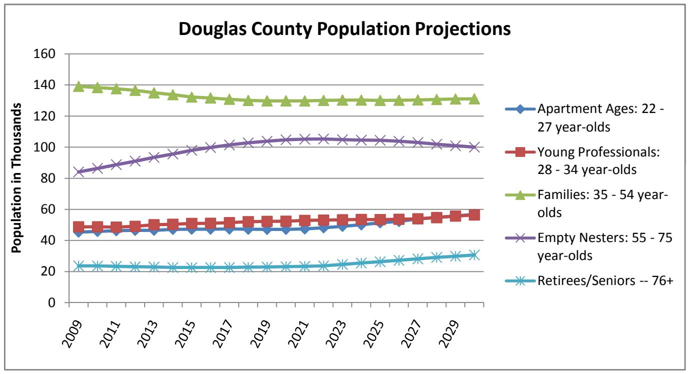
5.0 DEVELOPMENT OPPORTUNITIES ASSESSMENT

5.1 CHARRETTE DEVELOPMENT PROGRAM

The following is a summary of the conceptual development program created for the Downtown Omaha Master Plan. Long term demographic projections, current and historical market conditions, and information on downtown civic, cultural, and educational institutions were analyzed in order to assemble a program of land uses, activities, and rough development quantities. The development program was coordinated with the physical analysis and opportunities identified during the design charrette in order to establish the various design concepts included in the plan.

The development program covers both market-driven uses and non-market uses. For example, arts and cultural activities were identified by the public as a key element of the plan. Cultural, civic, and educational uses are critical anchors that should be addressed at an equal (or even greater) level of importance as market-driven residential, office, and retail uses.



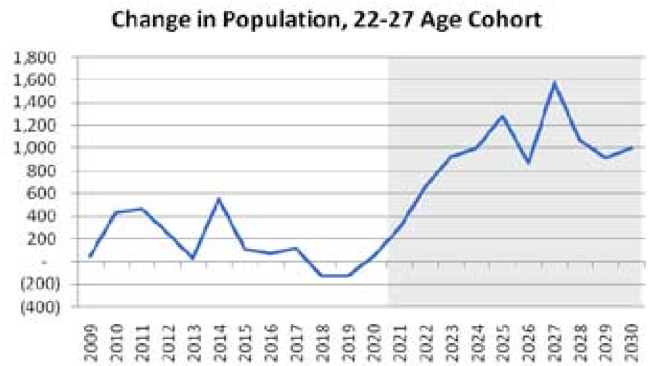
The Downtown Master Plan also should emphasize a diverse set of districts and neighborhoods as one of its organizing principles. Different neighborhoods should be defined that serve and/or include a mix of uses, incomes, ages, and household types.

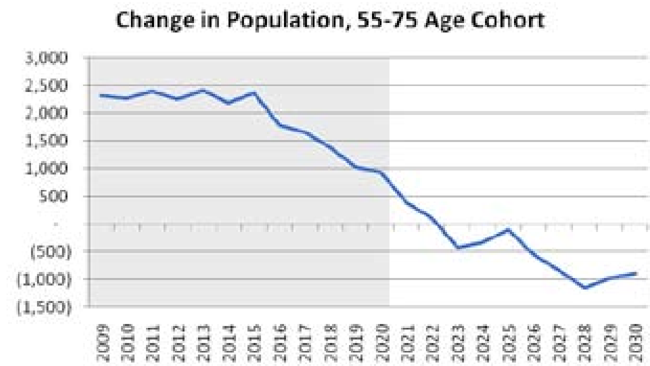
Key findings and observations for each major land use type are summarized below.

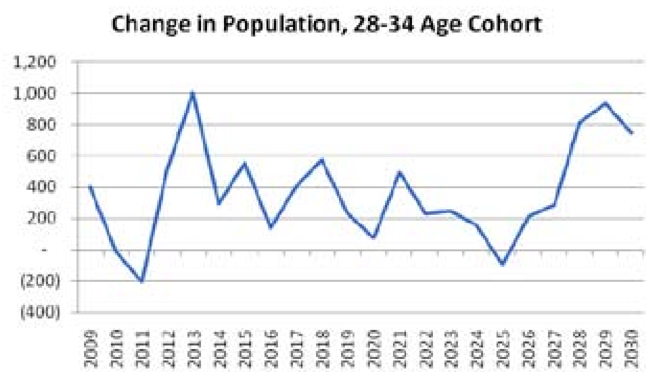
RESIDENTIAL

Residential development potential in the Study Area will be driven by trends in population growth in certain age cohorts over the next 20 years. Downtown housing is assumed to be attached townhouses and/or multi-family units (both rental and ownership). Three key cohorts have been identified. These cohorts tend to seek out particular forms of housing based on their lifestyle needs and activities.

- The 22-27 age cohort primarily rents since its members are just starting their adult lives and jobs, tend to move more often, and typically have lower incomes.
- The 28-34 age cohort typically represents young professionals, often two-income households with no or small children at home, who may be moving out of rental housing already in





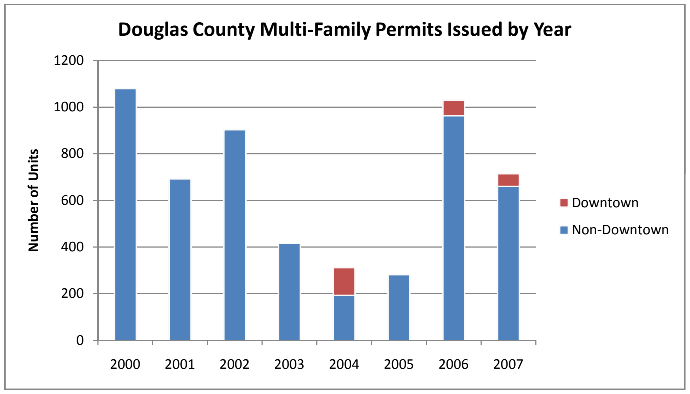


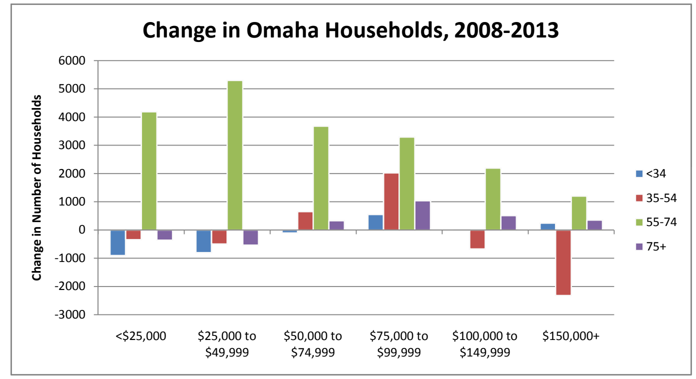
downtown but are typically seeking ownership units (i.e., condominiums or townhouses).

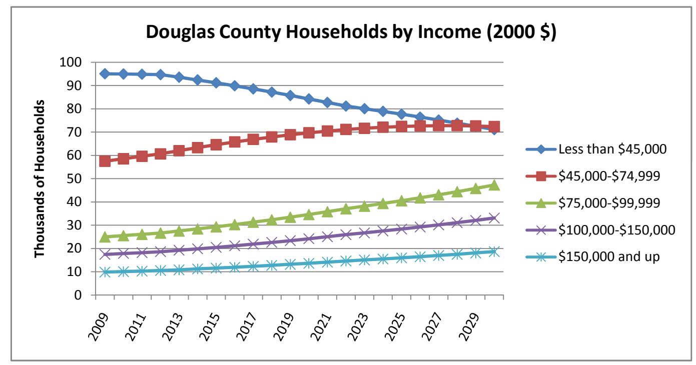
- The 55-75 age cohort includes the baby boom generation ("empty-nesters") that is now in the early stages of planning their retirements and some will choose to move downtown. These buyers typically choose condominiums because of their single-level living arrangement and maintenance-free aspects, but some empty-nesters may choose townhouses (particularly buyers who still can navigate stairs) or become "renters by choice."

Long-term population projections obtained for Douglas County from Woods & Poole Economics show that from 2010-2020, the empty-nester cohort will be the primary driver of residential development after an initial period of apartment-age growth. After 2020, a dramatic surge of 22-27-year-olds occurs, which will create a significant new demand for rental housing. During the entire period, the young professionals cohort moves between strong spikes and decreases in growth (see corresponding illustrations of these long-term projections).

By examining the historic relationship between multi-family housing permit issuance in Douglas County and population growth in relevant age cohorts, and assuming that the recent market share of downtown condominium sales versus the total Omaha market will continue, a four-step methodology can be used to project long-term multi-family housing demand in the Study Area.







1. The historical population statistics for the three key age cohorts were compared to the historical trend of multi-family building permit issuance in Douglas County. The intent was to determine if one or more cohorts were the primary driver of multi-family residential demand in the Omaha market. From 1999 to 2007, the annual population change in the 22-27 age cohort appeared to have a significant influence over multi-family permit issuance, with the two trends moving roughly in parallel. The other two cohorts did not demonstrate any or as significant an influence. This finding generally corresponds with market experience, as rental apartments (which are primarily preferred by young households) are still the dominant component of the Omaha multi-family market. According to the U.S. Census Bureau, almost 95% of Douglas County's multi-family housing stock was renter-occupied in 2007.

2. The historical relationship between annual change in the 22-27 age cohort and multi-family permit issuance was analyzed by calculating the ratio of permits issued versus population change in each year. While the relationship is not perfect throughout the entire 1999-2007 period, a consistent trend was observed over several years. An average ratio of 2.38 permits per new 22-27-age person was calculated to illustrate the influence that population change in this cohort has had on multi-family demand.

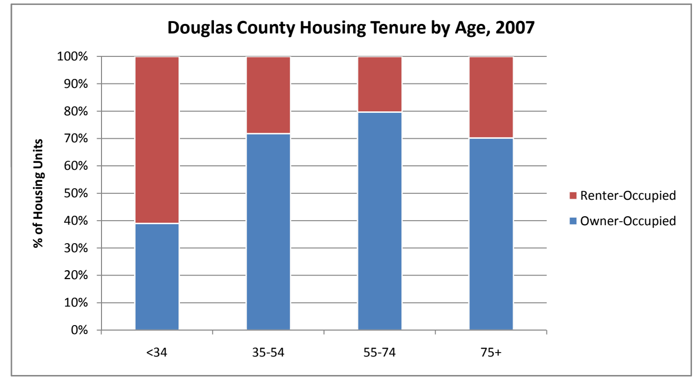
3. The annual population changes for each age cohort from 2010-2030 were calculated from the Woods & Poole projections. Strong positive changes represent demographic "pressure" for new or additional housing product. While all three age cohorts

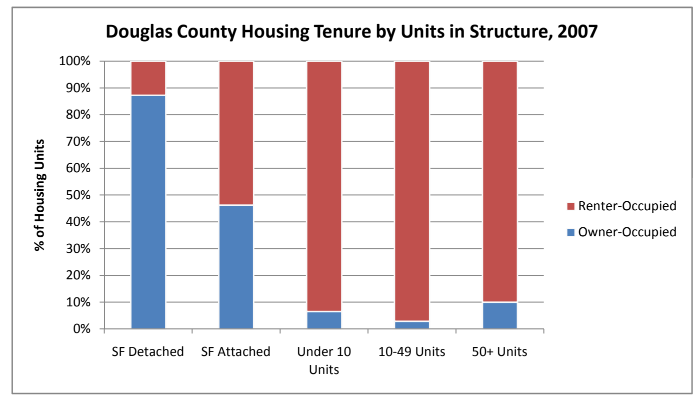
will contribute to multi-family demand, the relative influence on demand of each cohort in each year was allocated based on the amount of cohort growth projected to take place at the time. For example, from 2010-2020 the 55-75 age cohort was allocated 70% or 80% of the "influence" because of its strong growth compared to the other cohorts. From 2021-2030 the allocation was reversed, with the 22-27 age cohort receiving the dominant share of influence due to the decline in empty-nester population growth and the increased growth in the younger cohort.

4. The allocated annual population change was multiplied by the permit-to-population ratio of 2.38 to produce county-level projections of multi-family residential demand from 2010-2030. Based on research by the University of Nebraska-Omaha Department of Economics and Real Estate showing that downtown condominium sales from 2000 to 2006 represented approximately 20% of total market sales, that market share was applied to produce demand projections for the downtown study area. The split between rental and ownership housing was estimated at 25%/75% in the 2010-2020 period due to the dominant influence of empty-nester buyers. From 2021-2030 the split was reversed in favor of rental due to the projected dominance of the 22-27 age cohort in those years.

Based on this analysis preliminary residential projections for Downtown Omaha are:

- Phase 1 (2010-2020): 1,500 total units, split between 400 rental and 1,100 ownership
- Phase 2 (2021-2030): 3,700 total units; 2,700 rental and 1,000 ownership

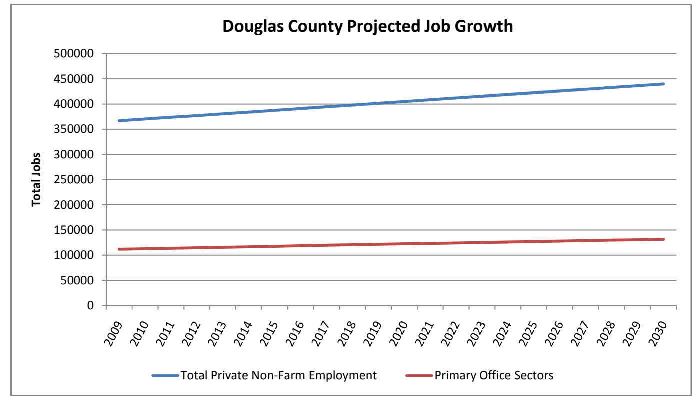




This projected demand would be expected to be satisfied in the Study Area through a variety of development/building types:

- "Mainstream" rental projects, typically developed by national apartment REITs, with a typical project size of 150 to 250 units
- Midrise, infill condos and loft conversions typically developed by local/regional developers (roughly 40 to 60 units per project on average)

Riverfront Place townhomes and mind-rise condo tower



- Townhouses or similar attached product types
- Condo towers of a greater scale and higher end finish than typical midrise/loft product (similar to the proposed Wall Street Tower; probably 10+ stories)
- Artists live/work units

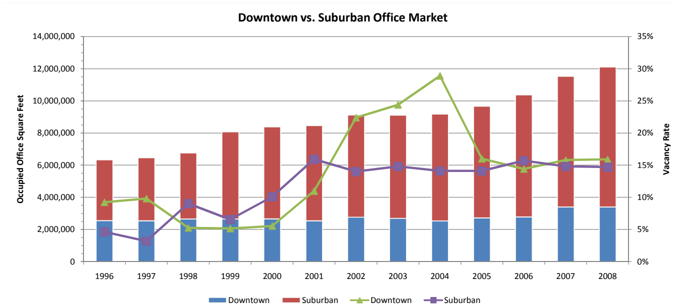
The exact mix of development and building types will be dependent in part on the availability of appropriate and marketable development sites that fit the physical requirements of the housing product.

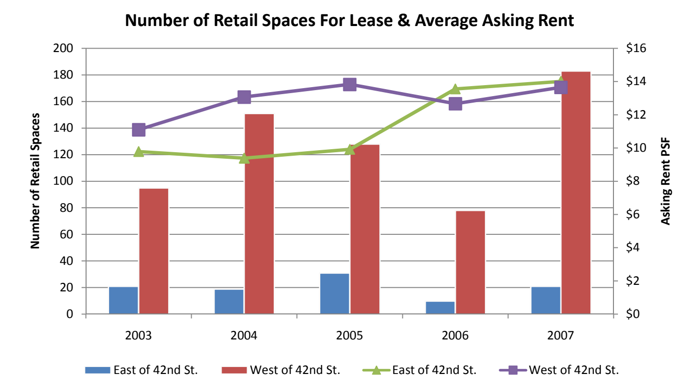
OFFICE

Long-term employment projections for Douglas County obtained from Woods & Poole show that job growth in Omaha will be steady but modest. Organic growth in the market is not likely to be a primary driver of new office development in the Study Area. Absorption figures prepared by local commercial brokers bear this out, with the downtown area typically experiencing modest or minimal absorption of building space since 2000. The exception is new buildings built where a major downtown employer is the primary or sole tenant.

Given the 20-year length of the primary planning period and the number of major employers currently located in the Study Area, it is reasonable to assume that over this time period each employer will initiate a major new building project, such as a relocation or consolidation of existing office space. Based on these parameters, it is recommended that sites be identified and planned for up to eight major new office towers in the Study Area. Other planning parameters identified include:

- Building floorplates of approximately 20,000-25,000 square feet
- Building prototypes between 500,000 and 1 million square feet, which suggest towers of 20 to 40 stories
- Likely preference to cluster in the downtown core, along Capitol, Dodge, Douglas, and the Gene Leahy Mall.





RETAIL

Field reconnaissance and third-party research have demonstrated that the Study Area contains only a modest amount of retail space, especially modern, marketable space that would be competitive for high-quality new tenants. The Lund Company inventory shows that the downtown retail vacancy rate is low (less than two percent), but the company found less than 400,000 square feet across the entire downtown area (including some areas west of I-480) worthy of including in its database.

Since projecting the amount of retail demand that downtown could attract away from suburban locations is a complex and fairly speculative undertaking, especially over a 20-year period, the analysis focused on estimating potential retail demand that would be driven by new residents in the Study Area and spending by office workers on lunch, errands, etc. While this is not a complete tally of potential demand, it begins to identify the order of magnitude of store space that could be needed. Other demographic factors were also examined, such as the locations of major community-serving retail anchors such as grocery stores relative to the study area and surrounding neighborhoods, and certain neighborhood dynamics that the new Master Plan could potentially create and/or nurture through other planning strategies.

The future demand projections were derived from different methods of estimating retail spending potential, depending on the target market or opportunity.

- For new residents, the average annual spending per household in key categories was calculated at the City of Omaha level from 2008 data obtained from ESRI, and assumed to apply to the new households moving into the Study Area. The key categories were Food at Home (grocery stores), Food Away from Home (restaurants), and General Retail. This average amount was adjusted downward depending on the likelihood that the households would do all or most of their shopping in these categories in the Study Area. For example, grocery shopping was assumed to entirely take place in downtown, but a significant portion of General Retail shopping was assumed to still take place outside of downtown due to the wide variety of shopping options available in non-downtown locations. The adjusted household spending amounts were multiplied by the new housing demand projected for 2010-2030.
- For office workers, a research report by the International Council of Shopping Centers (ICSC) was consulted that

provides data on annual retail spending by downtown office workers. Separate spending categories such as Lunch, Dinner/Drinks, Groceries, Drugstore Products, and "Mall-Type" products are broken out.

- Potential new shopping destinations or neighborhood-level opportunities were identified from a retail leakage analysis of the City of Omaha area east of 72nd Street, which was noted as a key dividing line by City staff. This analysis identifies retail categories for which the spending of local households is "leaking" out of the area. Categories with high amounts of leakage represent opportunities that can be satisfied with new stores located in the area that will be more convenient for local residents. Key opportunities for new retail destinations in the Study Area were identified in the Furniture, Apparel, and Shoes categories.

Once the retail spending potential for key categories from each target market was estimated, the dollar figures were divided by typical sales-per-square-foot measures for retailers in those categories as reported by the Urban Land Institute (ULI) in its most recent Dollars & Cents of Shopping Centers report. This produces an estimate of retail square footage in each category supportable by the projected retail spending potential. The supportable square footages were then compared to the typical store sizes in those categories to determine the potential number of grocery stores, drugstores, etc. that could be supported. For General Retail, the supportable square footage of building space was translated into linear footage of storefronts (assuming an average leasable depth of 60 feet) to aid in the planning of downtown retail corridors.

New ground level retail with residential units above in North Downtown

Key findings and recommended planning parameters for retail include:

- Potential for two full-line grocery stores, located on the edges of the Study Area in North Downtown and south near the Old Market, serving residents and workers in the Study Area, North Omaha, and South Omaha. The typical store size would be 30,000 to 40,000 square feet.
- Potential for two or three modern drugstores (sundry stores) that also could include small grocery sections, located on 16th Street, in North Downtown, and in the Old Market area. Typical store size would be 10,000 to 15,000 square feet.
- Temporary use by artists of retail storefronts on 16th Street should be allowed and encouraged in order to change the market position/image of the area and set the stage for future retail reinvestment.
- The area along 16th Street between Farnam and Jackson, and along Howard Street from 16th to the edge of the Old Market,

Urban format drugstore with residential uses above

is a key zone for establishing a core of downtown retail that can serve office workers, municipal/county/court employees and visitors, and residents and visitors throughout the downtown core and Old Market. Howard Street can serve as a "hinge" area that connects the leading edge of the Old Market as it expands westward with a revitalized 16th Street streetcar corridor.

- A potential retail program for the 16th Street/Howard Street area would include approximately 180,000 square feet of general retail and services space. This is assumed to be located both within existing (renovated) storefronts on 16th Street and in newly developed space on opportunity sites along both 16th and Howard. The total square footage corresponds with the typical size of a Community Shopping Center as defined by the Urban Land Institute. The tenant mix would most likely be a combination of everyday convenience retailers, personal and professional services, some specialty retailers such as apparel stores, and artist-related uses (as the area transitions from arts-oriented to retail oriented over time).
- Potential for specialty retail and services to cluster in North Downtown around the intersection of 16th Street and Webster, building off of the presence of "edgy" retailers such as American Apparel and Urban Outfitters, and tapping into the activity generated by Creighton University, Slowdown, Filmstreams, and the Qwest Center and a ballpark.
- Potential for an arts-driven home design and interiors corridor on Leavenworth Street, filling a demonstrated gap in home furnishings and accessories sales in the area east of 72nd Street in the city, and tapping into an emerging artists' studio corridor.
- Potential to create a retail and entertainment corridor along 10th Street anchored by the Qwest Center on the north and the Old Market on the south. The southern portion of the corridor could contain a mix of local, naturally occurring uses rather than the more commercial/contrived mix of urban entertainment zones such as the Kansas City Power & Light District. The northern portion could contain national retailers and chains.

Retail is typically a "follower" use in that it waits on the presence of significant demand generated by office workers, residents, tourists, and other markets. However, retail also is keenly sensitive to the street environment, quality of public spaces, and accessibility/visibility of the store spaces to the maximum number of potential shoppers. The physical planning and urban design elements of the Master Plan should pay careful attention to the needs of retailers and shoppers as specific neighborhoods and districts develop.

The Orpheum Theatre on 16th Street between Harney and Howard
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ARTS AND ENTERTAINMENT

Arts, cultural, and entertainment uses are key components of a vibrant downtown and reflect the downtown's ideal position as the primary location for unique regional-level activities that cannot be found anywhere else. Downtown Omaha is an established destination for many arts and entertainment activities, and the Master Plan should reinforce and expand upon that position.

- Identify any gaps in the existing commercial entertainment mix that serves tourists, convention-goers, and other visitors to the Study Area, and work to fill them with local establishments and select national chains where appropriate to maintain the unique appeal of existing businesses in the Old Market and Events District/North Downtown.
- Build on the substantial arts presence in the study area represented by Kaneko, Bemis, Filmstreams, the planned Omaha Creative Institute, and others

Qwest Center Omaha

- Support initiatives and redevelopment activities planned and instigated by artists

CIVIC, SPORTS, AND CULTURAL

Similar to arts and entertainment, the Study Area is and should remain the primary location for major civic facilities and cultural institutions. Key elements in this area that were identified and addressed included:

- Support/facilitation for TD Ameritrade Park and Qwest Center Omaha expansion
- Planning and facilitation of new civic facilities: library, police headquarters, courthouse, and others
- Reinforce existing cultural anchors such as the Joslyn Museum, Durham Museum, Holland Center, Orpheum Theater, and others

EDUCATIONAL INSTITUTIONS

Educational institutions are a natural fit with arts, cultural, and civic uses and can create valuable synergies with those activities that will drive development in the Study Area. Students at all grade levels are an important source of demand for the market-based uses in the downtown, including shopping, dining, entertainment, and housing (for post-secondary students). The Master Plan should create /encourage linkages between educational institutions and downtown activities, and facilitate initiatives including:

- Gallup University expansion
- Creighton University expansion
- Proposed Omaha Creative Institute
- Downtown public K-12 schools – Liberty Elementary and Central High
- Potential to attract other private collegiate and/or vocational institutions

The concentration of office workers and corporate employees downtown means that the Study Area should be a key center for lifelong learning, training opportunities, and other personal educational and enrichment activities.

Student Housing at Creighton University

STUDENT HOUSING

College and graduate students are a natural target market for downtown housing. Besides contributing to market-based housing demand, they also create potential for privately developed off-campus (or near-campus) student housing. The planned expansion of Creighton's campus near North Downtown is a key opportunity for student housing, especially since the university reports that demand for campus housing is increasing among juniors and seniors even though they are not required to live on-campus. The Master Plan should coordinate with Creighton's new campus plan and facilitate the university's redevelopment of properties it controls for student housing and mixed-use projects that contribute to the emerging urban character of the North Downtown neighborhood.


Two of the four hotels in the North Downtown area

HOTELS

New hotel development traditionally grows at roughly the rate of overall economic growth in the region. Assuming a three percent annual growth rate over the next 20 years, this would translate to approximately 300 new hotel rooms added per year in the Omaha market. While some of this new development would locate in suburban areas, a significant portion can be assumed to locate in the Study Area due to downtown's prominence as a business/entertainment center and tourist destination. Key opportunities for hotel development that should be incorporated into the Master Plan include:

- Supporting Qwest Center expansion – stated need for an additional full-service convention center hotel
- Opportunities for boutique hotels throughout the Study Area, especially in the Old Market and downtown core

RECREATION AND SPORTS

Recreational and sports-related uses were identified as important elements of the Master Plan during the charrette process, and several different constituencies provided significant input during the public sessions. The Study Area already is actively used for a variety of recreational purposes, and the potential exists to add new facilities and to better link existing facilities throughout the downtown. Opportunities that were identified included:

- Bicycle trails, routes, and facilities
  - Commuter connections into Downtown Omaha
  - Completion of Riverfront bike trail
  - Linkage to Missouri River Pedestrian Bridge
  - Connection to existing 20-mile route and Aksarben bikeway
- Skate parks – north and south Riverfront, and elsewhere
- Dog parks
- Small, neighborhood parks and gathering spaces
- "Aksarben Yard" opportunity at UP yard site south and east of the Durham Museum
- Redevelopment of Riverfront parcels in Little Italy
- Potential for tournament sports complex on former industrial properties north of Cuming – soccer fields, ballfields, tennis courts, etc.
- Natatorium adjacent to Qwest Center Omaha