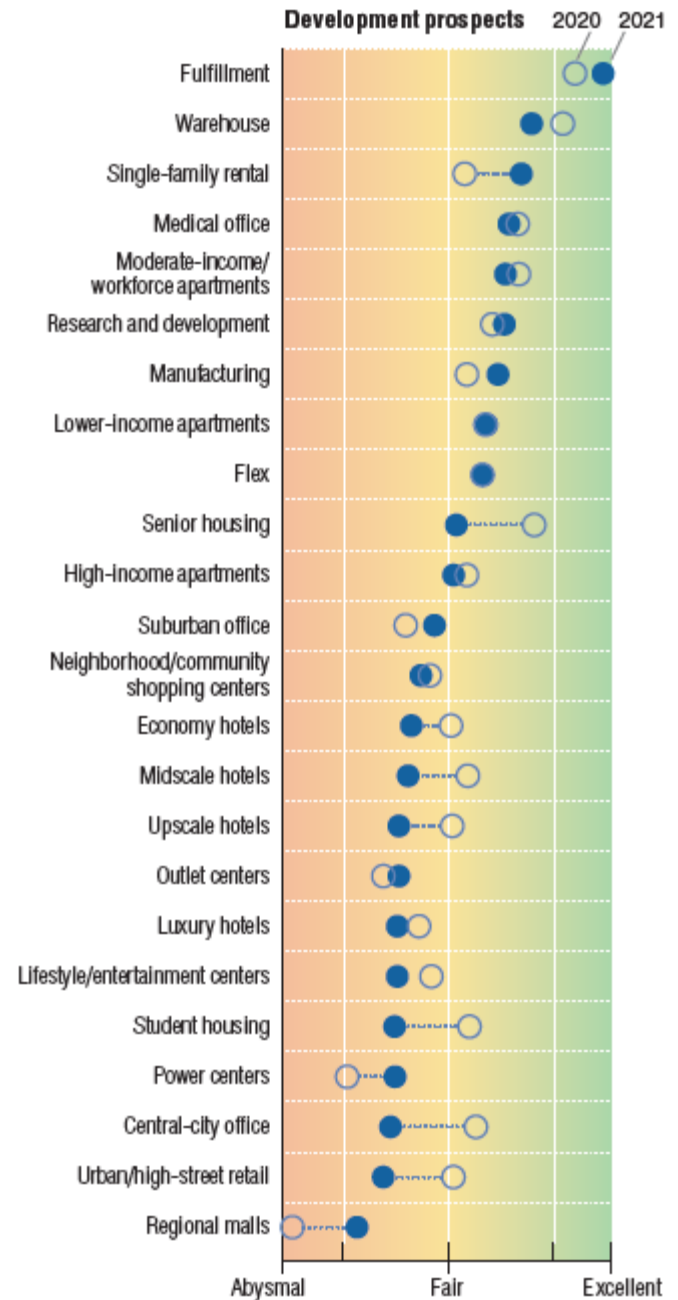
The figure at right from the Urban Land Institute’s annual Emerging Trends publication displays the development prospects for a variety of land uses in 2020 and 2021. Industrial, medical office, and housing products are considered the most promising development types.

The ongoing COVID-19 pandemic is one of, if not the most significant market disrupter for many decades. It has impacted the market in a number of ways, including:

- Increasing pent-up demand for housing (rental and owned) as a result of a constrained supply
- Increasing demand for suburban or outlying locations as people seek housing options in more affordable areas that provide access to recreational opportunities

There were several trends that had emerged pre-pandemic that are set to continue as the recovery ensues. These include:

- E-commerce’s increasing market share of retail (ecommerce increased by 30% during the pandemic) and the continuing fall of regional malls.
- Demand for experience-based commercial (retail and employment)
- Rising demand for health services and senior housing product as the population ages



Source: ULI Emerging Trends

# Regional Development Trends

## Market Area

Development along the Martin Way Corridor is impacted by the surrounding area, including downtown Olympia, JBLM, and Hawks Prairie.

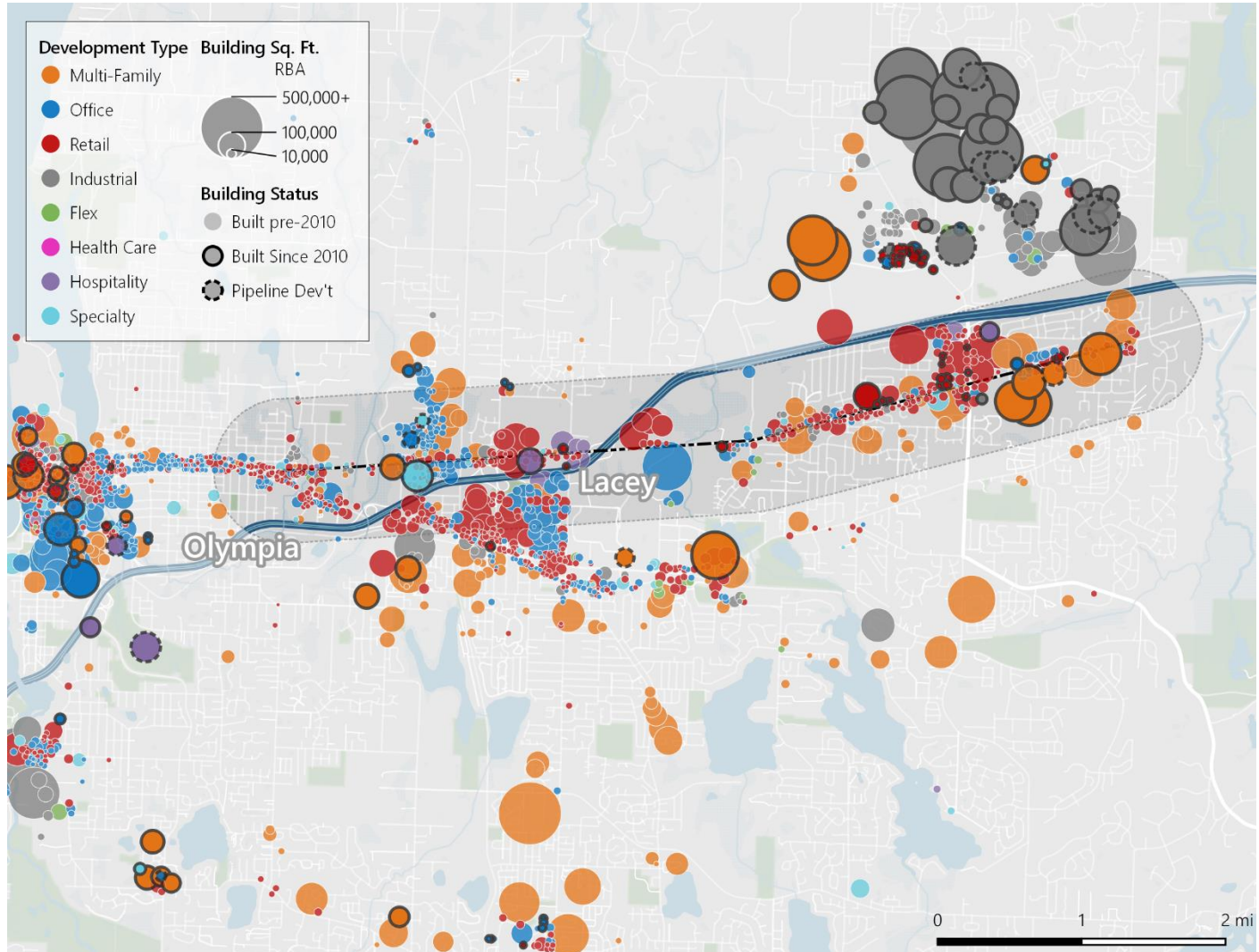
**Housing** development has seemingly occurred in tandem with this growth. New multifamily apartments have featured heavily in the Martin Way Corridor, accounting for 66 percent of all new development since 2010.

Clusters of **retail** space are primarily located near the corridor's I-5 interchanges.

**Office** space and healthcare uses are almost entirely located in Olympia.

A substantial amount of **industrial** development has occurred to the northeast of the corridor, bringing major employment growth.

**Hotel** development, including a new project, has clustered near College Street.



Source: Costar

# Regional Market Trends

## Multifamily Residential

**The national multifamily market** stabilized in early 2021 after a 2020 that saw weakening market dynamics. Seasonality, widespread vaccinations, an improving economy, additional fiscal stimulus and a return of office workers will all contribute to further multifamily market improvement.

**The regional market shows positive indicators for new development.** Regional population growth over the past decade has been robust, largely thanks to the economic resilience of the Puget Sound region and high levels of inflow migration from those priced out of larger cities. During a time when office-using employees can work from anywhere, lower priced markets like Olympia and Lacey have benefitted. The primary competition for apartment development for the Martin Way Corridor is Downtown Olympia and further south along Ruddell Road and Yelm Highway.

**Vacancies have remained tight** at less than five percent over the past few years, even with a protracted wave of new development. An influx of renters from bigger cities during the pandemic has created a strong demand base for apartments. Rent has historically been lower than the national average, but rents have grown swiftly over the past decade due to relatively tight vacancies. Rent growth has maintained strong levels despite the pandemic.

**The region benefits from relatively consistent renter demand** as a result of the high proportion of blue-collar workers, government employees, students, and a younger-than-average population. There are several colleges in the area, including St Martins in Lacey. Local colleges have long been a perennial source of rental housing demand, but the transition to distance learning could soften absorption in areas that cater to students. Over a longer timeframe, the ageing population is expected to increase demand for senior housing products.

Prior to the pandemic, investors targeted the Olympia metro market due to these steady demand drivers and relative affordability to nearby Seattle. Sales volume since then has slowed though, due in part to the implementation of the graduated real estate excise tax (REET) in January (according to some developers) and a pullback in investment as a result of economic uncertainty.

**Construction has surged recently.** The market area has experienced a construction surge, with 2,200 units opening over the past five years and 140 units under construction (reflecting one-quarter of total inventory). Development activity has mostly been focused on garden style apartments in Lacey and Olympia proper (outdoor-style complex up to three stories in height—i.e., low rise—and usually have parking surrounding the complex in surface lots). Notable recent deliveries include The Wolff Company's 240-unit Martingale, which opened in Lacey in early October 2020. Projects under construction include the 48-unit Mulberry Place near Lacey. This garden-style community is set to open in mid-2021 with a unit mix that contains mostly one-bedrooms, a relatively new phenomenon in the Olympia market.

# Local Market Conditions

## Recent Multifamily Development

Of the 14 new projects built in the last five years or currently under construction, six have been multifamily. Only Merritt Manor is in Olympia, the other five are clustered in Lacey. Images from each project are included at right in the order each project is listed in the table.

Each of these projects are low-density (3-4 story), surface parked (versus a structured parking garage), and wood-framed construction. This is considered the cheapest construction type. Market-rate rents for new projects are upwards of \$2.00 per square foot, which is considered an important threshold for increasing the feasibility of higher density (and more expensive) projects. However, this recent rent growth has been outpaced by the rapidly increasing cost of construction.

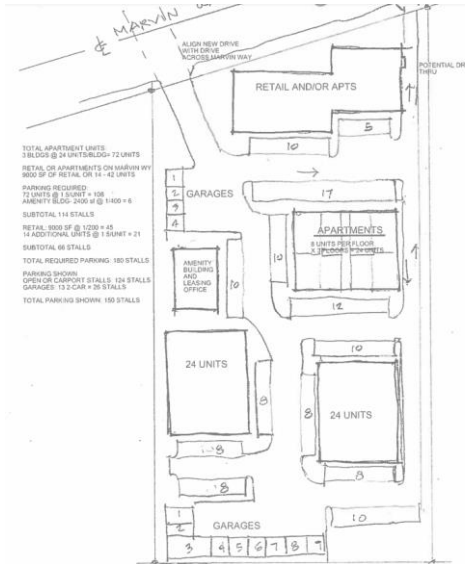
Project Name	No. Units	Year Built	Rent Type & Avg. Rent Per Square Foot	Lot Acres	Units per Acre
Merritt Manor	82	2020	Affordable (\$1.22 PSF)	5.72* (2.95)	27.8
Martin-gale	240	2020	Market (\$2.17 PSF)	32	21.4
Revel Lacey	135	2018	Independent Senior Living	6.66	20.3
The Marq on Martin	248	2017	Market (\$2.06 PSF)		20.6
Copper Wood	228	2017	Affordable (\$1.09 PSF)	9.66	23.6
8819 Martin Way	96	Under Constr.	Market	3.54	27.1



# Development Example

## Gayteway Apartments

Address	8819 Martin Way
Units	96
Uses	Market-rate Apartments
Acres	3.54
Density	27 units per acre
Parking	120+ surface
Zoning	MHDC



JCA GAYTWAY AT HAWKS PRAIRIE  
LAWRENCE, IOWA

JOHN CRANES ARCHITECTS AND PLANNERS  
JULY, 2018

Development character is consistent with recent multifamily construction (3-story, surface parked)

- Original application included potential ground floor retail, highlighting the potential challenges of mixed-use development in the MWC.
- Site plan reflects minimum lot acreage needed for similar development types
- Sold in June 2018 for \$1.5 million (\$9.7 per square foot); \$15,600 per door

Year	Building Value	Land Value	I:L Ratio
2021	\$0	\$1.31m	0
2020	\$522,600	\$1.34m	0.39
2019	\$395,000	\$1.36m	0.29
2018	\$439,200	\$1.15m	0.36

Site conditions during at sale (2018):



Anecdotal evidence from developers indicate that land must now cost \$10,000 to \$15,000 per door in order for projects to pencil.

# Market Trends

## Retail

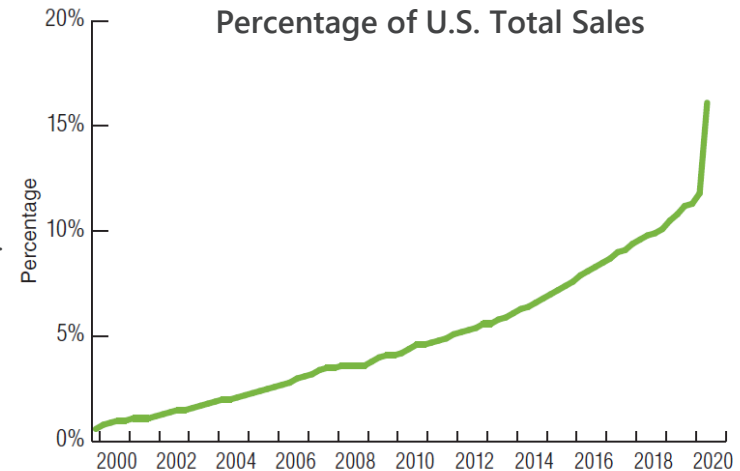
**National Trends.** The commercial real estate environment, and particularly the retail sector, remains uncertain thanks to the pandemic and ecommerce's ever-increasing share of the market. It is probable that retailers will continue to face turbulence for the foreseeable future, impacting demand, rent growth, and capital markets in the process.

**Regional Trends.** The market area contains 6.1 million square feet of retail space. Retail space per new resident has been steadily declining for the past few decades, averaging about 200 square feet of new space in 2000 to practically zero in 2020. While approximately 100,000 square feet of new space is proposed in the corridor over the next few years, this trend is set to continue as consumer habits shift and ecommerce captures an increasing share of the market.

**Local Trends.** The Martin Way Corridor is dominated by two main retail centers: the South Sound Center (Woodland District) and Hawks Prairie Village Mall and the nearby big box centers, all in Lacey, which includes Walmart, Costco, Best Buy, and Home Depot. Despite the aforementioned challenges, each center is considered strong performers with few vacancies, relatively high average rents, and national credit tenants. Rents generally average between the high \$20s to the high \$30s per square foot. Based on LCG's understanding of the market—supplemented by stakeholder interview findings—demand is expected to continue for quality retail with strong anchors in eastern sections of the corridor, especially as residential growth continues in the region.

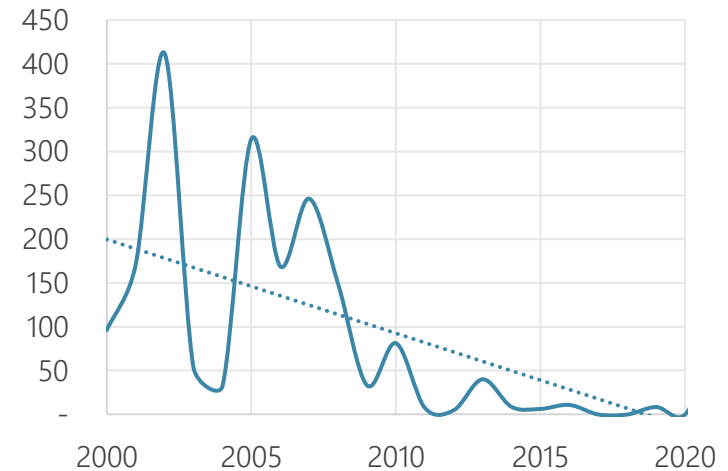
However, there are few locations along the corridor that could accommodate this type of development—nor does it fit with the vision for the MWC. New commercial spaces in mixed-use buildings may be feasible as market conditions improve. These tenants may include foodservice or drinking establishments, medical offices, or small professional or financial services.

**E-Commerce Retail Sales as a Percentage of U.S. Total Sales**



Source: U.S. Census Bureau

**New Retail Space per New Resident, Market Area**



Source: Costar, ESRI

# Market Trends

## Office

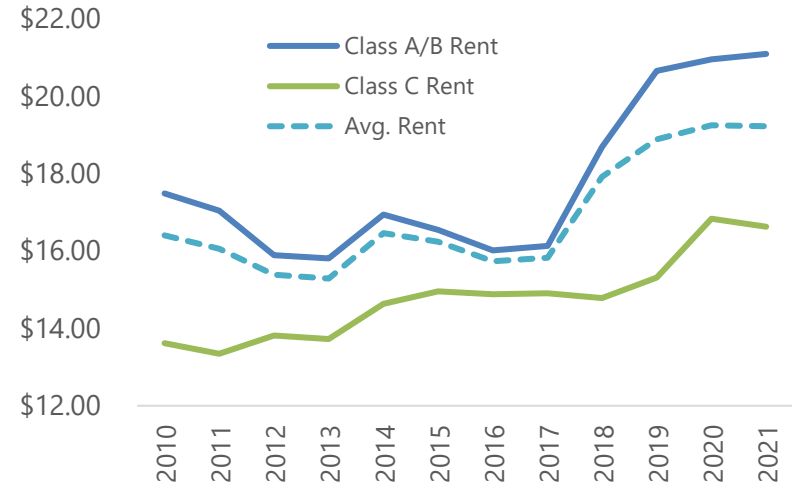
**National Trends.** With continued easing of pandemic-related occupancy restrictions, flexible space options are increasingly becoming a key component of companies' short- and long-term strategies for returning their workforces to the office. The rise of remote working over the past year has greatly accelerated the acceptance of flexibility in terms of where and how employees will work. This may include allowing employees to work outside of the traditional central office location and from certain satellite locations nearer their homes.

**Regional Trends.** The local office market, which includes medical office, totals 3.1 million square feet of inventory. Downtown markets remain disproportionately impacted by the COVID-19 pandemic, although the Puget Sound region's office employment, which is concentrated in the tech industry, is relatively insulated from long-term employment loss.

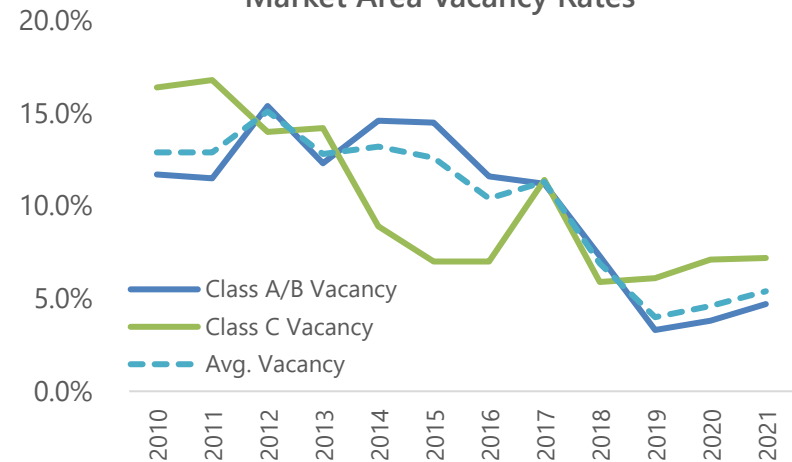
**Local Prospects.** While the office outlook is unclear, trends suggest a more positive outlook for local office prospects in the Olympia-Lacey market area, particularly given the stability that the government and healthcare sectors bring. While rents in older, more dated buildings have stagnated, rents for newer Class A/B space (which typically possess the highest-quality amenities, construction, access, and management) experienced significant growth between 2019 and 2020. There is only one Class A office space in the Martin Way Corridor—a 28,000 square foot medical office building on Lilly Road that was built in 2006. All office deliveries over the past 20 years have been Class A and B.

New development is likely to cluster near existing developments in the western sections of the Martin Way Corridor, especially near the existing healthcare cluster.

Market Area Rents



Market Area Vacancy Rates



# Market Trends

## Hotel

**National trends.** Nationwide annual hotel demand dropped by 37% in 2020, with U.S. hotels suffering the worst annual occupancy level in 2020 since the Great Depression in the 1930s. Social distancing continues to constrain group demand and convention hotels suffered the greatest declines in profits because of the slowdown in office-using employee travel. Leisure travelers remain the most dependable source of demand for U.S. hotels.

**Regional trends.** Almost every hospitality metric available show historic lows for the Southwest Puget Sound due to the COVID-19 Pandemic. Occupancy rates are hovering just over 50 percent, average daily room rates are about \$84, revenue per room is about \$48. None of these read well for new hotel prospects. Because of the risk and cost involved with hotels, they are usually a “follow-on” use. Hotel investors look for areas experiencing significant growth in high-income industry sectors, major tourism destinations, or other unique differentiators. Investors utilize STR (a data benchmarking company) reports to gauge the hotel market, and typically look for an occupancy rate of at least 70 percent across a spectrum of hotels.

The hotel industry is expected to bounce back as workers return to offices and business and leisure travel resumes. As the industry recovers, new investments will be made in proven locations with robust employment or tourism. Proximity to the state capital, JBLM, and substantial new employment growth in Hawks Prairie will likely drive long-term demand for hotels in the region.

The Martin Way Corridor is dominated by economic lodging with a limited number of midscale product. Demand for luxury and upscale lodging is typically limited to downtown environments or mixed use, walkable locations.

# Market Trends

## Industrial

**National Trends.** The national industrial & logistics market had its strongest year on record in 2020 despite a pandemic that caused a severe economic downturn. Tenants moved into facilities in droves to serve a rapidly growing online consumer base and increase their safety stock to avoid inventory disruptions that plagued the past year. All types of occupiers increased their presence in big-box last year to serve growing populations, be near expanding logistics hubs, and take advantage of new government incentive programs.

**Regional Trends.** The Puget Sound's industrial market is among the strongest in the nation, with growth fueled by the e-commerce, energy and life sciences companies that is delivering above-average returns for investors. Building values, land prices and rents are steadily increasing.

**Local Opportunities.** While the Martin Way Corridor could capitalize on these trends due to its proximity to I-5 and accessibility to major growth markets, these development types do not fit within the vision for the corridor. These developments also require large, vacant, flat tracts of land, which are unavailable in the corridor. We expect, the Hawks Prairie area, however, to continue to see major development of this type, creating many jobs and thereby generating additional demand for a variety of housing options, amenities, and services.

# Local Market Conditions

## Recent Commercial Development

Of the eight commercial projects built since 2015 along the Martin Way Corridor, two were self storage facilities and three were drive-through fast food restaurants. Two of the eight were built in the Olympia section of the corridor, including the Hampton Inn (top image). Most developments are single-story and surface parked, which is reflected by the low floor-area-ratios. These ratios are not reflective of a mixed-use, pedestrian-oriented environment.

Only one office building has been built—BioLife Plasma Services—a purpose-built medical development toward the eastern section of the corridor, reflecting the lack of office market strength.

Project Name	Sq. Ft.	Year Built	Development Type	Lot Acres	Floor Area Ratio
Olympia & Lilly Storage	127,000	2019	Self Storage	2.16	1.35
Hampton Inn, Olympia	85,500 (121 rooms)	2016	Hotel	4.26	0.46
Kingham St Pad Site	3,800	2016	Retail (multi-tenant)	0.82	0.11
BioLife Plasma Svcs	16,700	2016	Office	1.43	0.27
Lacey Self Storage	12,000	2019	Self Storage	3.76	0.07



Source: Costar

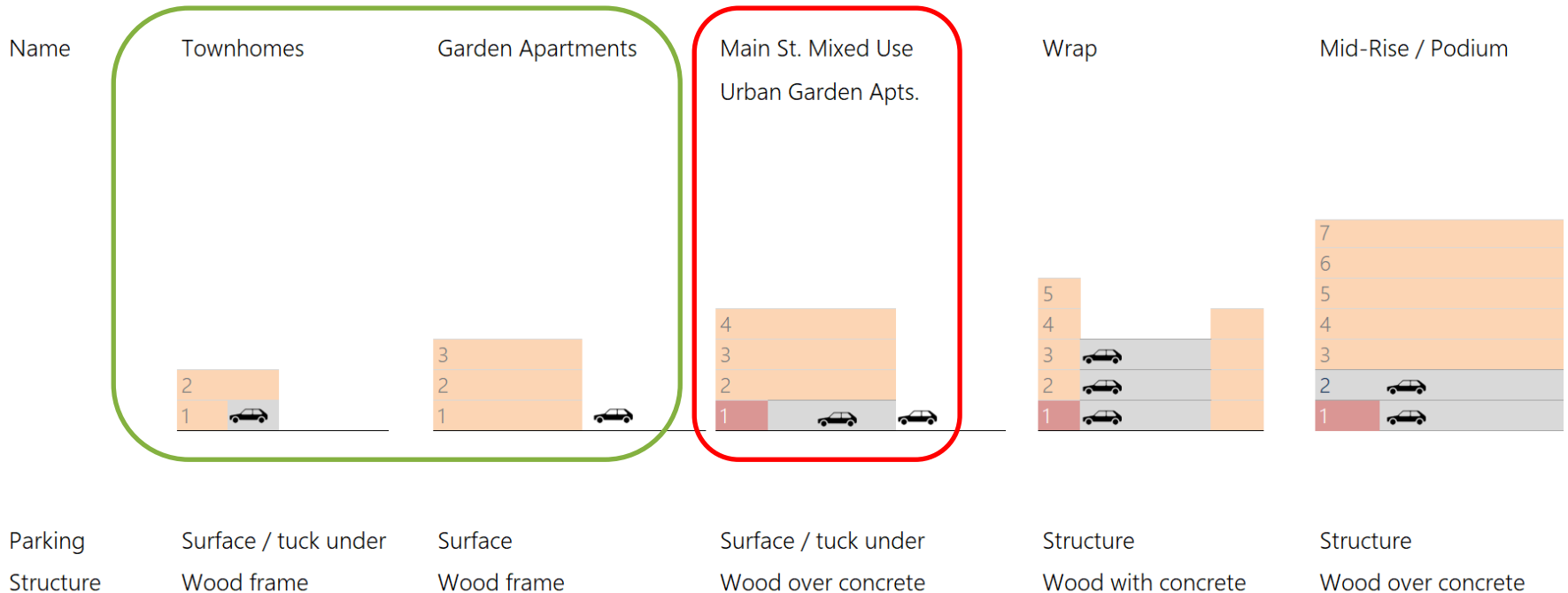
# **Land Uses & Development Character**

# Housing Prototypes

Much development is built within a series of “prototypes.” The way in which parking is provided (surface, tuck under, or structured) is a key influence on the physical form of these projects. Typical housing (multifamily) prototypes are shown below.

Development in the Martin Way Corridor has been consistent with Townhomes and Garden Apartments. Interviews with area developers indicate market momentum towards a Main Street Mixed Use development type, but only with public funding assistance or incentives.

## Housing



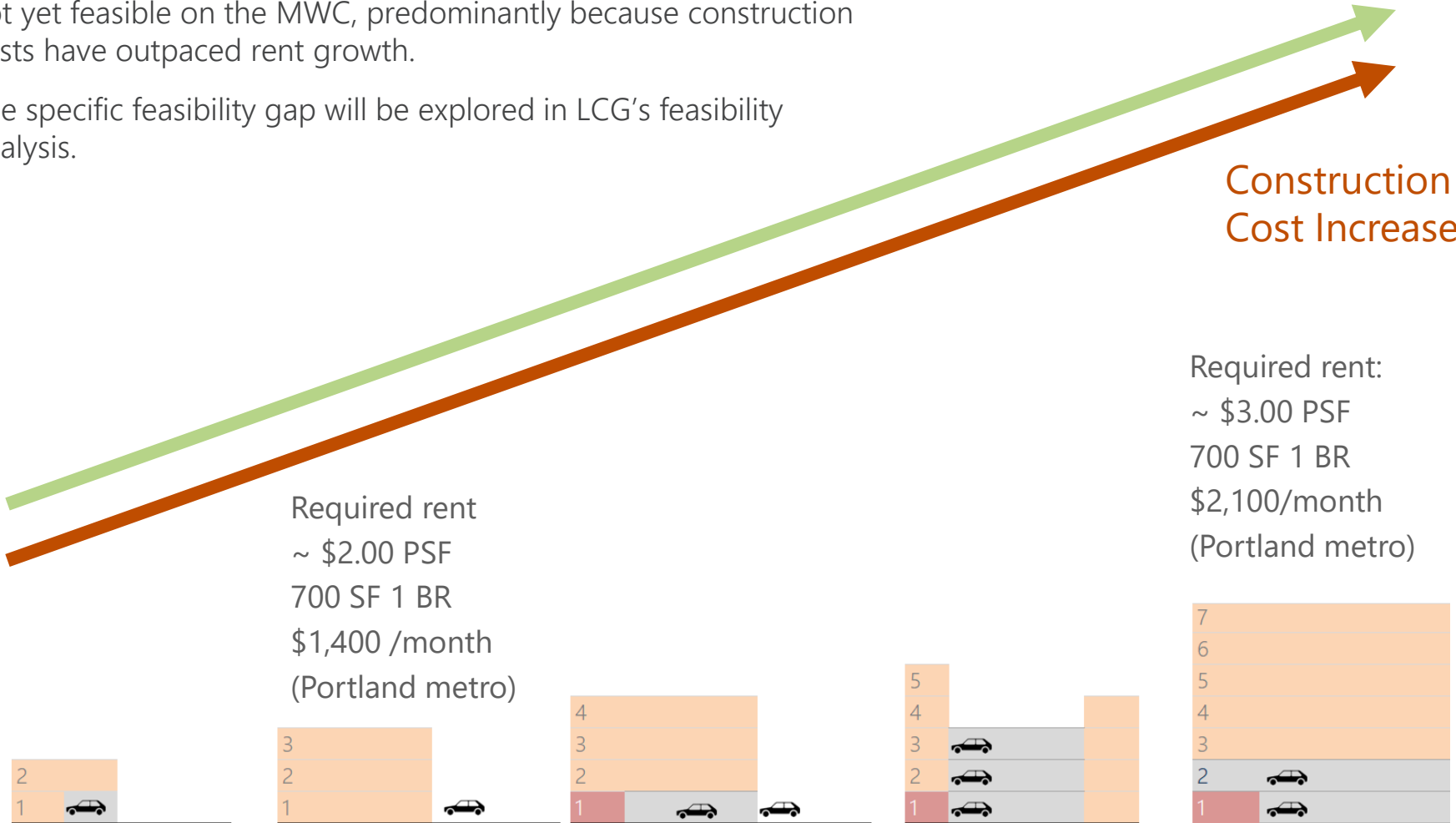
# Development Feasibility

The vision for a mixed-use, higher-density development pattern is not yet feasible on the MWC, predominantly because construction costs have outpaced rent growth.

The specific feasibility gap will be explored in LCG's feasibility analysis.

Therefore, **rent** must increase to create ROI

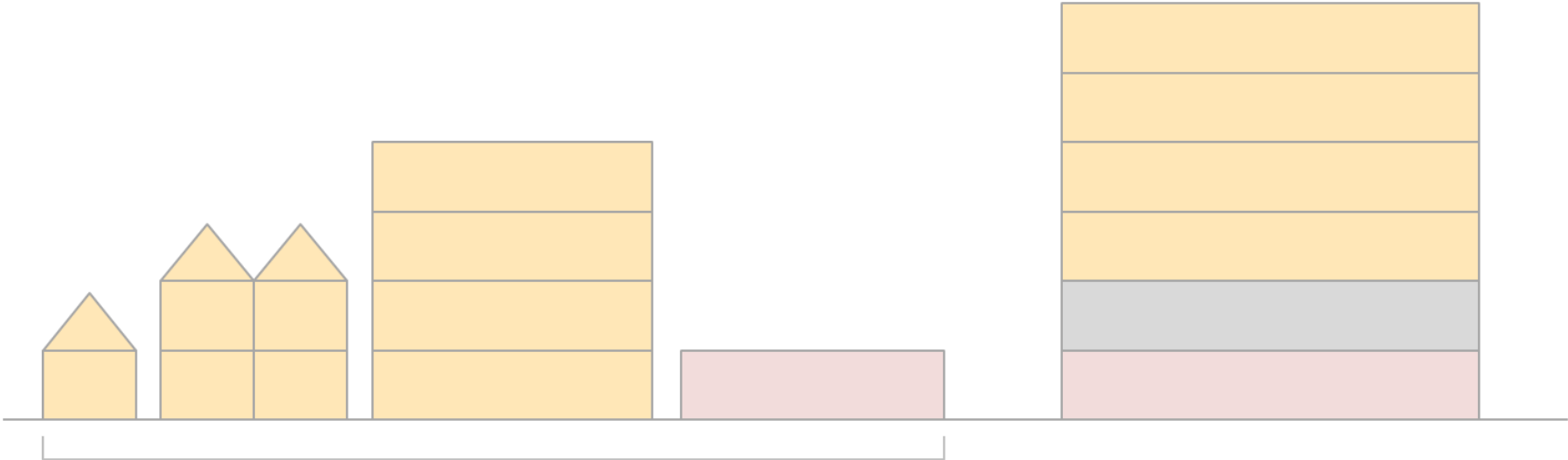
Construction Cost Increases



# Types of Mixed-Use Development

Less expensive

More expensive



## Horizontal Mixed-Use

Residential and commercial uses are mixed across the site, but not within buildings

## Vertical Mixed-Use

Residential and commercial uses are mixed within buildings

### Structured parking

Structural Elements:

Concrete podium/PT slab

Elevators

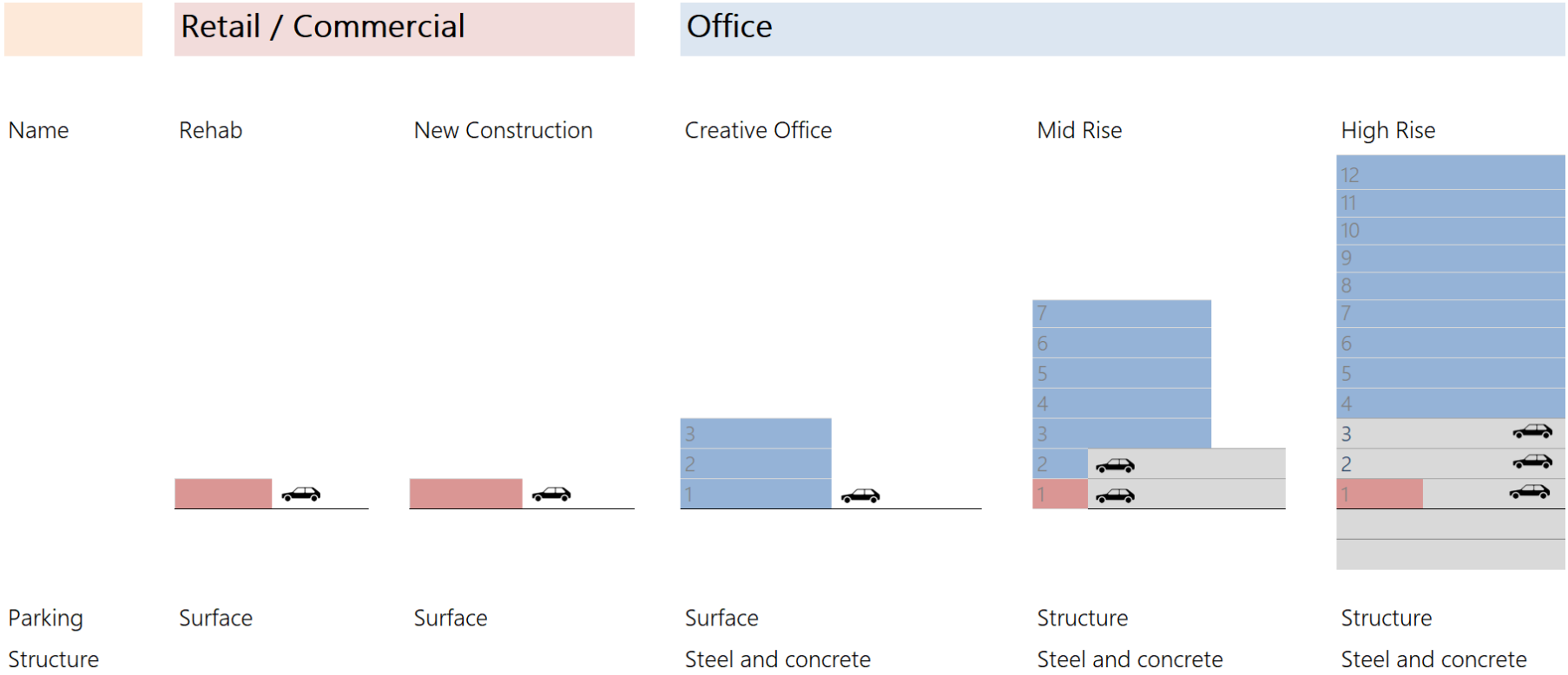
Circulation/interior stairways

Fire sprinklers and plumbing

Additional A/E and professional fees

# Commercial Prototypes

Typical retail and office prototypes are shown below. Like the housing prototypes, the way in which parking is provided (surface, tuck under, or structured) is a key influence on the physical form of these projects. For single-use retail projects, there may be new construction or rehab/renovation of existing retail/commercial buildings, since there are many of these buildings in the MWC and rehab is a likely type of development.



# Opportunity Sites

# Development Opportunity Sites



In LCG’s experience, cities are best served by selecting specific areas to focus investments. Areas that are likely to transition the most in keeping with the vision for the corridor include nodal areas (i.e., where major roads intersect) that contain one or more major development opportunities.

Leland Consulting Group identified six nodal areas of activity along the Martin Way Corridor.

The criteria for development opportunities sites include:

- Vacant or highly underutilized sites
- Larger than two acres
- Contiguous ownership
- Known investment properties

In Olympia, the combination of recent and planned private investments—particularly in housing and healthcare—and the need for improvements to the right-of-way, make Lilly Road a suitable candidate.

In Lacey, Martin Village is the major redevelopment opportunity, although it is unlikely to see the necessary private investment for full-scale redevelopment. More on this in the following pages.

In the unincorporated area of Tanglewild-Thompson place, Carpenter Road presents an opportunity for major redevelopment projects, especially if annexed into Lacey.

In the eastern section, recent development and upcoming projects have accounted for most of the vacant sites, although a few vacant sites remain unaccounted for.

# Sites: Olympia



While wetlands and natural areas are prevalent in this section and hinder development prospects the nodal area surrounding the intersection of Lilly Road and Martin Way has the highest density of both construction activity and development opportunities.

Several development projects are in the pipeline on existing vacant sites (not shown in the map at left). These include:

- An affordable 82-unit apartment project called Merritt Manor recently opened on the old Bailey Inn site just west of Stoll Road. A second phase of the project is understood to be market-rate, six stories tall, and contain structured parking. While it would be the first of its type along the corridor, the project is currently only conceptual and at least two years away from breaking ground. Its completion and success will provide a realistic depiction of market feasibility for similar developments in the future.
- Immediately south of Merritt Manor is another proposed market-rate apartment project called The Mulberry. Another 50+ unit market-rate apartment project is proposed in an undisclosed location.

Thurston County parcel data shows land holdings by several potential developers and indicates that private sector investments in the corridor are likely to continue increasing in keeping with the trends of recent years (as long as development is feasible).

The area between Nodes 1 and 2 is owned by Providence, who indicated a desire for development that would be in keeping with "Health Care 2.0." In LCG's opinion, this may include a mix of uses that provide housing or retail amenities for staff and customers.

# Sites: Lacey (West)

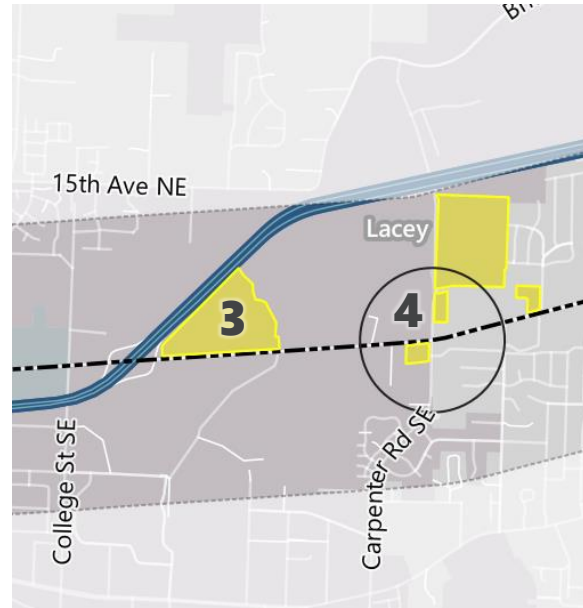
**Martin Village** is a 33-acres in the central part of the corridor (#3). It is adjacent to 10-acre park and ride and includes a Regal Cinema, a former Sears (currently vacant), retail pad sites along Martin Way, and a Burlington clothing store.

Visibility from I-5 is low and its isolation relative to other uses in the corridor make it a challenging site for brokers to re-tenant. As a weak performing center, the site may be a candidate for reuse or redevelopment. While mall redevelopments can often take advantage of consolidated landownership patterns and a sophisticated set of financing and regulatory tools, Martin Village has at least eight different property owners and CC&R restrictions are likely in place that limit redevelopment. Prospects are therefore likely very long term and require public acquisition and/or funding assistance.

While not fronting on, or within 0.25 miles of Martin Way, the 50+ acre gravel pit presents a significant opportunity for a major redevelopment project in the future. Many examples of gravel pit redevelopments have occurred throughout the state, and most include a mix of uses, including residential, retail, office, and recreation.

**The Carpenter Road Node** offers more readily developable opportunities (#4). Land is zoned CBD and supports higher density uses. At the southwest corner of Martin Way and Carpenter is a 3.1-acre site within the City of Lacey; other sites are on unincorporated land. A 2.5-acre parcel owned by Thurston County offers up the potential for a joint venture or disposition strategy.

While not fronting on, or within 0.25 miles of Martin Way, the 50+ acre gravel pit presents a significant opportunity for a major redevelopment project in the future. Many examples of gravel pit redevelopments have occurred throughout the state, and most include a mix of uses, including residential, retail, office, and recreation.



# Sites: Lacey (East)

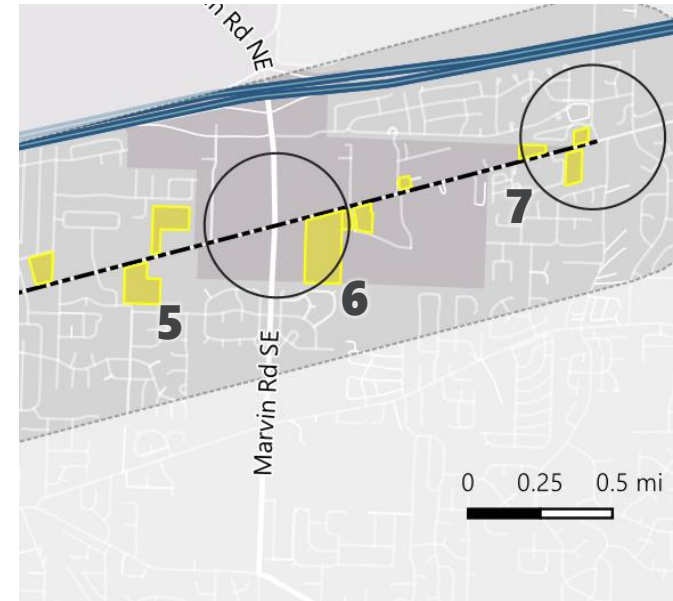
The eastern section of the corridor is dominated by shopping centers north of Martin Way along Marvin Road. While this area might appear like a prime infill opportunity because of the low-density environment and surface parking lots, the covenants, conditions, and restrictions (CC&Rs) that are implemented by retail property owners highly restrict development prospects. These centers are currently strong performers.

South of Martin Way and sharing a property line with the newly constructed Marq Apartments, there is a vacant 20-acre parcel (#6) owned by the Washington Department of Natural Resources. While plans for this site are unknown, if any, it is one of the few large vacant sites in this section of the corridor. Recent multifamily construction, proximity to the future Bus Rapid Transit route and nearby retail services, and access to several major employment growth areas, make this site highly attractive as a housing or mixed-use development. There are also two adjacent smaller (1-2 acre) sites fronting Martin Way.

On a related note, the future terminus of the Bus Rapid Transit route improves prospects for higher density development. However, in LCG's experience, transit is not a major driver of redevelopment; rather it is added value.

There are two "flag" lots in unincorporated Tanglewilde (#5). These sites are considered long-term redevelopment prospects given the industrial character of the surrounding area.

At the study area's eastern terminus (Meridian Rd, #7), there are three developable sites that surround the recently constructed Copper Wood Apartments. Housing and neighborhood-scale retail are appropriate in these locations.



# Conclusions

# Conclusions

## Key Takeaways

**Nodal Development.** There is not currently a central focus of investment in the corridor. Select locations are on the cusp of transitioning into a moderate density environment. Focusing attention to specific nodes with major development opportunities can give rise to a suburban town center typology—a mixed-use hub that offers entertainment, apartments, and offices.

**Development Timing.** Market conditions along the Martin Way Corridor still only support surface parked development typologies. The corridor is in transition, however, and may begin to see higher-density developments with a mix of structured and surface parking. From an investment perspective, opportunities include low interest rates, land availability, and rising rents. However, construction costs are expected to continue increasing at the current record pace, so it may take many years before this actually comes to fruition.

**Housing.** Demand is expected to remain strong for residential uses, particularly apartments. Pent-up demand, among other factors, has driven rents to levels that we believe are on the cusp of supporting higher density development types. The Martin Way Corridor is now a proven market for wood framed, walkup apartments but remains unproven for higher density or mixed-use developments with more experience construction types and structured parking.

**Retail.** While the Martin Way Corridor is saturated with retail space, particularly general merchandise and big box retailers, opportunities exist to promote smaller, independent retailers and restauraners that provide amenities and services to local workers and residents. Focused investments to the Martin Way streetscape and specific nodes may result in aesthetically pleasing public space and land uses that attracts new tenants.

**Office.** Office prospects are likely limited for the foreseeable future. Employment growth is expected to continue in the industries of government, healthcare, and warehousing and transportation. Government and healthcare-related office will likely be limited to Olympia in select locations. Professional and financial office may occur as part of mixed-use developments further to the east in the future.

**Industrial.** The vision for the Martin Way Corridor does not align with the current opportunities and trends in industrial development (big box warehousing and distribution). However, incremental improvements—particularly in the Tanglewild-Thompson area—to existing light industrial properties will likely have modest impacts on market conditions throughout the corridor.

# Conclusions

## Strategies and Tools

There are several strategies and tools available to cities to improve market conditions and support development that is in keeping with the vision for the corridor. Some tools are in place already and may be expanded, and others are yet to be implemented. This page provides a brief summary of the tools and strategies we will further explore in later tasks of this project.

**Tax Credits** provide a develop an incentives to construct specific housing types in targeted areas.

- The Low Income Housing Tax Credit program (LIHTC) provides a tax incentive to construct or rehabilitate affordable rental housing for low-income households.
- The Multifamily Tax Exemption (MFTE) currently exists in the western Olympia section of Martin Way and provides an eight to 12-year tax exemption on the building value of eligible housing projects. The program currently stops at Lilly Road.

**Bonuses and Waivers.** Cities can decide to waive certain fees for certain development types or award bonuses (density, parking) for including certain components.

**Public-Private Partnerships (PPPs).** PPPs do not have to be big joint ventures; cities can also agree to fund or construct infrastructure improvements that may be prohibitively expensive for developers. Partnerships with local colleges and healthcare institutions may provide additional opportunities.

**District-wide funding tools.** Tax Increment Financing is currently being debated by the State Legislature.

**Placemaking.** Public space, plazas, trails, and sidewalks are critical public investments for mixed-use environments. Local governments may need to construct the sidewalks and bike lanes through the critical areas rather than expecting development to build that infrastructure (since there won't be development in those areas).

**Phasing.** Developing large sites can often be done in a way that limits the need to take significant financial risks upfront. Infrastructure should be built incrementally and flexibly, using a variety of funding sources and financing tools.

**Property Acquisitions and Land Banking.** As land prices increase, rent growth may not be enough to cover the feasibility gap of higher density development types. Land banking (purchasing and holding land in order to preserve land for desired development types that might not yet be feasible) is one strategy to consider.

**Housing Action Plans.** Both Olympia and Lacey are in the process of looking into potential future actions or have already adopted a variety of strategies to encourage a range of housing options.

- Olympia has identified land write-downs (discounted land prices for city-owned property), density and height bonuses, streamlining the permitting process, revising development standards, lowering impact fees, and reducing minimum lot sizes
- Lacey's HAP recommendations are borne out of its affordable housing strategy to streamline affordable housing development.

**Identify Private and Nonprofit Champions.** Often these entities and individuals are able or willing to take more risks for a lower return on investment and can therefore enter the market with lesser needs.



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