

Market Position Analysis Traditional Neighborhood Development Johnson County, Kansas



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January 2001

MARKET POSITION ANALYSIS

Traditional Neighborhood Development

Johnson County, Kansas

INTRODUCTION

The Mid-America Regional Council and the Greater Kansas City Home Builders Association collaborated with property owner Scott Merrill to evaluate the market potential for a Traditional Neighborhood Development on a 296-acre property in southern Johnson County. The property, Merrill Farm, is located between 159th and 167th Streets and Antioch Road and U.S. 69 Highway just south of the Overland Park city limits. The property is currently planned for single-family, commercial and industrial development.

A nationally- recognized housing market analysis firm, Zimmerman-Volk Associates, was engaged to conduct the study for new market-rate housing units to be leased or sold in a Traditional Neighborhood Development on the site.

A Traditional Neighborhood Development incorporates the following features:

- A Traditional Neighborhood theoretically encompasses 125 acres to accommodate a five-minute walk from the edge of the neighborhood to the center.
 - A variety of residential units, including both rental and for-sale, follow a progression of decreasing density from the highest-density center to the lowest-density edge.
 - A continuous street network has a hierarchy, from high-capacity boulevards to narrow rear lanes or alleys. Neighborhood streets should have relatively narrow roadways, small curb radii, and sidewalks, to accommodate pedestrians and bicyclists as well as motor vehicles.
 - All streets are fronted by a private or public use; “collector” roads should be avoided. Parking lots and garage doors should not face the street. Lots narrower than 50 feet should have parking accessed from the rear by a lane, alley or automobile court.
 - The Neighborhood Center is organized around a civic place, such as a plaza or green, and includes higher-density residential as well as, potentially, a mix of non-residential uses. On-street parking is provided in and near the Neighborhood Center.
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- If the site is large enough to accommodate more than one neighborhood, a Town Center with a mix of civic, commercial, retail and residential uses—could be located on, or with direct access to, an arterial with sufficient traffic volume to support retail uses.

CONCLUSIONS AND RECOMMENDATIONS

The estimated developable acreage available for residential uses in this Traditional Neighborhood Development is approximately 225 acres. The 296-acre tract will be reduced to 270 acres to allow for three transportation projects: the planned 69 Highway interchange with 159th Street, widened Antioch Road, and the Overland Park Greenway Trail. Non-residential uses, slopes and wetlands/ponds could potentially account for up to another 45 acres.

Approximately 35 percent of the developable residential acreage in a Traditional Neighborhood Development is required for rights-of-way and small neighborhood “pocket parks.” For purposes of this study, then, it has been assumed that the Merrill Farm site would yield 1,200 dwelling units in the proportions of housing types as outlined in the optimum market position below.

Optimum Residential Mix—1,200 Units
Merrill Farm Traditional Neighborhood
Johnson County, Kansas

HOUSING TYPE	PERCENT OF TOTAL	NUMBER OF UNITS
Multi-family for-rent	24.6%	296
Multi-family for-sale	9.5%	114
Single-family attached for-sale	8.2%	98
Low-range single-family detached	21.9%	262
Mid-range single-family detached	22.2%	266
High-range single-family detached	<u>13.7%</u>	<u>164</u>
Total	100.0%	1,200

Because the yield calculation can only be approximate prior to site planning, the number of housing units should be considered an estimate. The proportion of housing types, however, should be maintained as closely as possible as the total number of units is increased or decreased during the planning and approval process.

As derived from this target market analysis, and based on the optimum residential mix, the household composition of a TND on the Merrill Farm site at build-out would be likely to reflect the following percentages:

Optimum Residential Mix
By Household Type
Merrill Farm Traditional Neighborhood
Johnson County, Kansas

HOUSEHOLD TYPE	PERCENT OF TOTAL
Empty-Nesters and Retirees	31%
Families	44%

Younger Singles & Couples	<u>25%</u>
Total	100%

The depth and breadth of the potential market have been determined using Zimmerman/Volk Associates' proprietary target market methodology. In contrast to classical supply/demand analysis—which is based on supply-side dynamics and baseline demographic projections—target market analysis establishes the optimum market position derived from the housing preferences and lifestyle characteristics of households in the draw area within the framework of the local housing market context.

The target market methodology is particularly effective in defining housing potential because it encompasses not only basic demographic characteristics, such as income qualification and age, but also less-frequently analyzed attributes such as mobility rates, lifestyle patterns and compatibility issues.

The extent and characteristics of the potential market for new housing units within a TND on the Merrill Farm site were therefore determined through detailed analysis of households currently living within the appropriate draw areas. These draw areas were derived primarily through migration and mobility analyses, and incorporated information obtained from real estate brokers, sales persons, local officials and other knowledgeable sources, and from Zimmerman/Volk Associates' field investigation.

As determined through target market analysis, in the year 2001, nearly 5,500 families, empty nesters and retirees, and younger single- and two-person households currently living in the primary draw areas of Johnson, Wyandotte Counties, Kansas, and Jackson County, Missouri, represent the potential market for new housing units in a TND on the Merrill Farm property.

The optimum market position for the Merrill Farm Traditional Neighborhood site has therefore been developed based on a variety of factors, including but not limited to:

- A traditional neighborhood plan and regulating code executed by a firm with significant experience in the application of the principles of the New Urbanism;
- The Merrill Farm site's visible location adjacent to US 69 Highway;
- The new unit purchase and rental propensities of draw area households;
- Current residential market dynamics in the Johnson County market area; and
- A high-profile advertising and marketing campaign that emphasizes community and quality of life.

The optimum market position for the site also incorporates the four hallmarks of residential development within a TND: diversity, density, flexibility and efficiency.

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- The property will achieve diversity by providing a wide range of housing types and lot sizes that are derived from the housing preferences of prospective renters and purchasers.
 - The property will achieve density in two ways: 1) by mixing housing types, even on the same block, reducing or eliminating the need for non-revenue-producing “buffers” between single-use “pods,” and 2) by developing smaller lots than are typical for new detached houses in the marketplace.
 - The property will achieve flexibility through the mixing of housing types in close proximity, permitting adjustment of the mix of housing types to accommodate fluctuations in the competitive marketplace over time.
 - The property will achieve efficiency not only through density—with fewer linear feet of infrastructure per unit—but also through the fine-grained mix of housing types: less infrastructure is required to bring a variety of housing types to market than would be required in a conventional master-planned community where each housing type is presented in a separate “pod” with its own infrastructure requirements.

Traditional families comprise from 29 percent to 59 percent of the market for each housing type within a TND on the Merrill Farm site. The households in several of the groups that are the primary markets for new housing at the site—*Full-Nest Suburbanites*, *Cosmopolitan Families*, *Full-Nest Exurbanites*, and *Unibox Transferees*—have, on average, one or two children, aged in their teens and/or pre-teens. Move-up families with children in these target groups are documented purchasers of single-family detached housing units in two of the largest traditional neighborhoods currently nearing completion—**Kentlands**, in Gaithersburg, Maryland, and **Harbor Town**, in Memphis, Tennessee.

A broad spectrum of empty-nest and retiree households represent another 24 to 39 percent of the market for new units within a TND on the Merrill Farm site. *Post-War Suburban Pioneers* and *Blue-Collar Button-Downs* are the most important market for the less expensive new units. The most affluent empty-nest households—*Nouveau Money* and *Affluent Empty Nesters*—represent a significant share of the market for both the mid- and high-range houses. Older households have strong preferences for new units with few stairs when they decide to move. Low-maintenance “move-down” townhouses and detached houses represent an opportunity for these households to purchase new housing units that better reflect their changing lifestyles.

Younger singles and childless couples comprise nearly half the market for the apartments, both rental and for sale, and 36 percent of the townhouses. Of these, the primary target group is *Fast-Track Professionals*, single-person and dual-income career- and lifestyle-oriented households. Nearly as significant are the *Twentysomethings*, younger households that prefer to live within, or close to, neighborhoods that provide opportunities for social interaction.

Therefore, based on the characteristics of the target households, the residential context in the southern Overland Park/Johnson County area, and the proposed development of the property as a TND, the optimum market position for new residential development on the Merrill Farm site is as follows:

OPTIMUM MARKET POSITION
Merrill Farm Traditional Neighborhood
Johnson County, Kansas

Number	Average Density/ Lot Size	Housing Type	Approx. Base Rent/ Price Range	Approx. Unit Size Range	Approx. Rent/Price Per Sq. Ft.
MULTI-FAMILY FOR-RENT—24.6%					
296	35 du	Courtyard Bldgs.	\$750 to \$1,250/mo.	750 to 1,350	\$0.93 to \$1.00
MULTI-FAMILY FOR-SALE—9.5%					
114	30 du	Townhouse/Flat Condominium	\$115,000 to \$160,000	1,000 to 1,400	\$114 to \$115
SINGLE-FAMILY ATTACHED FOR-SALE—8.2%					
98	2,970 sf 24 to 30 x 110	Rowhouses	\$135,000 to \$200,000	1,200 to 1,800	\$111 to \$113
LOW-RANGE SINGLE-FAMILY DETACHED FOR-SALE—21.9%					
131	5,280 sf 48 x 110	Village Houses	\$150,000 to \$195,000	1,300 to 1,750	\$111 to \$115
131	6,480 sf 54 x 120	Large Village Houses	\$200,000 to \$245,000	1,700 to 2,100	\$117 to \$118
MID-RANGE HOUSES SINGLE-FAMILY DETACHED FOR-SALE—22.2%					
173	7,200 sf 60 x 120	Neighborhood Houses	\$250,000 to \$295,000	2,100 to 2,500	\$118 to \$119

93	9,360 sf 72 x 130	Large Neighborhood Houses	\$300,000 to \$345,000	2,450 to 2,900	\$119 to \$122
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HIGH-RANGE HOUSES SINGLE-FAMILY DETACHED FOR-SALE—13.7%

112	10,920 sf 84 x 130	Mansions	\$350,000 to \$450,000	2,800 to 3,600	\$125
52	13,440 sf 96 x 140	Custom Houses	\$500,000 to and up	3,700 and up	\$135 and up

In addition to this specific mix and proportion of housing types, accessory units should also be encouraged; these are small secondary dwelling units on a lot with an owner-occupied principal residence. The above prices are in year 2001 dollars and are exclusive of options, upgrades, and premium lot conditions. Specific lot premiums cannot be assessed until after the final block and lot plan has been established, but premiums are possible on lots that face parks or greens and/or have other special conditions.

Successful implementation of the optimum market position requires:

- A plan, regulating code and building designs that enhance the public realm, with emphasis on well-defined streets, squares and greens.
- An appropriate marketing and advertising program. The new traditional neighborhood must establish a significant presence in the marketplace by employing professional sales and marketing techniques.

The recommended rent/price levels place the units within the current purchasing/leasing capabilities of the target market households and establish an optimum market position for a TND on the Merrill Farm site. Anecdotal information and analysis of Traditional Neighborhood Developments with sufficient marketing history suggest that, once a neighborhood is established, appreciation of remaining dwelling units—manifest as increased absorption, escalating values of those units, or some combination of the two—occurs at a higher rate than within an otherwise comparable conventionally-planned community.

Absorption of all 1,200 housing units within the Merrill Farm Traditional Neighborhood could be achieved within seven years from commencement of marketing, depending on phasing and construction, and stable economic conditions. Pricing and positioning have been designed to maximize values and the potential for escalation, yet achieve sell-out within a reasonable absorption period. As noted above, unlike conventional residential development in which initial absorption is often the peak rate, TNDs generally have lower initial absorption, with the pace increasing along

with price escalation once the neighborhood character has been established and the TND's differences from conventional development can be discerned by potential residents.

Assuming a well-executed development and marketing program, absorption paces have been forecast as annualized averages. For example, although the annualized average absorption of the for-sale rowhouses is projected at 22 units per year, it is quite possible that, due to pent-up demand, more of these units, at the recommended prices and sizes, could be sold in the first year of marketing. However, it is also possible that, because of infrastructure staging or other constraints, none of these units would be available for sale for another year or so. Therefore, absorption forecasts have been annualized over the projected absorption period for each housing type, from initial marketing to build-out of the last unit.

At the forecast absorption of 272 units, including rental apartments, in one year, new residential development within the Merrill Farm Traditional Neighborhood would require a capture rate of five percent of the 5,490 households, identified through target market analysis, that have the potential to rent or purchase new housing units on the Merrill Farm site in the year 2001—a rate that is well within the target market methodology's parameters of feasibility.

In the context of the target market methodology, and for a development of this size and scale, a capture rate of 10 percent of the potential market—or approximately 549 households in the year 2001—would be achievable.

The annualized average absorption paces require specific capture rates of those households that, in the year 2001, represent the potential market for each housing type on the site, as follows:

REQUIRED CAPTURE RATES
Based on Annualized Average Absorption
Merrill Farm Traditional Neighborhood
Johnson County, Kansas

Housing Type	Annual Market Potential (HHs)	Average Annual Absorption (Units)	Required Capture Rate
Multi-family for-rent	1,350	120	8.9%
Multi-family for-sale	520	24	4.6
Single-family attached for-sale	450	18	4.0
Low-range single-family detached for-sale	1,200	42	3.5
Mid-range single-family detached for-sale	1,220	44	3.6

High-range single-family detached for-sale	750	24	3.2
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These housing type-specific capture rates are well within the parameters required for feasible development. For a TND of this size, there is a high degree of confidence in a capture rate of 15 percent for rental apartments, and a capture rate of five to 10 percent for each of the for-sale housing types.

TRADITIONAL NEIGHBORHOOD DEVELOPMENT

The traditional neighborhood's diversity and pedestrian orientation—aspects of community typically lacking in conventional subdivisions and master-planned communities—should set it apart from every other new community in the Johnson County marketplace. For the prospective buyers and renters to recognize this market differentiation, a high-profile sales and marketing program must promote Merrill Farm Traditional Neighborhood as a unique community—one that emphasizes quality of life, community vitality, and responsiveness to changing consumer values.

Quality of Life—During the economic expansion of the 1990s, many industries based on emerging technologies experienced fierce competition for qualified talent—the “critical resource” of the post-industrial economy. This employment problem is emblematic of a variety of related dynamics that are having an increasing influence on corporate relocations, retail feasibility, and household settlement patterns. In the current real estate market—with its emphasis on risk management, capital cost and structure, and basic issues such as operational efficiency—the enhancement of quality of life is one of the few remaining methods to add value to property.

Community Vitality—New American housing suffers from the same affliction affecting nearly every aspect of the national economy. The genuine diversity of goods previously available to most citizens has been replaced by homogeneity; variety has been wrung out by the “efficiency” of serving global mass markets. By providing diverse housing options, available in a range of sizes and prices, Merrill Farm Traditional Neighborhood will offer a neighborhood that will attract a variety of household types. This diversity, inherent in traditional neighborhood developments, provides the foundation for true community vitality.

Changing Consumer Values—New housing of the 21st Century must respond to a consumer market that is not only aging (every seven seconds another Baby Boomer turns 50) but also demonstrating a growing hunger for variety and a disdain for streets of “cookie-cutter” houses. New housing must also respond to the changing needs of a broader range of family households, from single parents to traditional families, and non-family households, from the never-married to non-related house-mates.

AMENITIES AND COMPATIBLE USES

Unlike conventional master-planned communities, a traditional neighborhood development's market position is not dependent on extensive amenities. The quality of the residential streets serves as a significant amenity. However, a TND of the size proposed should have appropriate recreational amenities.

The recreation activities most prevalent among the target households—those activities in which the groups participate at rates at least 25 percent higher than the national average—have a number of implications for development of the property. The target households have relatively high participation rates in active sports:

<u>Activity</u>	<u>Percent above the national average</u>
• Downhill skiing	46 percent higher
• Health club member	39 percent higher
• Played golf more than 20 times per year	35 percent higher
• Played tennis more than 20 times per year	34 percent higher
• Water skiing	30 percent higher
• Go sailing	28 percent higher
• Swimming more than 20 times per year	26 percent higher
• Practice martial arts	26 percent higher
• Weight training	25 percent higher

Active amenities can be provided by a balance of commercial ventures in the higher-density center or centers within the Merrill Farm Traditional Neighborhood and community recreation facilities covered by homeowner association dues. Potential commercial uses—particularly a health club and eating and drinking establishments—would be significant amenities. However commercial uses typically are established much later than residential uses in a TND. Therefore, in addition to the core amenity of well-detailed, pedestrian-friendly streets, greens and parks, emphasis should be placed on community recreation facilities.

Concurrent with an early residential phase, but after the quality of the streets and residential range has been demonstrated, a community recreation center should be built in a prominent location. The center should include a clubhouse and a swimming pool complex. Further amenities can be added to the center or located in accessible locations throughout the community. A pair of tennis courts should be introduced soon after the recreation center has been constructed; additional pairs could be introduced as usage dictates. One or more small golf practice areas—putting greens, chipping greens with bunkers—could be introduced in a like fashion.

A TND divides roughly into three physical conditions: a mixed-use, higher-density town center, moderate-density residential neighborhoods with neighborhood centers, and the lower-density residential edge. The size of the Merrill Farm property could support more than one neighborhood and, therefore, more than one commercial center.

Compatible uses within a Traditional Neighborhood Center include:

1. Public (or civic) uses, such as a community center, branch library, or postal center.

Public uses are critically important to the establishment of retail and commercial development on the property, in addition to providing a focus for organization of the civic aspects of community. Public uses stimulate the development of related retail and office space through establishment of the site as a destination. Public uses represent an asset to *draw* people to Merrill Farm Traditional Neighborhood, thereby introducing a broad range of people to the special community environment of the new neighborhood.

2. Retail uses, specialty and service-oriented, such as restaurants/cafés, beauty parlors/barber shops/hair salons; dry-cleaners; shoe repair shops; pharmacies/medical supplies; copy and business centers.

An early “retail” use could be a combination sales center and “corner store,” ideally located adjacent to the first construction phase and near a planned neighborhood or town center. This sales environment—emphasizing quality of life and the community aspects of the property—would set the site apart from every other development in Johnson County. The corner store, at least during early phases, would require support from the sales and marketing budget.

3. Small floorplate office uses, such as computer-based firms, lawyers, accountants, and other professionals who include quality of life as one of their office location criteria;
4. Hospitality uses, such as a bed and breakfast or inn; and
5. Higher-density residential uses, such as rental and for-sale apartments, mixed-use mansion buildings and rowhouses.

A mansion building type could be used for commercial and mixed-use buildings in neighborhood or town centers. Mansions provide maximum development flexibility by accommodating a wide range of uses. From the regulatory perspective, the mansion code should strictly regulate form—such as building mass, height and build-to line—but loosely regulate use, imposing only standard life and safety requirements. From both the development and market perspectives, a street of mansions can easily progress from commercial uses (small office buildings) to residential uses (small apartment buildings and large detached houses) because the buildings have the same scale and character.

The mansion building also has several strategic advantages in the establishment of mixed-use centers. The building represents a small and flexible increment of development; the smallest builder/investor can respond to market opportunities as they arise using the mansion form. Debt on any individual mansion building is small enough that local lenders can retain the loans in their portfolios without committing to large high-risk assets.

NOTE: Retail and office market analysis will be required to determine the amount, mix and phasing of non-residential uses.

DESIGN AND PHASING ISSUES

The new community to be developed on the Merrill Farm site should convey the diversity and pedestrian orientation of the highly-valued older neighborhoods in northern Johnson County. These aspects of community, however, must be translated into a scale and character appropriate to the site.

The streets should be regarded as one of the amenities of the neighborhood. They should be as narrow as possible, well-defined by street trees and sidewalks, and with houses generally holding build-to (rather than set-back) lines. Street details could take some cues from the arched pedestrian gateways and footpaths in Brookside, the urns and statues that decorate the small traffic islands in Westwood Hills, the variety of markers that flank the entrances to each neighborhood from State Line Road.

Alleys will be required for the highest-density housing types, the courtyard apartment buildings, townhouse/flat condominiums, rowhouses and village houses. Alleys are recommended, but not required, for the large village houses. Although single-loaded alleys should be avoided to minimize infrastructure costs, there may be areas in which they will become necessary; the increased unit yield should more than offset their potential additional expense.

Attractive streetscapes will depend upon an absence of garage doors. All front-loaded houses should have the garages set back from the front façade of the house a distance at least equal to the garage width. Larger lot houses that have sufficient lot width to accommodate side-entry garages are the exception.

The small-scale recreational uses noted above—tennis courts, golf practice areas—could be linked through the community’s street and sidewalk network and system of small parks and greens. These, in turn should also be interconnected with the Overland Park Greenway. Route maps with mileage notations should be located in the commercial center or centers and near the community recreation center.

The characteristics of the “thoroughfare” design proposed for Antioch Road and the limited-access 69 Highway, will place limitations on the location and siting of the commercial center. In these circumstances it is common for a TND plan to orient the “main street” perpendicular to a high-volume arterial. In this case the “main street” would be perpendicular to Antioch Road; a district of non-residential uses could be established parallel to 69 Highway in a manner that would buffer residential neighborhoods from highway noise.

Although developers often feel obligated to demonstrate the quality of the community through early completion of as many amenities as possible, development of the Merrill Farm Traditional

Neighborhood would be best undertaken in small, concentrated phases with the smallest practical investment in infrastructure.

Planning the development in small phases allows for the continual balancing of costs with revenues, and for maximum flexibility of residential offerings. Smaller phases that are also flexible in use can easily respond to changes in economic conditions or in the competitive context.

In order to convey at the outset the quality and character of development proposed for the site, the first construction phase should be as concentrated as possible. From both a market and a cost perspective, the ideal first-phase presentation would array several housing types around a small-scale public space or simply enclosing one residential street. The equivalent of one block should be sufficient to demonstrate the community principles and the range of housing. However, the block should consist of lots on both sides of the street from mid-block to mid-block (or alley to alley). This way a street is completed as quickly as possible and at the minimum amount of infrastructure cost.

The first phase could also include a significant number of rental apartments. This would accomplish a number of objectives:

- The bulk sale of apartment lots helps offset initial infrastructure costs;
- Early introduction of rentals, demonstrating the quality and character of the rental housing, will help allay fears buyers might have of being in close proximity to rentals;
- Rentals absorb faster than for-sale residential types, so the public areas become populated quickly, helping support community uses and potential retail; and
- Rental properties can serve to “incubate” non-residential uses, since most sophisticated multifamily developers now include amenities that function as small-scale retail.

A significant financial advantage of TND is that property values escalate in direct proportion to the degree of completion. The emphasis on quality of community at Merrill Farm Traditional Neighborhood must always be a paramount consideration in any development decision. In general, a balance of cash flow (through lot and unit sales) and residual value (through increased value of remaining land and enhanced opportunity at a later date for income-producing property) should be maintained for optimum development at Merrill Farm Traditional Neighborhood.

SITE AND MARKET OVERVIEW

The approximately 269-acre Merrill Farm property is located within unincorporated Johnson County, Kansas, adjacent to the southern border of the City of Overland Park. The site—picturesque fenced farmland with rolling pastures includes several farm ponds, a farmhouse and several agricultural outbuildings.

Antioch Road, as with many of the north/south arterials in Overland Park, is slated to be “improved” according to the City’s “thoroughfare” standard—four lanes with a combination of high design speeds and periodic traffic signals—reducing the site somewhat along its western edge. Antioch Road, with one interruption, terminates in the south at the Overland Park Arboretum.

An additional 18.7 acres on the northeast corner of the site will ultimately be lost to a portion of a new 69 Highway interchange. Nearly three acres adjacent to 69 Highway must be dedicated to the 100-foot right-of-way for the Overland Park Greenway Trail System.

To the north of the site, across 159th Street, is a Water District Number One water tower, an abandoned farmstead, and the southern portion of the Ridge at Pinewood, a 75-unit, multi-phase subdivision that has been marketing since March, 2000. To the south, across 167th Street, are five older detached houses and the First Apostle church nearing completion. Across 69 Highway, visible from the site, is a collection of low-density industrial uses, including a quarry, landfill, an asphalt plant and a Kansas Department of Transportation highway maintenance facility.

Across Antioch Road to the west, are seven older detached houses, the future site of the Southern Hills Baptist Church, Pleasant Ridge Middle School, and Blue Valley West High School that is under construction and scheduled for completion in August, 2001

East of 69 Highway, along 159th Street, the Blue Valley Business Center is underway, and a portion of the completed space is occupied. Further out at the intersection of Metcalf and 159th, another business center is underway. Both of these are large, flex space complexes.

Johnson County has the most new subdivisions and the largest concentration of new apartment properties in the metro area. As one moves from north to south, the county embodies the history of suburban settlement patterns and styles of domestic architecture from the early 19th Century to the present. In the northeastern portion of the county a network of picturesque tree-lined streets prevails; many of the higher-volume arterials are landscaped boulevards and most of the parks are fronted by buildings and have easy pedestrian access. There is a wide range of house sizes and styles; although neighborhoods are seamlessly interconnected, most have distinguishing entrance markers—a pair of statues, urns with cascading plants, classical columns. Many, if not most, commercial areas are pedestrian-oriented main streets.

In the southern portion of the Johnson County, roughly south of 159th Street, the land retains some rural and agricultural character. Between the traditional neighborhoods of the north and the active farms of the south, Johnson County consists of the typical late 20th Century assortment of disconnected, single-use real estate assets, accessible only by car. As a result, traffic volumes on the grid of four-lane roads can be challenging even outside the normal morning and evening peak periods; this is despite the fact that the Kansas City area has the highest ratio of roadway and freeway miles per 10,000 people of America's major metro areas.

New single-family housing in the Kansas City metro remains dominated by local builders and developers; of the national home builders, only Pulte has entered the market. In contrast, the multifamily market includes a significant number of regional and national multifamily developers.

In Johnson County, new single-family and multifamily development is located south and east of Interstate 435. Over 42 percent of new Johnson County single-family housing development is tightly concentrated between 135th Street and 159th Street east of I-35. Most of the rest is scattered throughout the northwestern portion of the county, outside the I-435 beltway. Several new subdivisions are located south of 159th Street and a few high-end subdivisions with very large lots have leap-frogged further south beyond 179th Street. In addition to the adjacent Ridge at Pinewood, current subdivisions closest to the Merrill Farm property are: Wynnefield, The Wilderness, Regency by the Lake, and Lionsgate. These properties are within four miles of the site, primarily to the north and west.

New multifamily properties within Johnson County are typical of fast developing markets across the country: investment-grade properties consisting of 200 or more units in multiple buildings surrounded by open parking. Typical amenity packages now include DSL Internet access, business centers and fitness centers. Rents average about \$0.90 per square foot. Although competition among class A properties has increased and occupancy rates have slipped over the past years, few rent concessions are offered; however, some properties offer special deals for Sprint employees. The closest projects to the site, located within a four to five mile radius, are The Dunes at St. Andrews, The Lakes at Lionsgate, The Village at Lionsgate, and Sandstone Creek.

The study was supported with funds from the Mid-America Regional Council's Transportation and Community and System Preservation (TCSP) grant from the Federal Highway Administration and private contributions from Scott Merrill.

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