Transbay Transit Center: Key Investment in San Francisco’s Future as a World Class City

Seifel Consulting
The Concord Group
June 14, 2012
Visionary transportation and TOD development that will transform downtown San Francisco
Summary of Findings

Transbay Transit Center and Transit Center District Plan

- Key Investment in San Francisco’s future as world class city
- Supports San Francisco’s Economic Strategy
- Provides substantial economic benefits to the Bay Area region and supports regional land use, transportation and economic growth policies
- Will enhance surrounding property values by providing enhanced transit access, parks and open space and a new compact, TOD neighborhood in downtown San Francisco
Transbay Transit Center Features

- Welcoming, secure and sustainable Transit Center design
- City Park, a 1,400-foot long, 5.4-acre linear green park
- Exciting new retail seamlessly integrated within the Transit Center and lining the surrounding streets
- Key anchor to walkable TOD neighborhood
America’s third century urgently requires a new strategy to lay the foundation for the nation’s future competitiveness, sustainability, and quality of life…. [We must] promote integrated investments in mobility, environment, and economic development…. and provide capacity for growth by creating a world-class multimodal transportation system of new smart highways, high-speed rail, airports, and seaports, all of these linked to concentrated developments at central hubs.

– America 2050, A Prospectus
Interconnected Cities are Hubs of Global Integration and Engines of Growth

...the world’s biggest, most interconnected cities help set global agendas, weather transnational dangers, and serve as the hubs of global integration. They are the engines of growth for their countries and the gateways to the resources of their regions.

- Foreign Policy Magazine
Thriving Knowledge Sector Demands Compact, Transit-oriented Environment

...companies in the knowledge services sector increasingly value collaborative work and encourage their employees to do this work wherever they are most productive, not necessarily in the traditional office....This emphasis on interactivity is changing the approach some companies take toward where they locate their offices....

...the [Bay Area] region’s future economic and environmental prospects would be best served by focusing future work into more compact, transit-friendly locations, like downtowns, mixed-use neighborhoods and transit-served nodes throughout the region.

Downtown San Francisco’s capacity to support more workers, through enhanced transit investments that expand its regional accessibility, may be critical to the region’s ability to grow in a sustainable way.

- San Francisco Economic Strategy

Too many cars and trucks on highways that are unable to handle ever-increasing volumes inflict time-wasting costs and productivity declines, exacerbated by expected population gains in the nation’s important gateways.

- What’s Next, Real Estate in the New Economy, Urban Land Institute, 2011

Transbay Transit Center will be a central destination, giving access to downtown San Francisco and invigorating the surrounding community.
A. What Investments Are World Class Cities Making?

…nearly 500 million more people will live in cities over the next decade, and 60 percent of the world population will settle in urban areas. Here is where business, commerce and wealth creation happen. Expect international city-to-city networks to form, creating new economies and conceivably a new geopolitical power structure, serviced along increasingly well-traveled global pathways.

Investments in World Class Cities

- World Class Cities invest in public transportation, create policies to encourage density, and facilitate development of transit oriented neighborhoods served by public parks and neighborhood amenities:

  New York City

  London

  Paris

  Tokyo

  Berlin
World Class Cities and High Speed Rail

Note: US DOT defines high speed rail as faster than 125 mph (201 km/h). The European Union defines it as 200 km/h for existing and 250 km/h for new rail.

Sources: Compiled from Global Cities Index, Foreign Policy Journal, 2010; World City Survey, Knight Frank LLP, 2010; Global Power City Index, Institute for Urban Strategies at Mori Memorial Foundation in Tokyo, 2010
## Global High Speed Rail Investments

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</table>

Total: 12,778 In Operation, 5,072 Under Construction, 17,851 Subtotal, 6,897 Planned, 24,748 Total High Speed Rail by 2025

Source: International Union of Railways High Speed Lines in the World (July 2011), Seifel Consulting Inc.
New York City

- **Transit Investments**
  - New subway lines to underserved areas in Manhattan
  - Cross-town improvements: 7 subway extensions on Manhattan, Long Island Rail Road connection at Grand Central Station

- **World Trade Center / PATH Hub**
  - Rebuilding of World Trade Center after 9/11
  - Features soaring tower (One World Trade Center, at 100 stories, 2.6m sq ft), a 9/11 Memorial and cultural amenities, PATH transit hub, high rise office buildings

- **The High Line**
  - Greenway built on 1930s era elevated freight rail line
  - Major destination for residents and visitors
  - Provides open space to west side of Manhattan
  - Increased values for abutting properties and sales for nearby businesses.
• Transit Investments
  – $25 billion Crossrail (Central London/Canary Wharf connection to Heathrow/eastern suburbs and subway, commuter and Eurostar rail to major European cities)
  – $52 billion “High Speed 2” from London to Birmingham, with potential stops in Manchester, Leeds and Scotland

• London Bridge Quarter (Central London, southeast of London Bridge)
  – Mixed use project with iconic tower (the “Shard” at 72 stories, 1.2m sq ft, designed by Renzo Piano):
    • Office and retail space, residential units, hotel
    • 10,000 square feet public green space
    • Revamped London Bridge subway and bus station

• Royal Docks and Olympic Village/Parklands
  – Royal Docks and Olympic Village envisioned as mixed use, TOD neighborhood, featuring range of housing and new 250-acre Olympic Parklands, largest open space project in Europe for over a century
  – Transit improvements and connections to Royal Docks and other parts of London.

I want London to be the best big city on earth.
London Mayor Boris Johnson
The economic crisis can only be beaten by grand projects...
no grander project than to create a Greater Paris.”
French President Nicolas Sarkozy

- **Transit Investments**
  - New rapid rail line encircling Paris, connecting suburbs, high speed rail stations and airports

- **La Défense**
  - One of largest dedicated business districts in Europe, home to many of Paris’ tallest buildings
  - Anticipated rail expansions to connect Greater Paris to metro region and suburbs
  - Features Le Parvis (esplanade running through district, providing public space for all)

- **Hermitage Plaza**
  - One of La Defense’s latest development projects (to be completed in 2016)
  - Twin high rises (91 and 93 stories, 2.7m sq ft, designed by Norman Foster) and riverside park lined with cafes and restaurants
Tokyo

• Transit Investments in Japan
  – Highly efficient and extensive public transportation systems, particularly in Tokyo, Nagoya and Osaka
  – Successful implementation of high speed rail in 1960s
  – Continually improved HSR systems increase train speed, latest technology achieves streamlined connections

• Tokyo Station City
  – TOD at major regional gateway and historic site
  – One of Tokyo’s busiest railway hubs and terminus of high speed rail
  – Transit facilities undergoing renovation, plans for new retail space
  – Recent additions Gran Tokyo North and South Towers (42 and 43 stories, 3.8m sq ft) located near transit
  – Pedestrian deck (Gran Roof) connects towers and provides outdoor space
• Transit Investments
  – Central multi-modal station (*Hauptbahnhof*) opened in 2006
  – Located on former boundary of West and East Berlin
    • New glass structure represents openness and transparency, commemorates fall of Berlin Wall
  – Largest rail station in Europe (five stories tall, containing 756,000 square feet)
  – Provides access between different transportation modes—long distance trains, commuter rails and buses—as well as to Tegel and Schoenefeld airports
  – Features 80 retail spaces serving passengers and visitors, rooftop solar paneling provides renewable energy

• TOD near Hauptbahnhof
  – Two TOD developments less than a mile from Hauptbahnhof:
    • 4.3-acre Station Quarter, featuring retail, office and hotel
    • 40-acre master-planned Europa City—6.5 million square feet of residential, commercial and cultural uses
B. Transit Investments Critical to Bay Area’s Economy

• Bay Area is home to nation’s most competitive knowledge service sector
• Knowledge service sector businesses thrive in compact, transit served environment
• Dense urban-style settings facilitate collaboration, sharing of ideas and information, promotes business innovation and competitiveness
• Creating urban fabric of dense office space near transit is key to City’s future economic growth
Regional Benefits of Transit Center

- **Construction and permanent job creation** - Create more than 125,000 jobs.
- **Affordability mobility** - Open up significant number of employment opportunities for residents that live in San Francisco and along the Peninsula corridor.
Regional Benefits of Transit Center

- **Expansion of labor market** – As residents enjoy better access to jobs, companies will have better access to a larger labor pool of workers.

- **Improved travel efficiency and decreased traffic congestion** – Caltrain Extension to downtown will help remove thousands of daily-commute vehicles from the Peninsula, translating to $360 million in travel time savings, more than $120 million in avoided vehicle operation and maintenance costs, and more than $20 million in benefits from improved safety.
Regional Benefits of Transit Center

• **Decreased GHG emissions** – From Caltrain Extension ridership, reduction of tons of carbon dioxide emissions are estimated each year.
  – If California High Speed Rail moves forward, a projected 1.4 percent reduction in carbon monoxide is expected statewide.

• **Gross Regional Product** – Regionally, construction of the Transbay Transit Center and buildout of the surrounding Transbay neighborhood will generate more than $87 billion in Gross Regional Product and $52 billion in personal income through 2030.
Further Benefits of Transit Center

• **Health Benefits** – Residents and workers will realize the many health benefits related to public transit, including increased physical activity, mental health and improved access to housing, medical care and other health services.

• **Art and Amenities** will not only serve to inspire, it will contribute to the social and cultural life of the city.
In order for the Bay Area to remain an economically competitive region, we need companies and individuals to share ideas, talent, new market insights and tools that will increase productivity and innovation. This productive interactivity occurs naturally in great urban spaces. Consequently, the region’s future economic and environmental prospects would be best served by focusing future work into more compact, transit friendly locations.

- SPUR Future of Work

Source: Association of Bay Area Governments, SPUR Future of Work
Transbay Transit Center Aligns with San Francisco Economic Strategy

Transit Center will help San Francisco achieve its economic goals:

- Maximize San Francisco's accessibility to a local and regional workforce
- Upgrade neighborhood commercial areas
- Provide sufficient real estate for strategic priorities
- Recognize and enhance the value of parks and open spaces
- Encourage creativity by continuing to develop San Francisco as a center for the arts
- Streamline business interaction with the city government
- Increase business outreach and private sector partnerships
- Better prepare San Francisco's youth for careers
Numerous studies have examined how transit, open space and other neighborhood amenities increase the value of surrounding properties.

Studies also find that a strong and supportive policy framework and neighborhood plan must exist to maximize increased real estate values near transit stations.
A combination of open space, neighborhood and transit amenities will increase property value premiums.
Summary of Transit Benefits

Higher quality public transportation

- Fewer traffic crashes
- Reduced pollution emissions

People own fewer vehicles, drive less, use alt. modes

- Improved physical fitness and mental health
- Better access to healthy food, housing, and medical care

Victoria Transport Policy Institute
The Impact of Transit-oriented Development on Housing Prices in San Diego, CA - Michael Duncan (2010)

- 15% premium on residential condominium properties for sale within 1,000 ft of a walk-up trolley station in neighborhood with good pedestrian quality

- 11% premium for residential condominiums in the same radius of a park and ride station in neighborhood with good pedestrian quality

- Conclusion: “TOD has a synergistic value greater than the sum of its parts”
Transit Related Value Enhancements
Case Study: Toronto, Canada


- Toronto, Canada
- Condominium sale price 20% higher in communities adjacent to subway station
- Condominium sales in communities within 1,000 ft (.19 mi) of station had 15% higher sale price
- Condominium sales in communities within 2,000 ft (.38 mi) of station had 5% higher sale price
High Line Revenue Generation – Bay Area Economics (2007)

Premiums associated with direct connection to High Line Park

• 3% premium on residential uses
• 5% premium on commercial and retail uses
### European Open Space Survey

Open Space in Close Proximity to Commercial Space Adds 3% to Value

95% of respondents believe that open space adds value to commercial property and would be prepared to pay at least 3% more to be in close proximity to open space.


<table>
<thead>
<tr>
<th>Rank</th>
<th>Reasons for Selecting Commercial Location</th>
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<td>Geographic Location</td>
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<td>2</td>
<td>Cost</td>
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<tr>
<td>3</td>
<td>Proximity to Public Transportation</td>
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<tr>
<td>4</td>
<td>Amenities (retail, food outlets, gyms, entertainment, etc.)</td>
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<td>5</td>
<td>Access to Open Space</td>
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<tr>
<td>6</td>
<td>Prestige of Address</td>
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<td>7</td>
<td>Building Aesthetics</td>
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- Proximate availability of a range of urban amenities have a substantive impact on achievable residential pricing (from 3% - 17%)
- Grocers and wine bars and shops specifically demonstrate statistically significant positive price premiums for homes nearby
Summary of Transit Benefit Literature Review

Key Comparables

- Polynomial Trend Line
- Linear Trend Line

Measured Premiums vs. Distance From Station (Feet)

- Adjacent
- 1/4 Mile
- 1/2 Mile
- 3/4 Mile
Summary of Constrained Transit Benefit Literature Results - Emphasizing Urban Projects

Key Comparables

- Adjacent
- 1/4 Mile
- 1/2 Mile
- 3/4 Mile

Measured Premiums vs. Distance From Station (Feet)

- Polynomial Trend Line
- Linear Trend Line
Summary

Stations that are connected to mature, multimodal transit systems located in walkable neighborhoods tend to generate the greatest benefit to nearby property values.

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<th>Radius</th>
<th>Adjusted Transit Literature Review Results</th>
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<td>1/4 Mile</td>
<td>9.2%</td>
<td>7.1%</td>
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<tr>
<td>3/4 Mile</td>
<td>3.3%</td>
<td>3.1%</td>
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</table>
Transbay Area: Premium Zones

- Directly Adjacent (1)
- ¼ Mile Radius (2)
- ½ Mile Radius (3)
- ¾ Mile Radius (4)
Using data from 15 peer-reviewed studies, 3% open space and neighborhood premiums were included in the adjacent and ¼ mile radii. No premium was assumed beyond ½ mile.

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<th>Approximate Radius</th>
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<th>Open Space Premium</th>
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<td>1.7%</td>
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Summary of Transit and Amenity Benefit: Premium Assignment

- Directly Adjacent – 11.2%
- ¼ Mile Radius – 1.7%
- ½ Mile Radius – 2.9%
- ¾ Mile Radius – 10%
Summary of Transit and Amenity Benefit: Adjacency

- Defined by Mission St, Main St, Folsom St, and Second St.
- Increased activity in area, especially pedestrian traffic
- "New" Neighborhood
- Retail access/neighborhood amenities of Transit Terminal
- Park Access
- Immense positive change in fabric of neighborhood due to redevelopment
- Immediate access for commuters to employment
Summary of Transit and Amenity Benefit:
¼ Mile

- Easy walking distance to retail and neighborhood amenities of Transit Terminal
- Short walk to Terminal Park
- Access for commuters to employment (Caltrain riders that would have otherwise transferred to a bus)
- Increased activity in neighborhood
Summary of Transit and Amenity Benefit: ½ and ¾ Mile

- Transit Center will make the Financial District more attractive, desirable place for businesses to locate, driving rents and land values
- Access for Caltrain Commuters
- Moderate walk to retail and neighborhood amenities of Transit Terminal
- Moderate walk to Terminal Park
- Access for commuters to employment

½ Mile Radius – 2.9%
¾ Mile Radius – 1.7%
Summary

- 1,640 commercial properties
- 104,390,458 Square Feet
- Average vintage 1925
- $41.8 Billion in existing value based on $400/SF
- $2.3 Billion premium created by Transit Center

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<th>No. of Existing Premium Properties</th>
<th>Value ($MM)</th>
<th>Premium</th>
<th>Premium Potential ($MM)</th>
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<td>Zone 2 187</td>
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<td>Zone 3 538</td>
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<td>$489</td>
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<td>Zone 4 827</td>
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<td>Total 1,640</td>
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Summary

- 1,021 residential properties
- 44,099 residential units
- Average vintage 1942
- $22.1 Billion in existing value based on $500,000 per housing unit
- $835 million premium created by Transit Center, open space and neighborhood amenities

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### Summary of Transit and Amenity Benefit: All Existing Development

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<td>$2,778 7%</td>
<td>$388 2%</td>
<td>$3,166 5%</td>
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<td>Zone 2 1/4 Mile</td>
<td>$13,262 32%</td>
<td>$4,113 19%</td>
<td>$17,375 27%</td>
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<tr>
<td>Zone 3 1/2 Mile</td>
<td>$17,031 41%</td>
<td>$6,806 31%</td>
<td>$23,837 37%</td>
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<tr>
<td>Zone 4 3/4 Mile</td>
<td>$8,685 21%</td>
<td>$10,744 49%</td>
<td>$19,428 30%</td>
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<tr>
<td>Total</td>
<td>$41,756 100%</td>
<td>$22,050 100%</td>
<td>$63,806 100%</td>
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**Premium Potential**

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<td>$312 14%</td>
<td>$43 5%</td>
<td>$355 11%</td>
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<td>$1,333 58%</td>
<td>$413 50%</td>
<td>$1,746 56%</td>
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<td>$196 23%</td>
<td>$685 22%</td>
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<td>Zone 4 3/4 Mile</td>
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<td>$2,281 100%</td>
<td>$835 100%</td>
<td>$3,116 100%</td>
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**Average Per Property Premium:**

- Commercial: 5.5%
- Residential: 3.8%
- Total: 4.9%

**Share of Total Benefit:**

- 73%
- 27%
- 100%

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*Green = Existing Residential  Red = Existing Commercial*
**New Development**

- 7.8 million square feet commercial space
- 2,900 market rate residential units
- Value added is $6.8 Billion, based on $600/SF for commercial and $750,000 per housing unit.
- Premium is $584 million created by Transit Center, open space and neighborhood amenities
## Summary of Transit and Amenity Benefit: All New Development

### New Value

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<th>Zone</th>
<th>Description</th>
<th>Commercial $million</th>
<th>Residential $million</th>
<th>Total $million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1</td>
<td>Adjacent</td>
<td>$2,363</td>
<td>$385</td>
<td>$2,748</td>
</tr>
<tr>
<td>Zone 2</td>
<td>1/4 Mile</td>
<td>$1,686</td>
<td>$589</td>
<td>$2,275</td>
</tr>
<tr>
<td>Zone 3</td>
<td>1/2 Mile</td>
<td>$271</td>
<td>$1,083</td>
<td>$1,354</td>
</tr>
<tr>
<td>Zone 4</td>
<td>3/4 Mile</td>
<td>$332</td>
<td>$120</td>
<td>$452</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$4,653</strong></td>
<td><strong>$2,177</strong></td>
<td><strong>$6,830</strong></td>
</tr>
</tbody>
</table>

### Premium Potential

<table>
<thead>
<tr>
<th>Zone</th>
<th>Description</th>
<th>Commercial $million</th>
<th>Residential $million</th>
<th>Total $million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zone 1</td>
<td>Adjacent</td>
<td>$265</td>
<td>$43</td>
<td>$308</td>
</tr>
<tr>
<td>Zone 2</td>
<td>1/4 Mile</td>
<td>$169</td>
<td>$59</td>
<td>$229</td>
</tr>
<tr>
<td>Zone 3</td>
<td>1/2 Mile</td>
<td>$8</td>
<td>$31</td>
<td>$39</td>
</tr>
<tr>
<td>Zone 4</td>
<td>3/4 Mile</td>
<td>$6</td>
<td>$2</td>
<td>$8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$448</strong></td>
<td><strong>$135</strong></td>
<td><strong>$584</strong></td>
</tr>
</tbody>
</table>

**Average Per Property Premium:**

- Commercial: 9.6%
- Residential: 6.2%
- Total: 8.5%

**Share of Total Benefit:**

- Commercial: 77%
- Residential: 23%
- Total: 100%

---

**Legend:**

- **Green** = Existing Residential
- **Red** = Existing Commercial
Total Commercial Premium Value across all zones: $2.7 Billion

Graph showing the premium values for different zones:
- Zone 1 - Adjacent: $265.2 million, $311.8 million
- Zone 2 - 1/4 Mile: $1,332.5 million
- Zone 3 - 1/2 Mile: $7.8 million, $489.2 million
- Zone 4 - 3/4 Mile: $5.6 million, $147.4 million

Legend:
- Yellow: Existing Development
- Green: New Development
Total Residential Premium Value across all zones: $970 Million

![Graph showing Residential Premium Value]

- Zone 1 - Adjacent: $43.5 million
- Zone 2 - 1/4 Mile: $413.2 million
- Zone 3 - 1/2 Mile: $195.5 million
- Zone 4 - 3/4 Mile: $182.4 million

Calculation of Value Premiums to San Francisco
Summary of Value Premiums From Transit Center, Park and Neighborhood Amenities

- Estimated premium value, related to proximity to transit, open space and other neighborhood amenities, is $3.7 billion:
  - $3.1 billion from existing development
    - Commercial $2.3 billion
    - Residential $0.8 billion
  - $580 million from new development
    - Commercial $448 million
    - Residential $135 million

Distribution of Total Property Value Premium
Total Premium Value across all zones: $3.7 Billion
Conclusion

Transbay Transit Center and Transit Center District Plan

- Key Investment in San Francisco’s future as world class city
- Supports San Francisco’s Economic Strategy
- Provides substantial economic benefits to the Bay Area region and supports regional land use, transportation and economic growth policies
- Will enhance surrounding property values by providing enhanced transit access, parks and open space and a new compact, TOD neighborhood in downtown San Francisco.
Regional planners need to ...integrate multimodal infrastructure initiatives— including mass transit alternatives— into future land use schemes, helping connect evolving suburban centers, metropolitan cores, and transportation hubs. These networks will take decades to build, but the time to start is now.