bears. In the last slowdown in 2001, there was a lot of space available, but the market in 2008 is very much more robust,” she notes. “At the moment, there is not enough construction to saturate the market. We foresee the market for the right product in the right location remaining robust.”

The squeeze on credit has led to occupiers deferring their property plans and caused financing difficulties for some proposed speculative developments, the report said. “I think the impact of the credit squeeze will be greatest in the Americas and Europe, where there will be stabilization in growth,” says Rossall. “There will be less impact elsewhere. In general, we are still hearing about fairly robust activity in most sectors and markets.”

Rent levels are more vulnerable in locations where banks may shed staff and reduce their space needs, the report notes, citing specifically Zurich, Frankfurt, and the City in London.

London’s West End remains the most expensive office location in the world, with space now costing €2,277 per square meter ($323 per sq ft); Hong Kong’s central business district (CBD) is now second after a 40 percent increase to €1,745 per square meter ($247 per sq ft). Tokyo’s CBD dropped from second to third.

Turkey had the three locations where rent values rose fastest during 2007, with the Levent and Gayrettepe/Zincirlikuyu business districts in Istanbul and the Izmir CBD all registering increases topping 85 percent. Demand for space reflects business opportunities in the Turkish consumer market, Rossall says. “We will still see strong growth in the Turkish markets, and I would expect that to be reflected in rent increases, especially in Istanbul, which is attractive for access to both Asia and Europe,” she says. “There is not a huge amount of good-quality space in Turkish cities.”

In the European Union, the highest increase was 81 percent in the central business district of Oslo. Analysts say this was driven by a strong economy and low interest rates.

Moscow’s CBD is now the fifth-most-expensive Grade A office location in the world, at €1,160 per square meter ($165 per sq ft), and the Ukrainian capital Kiev, which has only recently been included in the Cushman and Wakefield survey, ranks among the 20 most expensive. The huge consumer markets in both countries and the availability of skilled workers at modest wages have attracted corporate businesses from all sectors. In contrast, demand in former hotspots like the Czech Republic and Hungary has slowed, reflected in a modest 3 percent increase in rents in both in 2007.

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HEADS DOWN . . .

“All new building at [London] Heathrow [Airport]—even one that is effective a complete new airport in itself, namely the massive new Terminal Five, opening in March—can only ever be a temporary fix. Everybody knows that the airport is in the wrong place, that it is too small, and that the noise, pollution, and danger of forcing planes to fly low right over the capital will get steadily more unacceptable. Eventually, Heathrow will have to close.”


NEW ORLEANS AS ART?

“It’s a global show that will be everywhere from abandoned warehouses and homes ravaged by Katrina to museums. . .

It’s the concept of the city as a gallery.”

—Dan Cameron, director of Prospect.1, an 11-week international biennial scheduled for November in New Orleans with exhibits of contemporary art by about 80 national and international artists on sites from one end of the city to the other; the goal is to help increase tourism and economic activity.

subsequently released his SForward plan, which identified six policy areas needing to be addressed in order for the city to meet that goal, one of which was reducing carbon emissions from transportation by 963,000 tons annually.

To meet that goal, the city will have to change its transportation infrastructure to compensate for future growth. According to a report by the Metropolitan Transit Commission (MTC)—a transportation planning, coordinating, and financing agency for the nine-county San Francisco Bay Area—vehicle transportation accounts for half the area’s total greenhouse gas emissions.

“We are already transforming the built landscape of San Francisco,” said Newsom in his address. “Nowhere is this change more evident than in our eastern neighborhoods, where new housing, an expanded downtown, new industries, and a new grand central station for San Francisco, the Transbay Terminal, will become the landmarks of our future.”

The Transbay Terminal, which will connect eight rail and bus transit systems, will be part of the future Transbay Transit Center. The transit center/Caltrain downtown extension project—managed by the Transbay Joint Powers Authority (TJPA), created by state law in 2001—will both accommodate a 1.3-mile (2.1-km) extension of the Caltrain commuter rail underground from its current last stop at Fourth and Townsend streets, and provide room for future California high-speed rail. Scheduled for completion by 2013, the transit center will serve nine counties and unite the divided transportation network of buses, trains, and underground rail, making it easier for people to use public transit and not commute by automobile.

The transit center is expected to eliminate more than 8,000 automobile trips and 260,000 vehicle miles (418,000 km) traveled daily on San Francisco’s peninsula corridor roadways, reducing carbon monoxide emissions by more than 2.5 tons per day, says Maria Ayerdi, TJPA executive director.

The transit center will also have a private commercial component to serve people living in adjacent downtown areas, where a significant amount of residential development is taking place.

“The office space part of the project should minimize new traffic impacts by locating office workers near their place of residence,” says Bob Thompson, chair of ULI San Francisco. “In addition, if the underground connections with the Caltrain station and the Market Street BART [Bay Area Rapid Transit] line are completed, the project should lessen existing commuter automobile traffic coming into the downtown area by making alternative modes more efficient and convenient.”

The project, through the operations of the transit center, the downtown rail extension, and the redevelopment area, is expected to create 28,000 jobs and help generate a 44 percent increase in San Francisco County employment through 2030, outpacing projected population growth of 16 percent. Over the same period, commuter trips are expected to increase by 51 percent, and total person trips in the peninsula corridor to rise by 43 percent.

In addition to creating revenue from business development and increasing real estate values, the project is expected to lead to the transformation of parking lots and bus ramps into affordable housing developments and revitalize this part of downtown with a mixed-use community facility.

“The new terminal presents an opportunity to fix a gap that was a historical problem,” says Robert Dunphy, ULI senior resident fellow, transportation. “It also will greatly enhance the travel experience for users and create significant development in a passed-over part of downtown.”

According to San Francisco planners, the transit center project will create a new type of walkable landscape for the region.

“The project will not only create the West Coast’s most significant transit station, but it will also revitalize the South of Market neighborhood by adding a new walkable neighborhood with access to public transit at the foot of people’s doors,” says Ayerdi. “It is designed to be a vibrant environment with shops and restaurants adjacent to new parks and

IT TAKES A VILLAGE?

“You had everything here—an excellent school, excellent travel facilities—and people generally didn’t move away. It’s only since the talk about the runway has come that people are panic selling and moving.”

—Jackie Clark, fourth-generation resident of Sipson, England, a village located a couple of miles from London Heathrow Airport where 700 or so houses, an elementary school, a church, pubs, and other buildings may be eradicated to make way for a third runway.

open spaces. The neighborhood is as essential to the transit center as the transit center is to the neighborhood.”

Of the $1.2 billion needed for the first phase of the Transbay Transit Center project, half is being provided by local, state, and federal funds—only $64 million from the federal government—with the rest coming from private investment.

“More than 40 years after the Key System [a commuter rail line that ran on the lower level of the San Francisco–Oakland Bay Bridge] was dismantled in favor of automobile use, we are in the position to return to a culture of mass transit with the reintroduction of the rail through the California high-speed rail system and the extension of Caltrain into the downtown facility,” says Ayerdi. “We hope that the Transbay project will reinvigorate interest and development of the transit infrastructure across the state and the West.”

Robert Krueger is a communications associate, ULI.

ULI Advisory Panel Recommends Using Minneapolis Bridge Rebuilding to Spur Support for Downtown Redevelopment

Minneapolis has an opportunity to create positive change by building on the spirit of community cooperation that followed the collapse of the Interstate 35 bridge, and by using the bridge rebuilding project as a catalyst to unite support for downtown redevelopment, a panel of ULI members noted. The group of land use and infrastructure experts from around the nation recently visited Minneapolis to provide an objective view of what the city could do to revitalize neighborhoods in the shadow of the I-35 bridge.

The panelists focused on how the bridge rebuilding could spur redevelopment of the entire area leading into downtown. “Out of this sad tragedy the city has an opportunity to look at how parts of the city can be brought together and new bridges, both physical and human, can be rebuilt,” noted Maureen McAvey, executive vice president of ULI’s Initiatives Group and chair of the ULI advisory services panel.

Panelists told city officials that rebuilding the I-35 bridge can be a catalyst to reconnect neighborhoods and create a new Midtown for Minneapolis by turning Washington Avenue into a grand boulevard by extending it and reconnecting it with the Cedar Riverside neighborhood. Washington Avenue is the key: it has the ability to connect the city’s two anchors—downtown and the University of Minnesota, panelists said. Placement of a light-rail stop near the Washington Avenue ditch in the Cedar Riverside neighborhood would provide an opportunity to link the university with downtown and St. Paul and make the area whole, panelists noted.

The panel found that the Downtown East and Cedar Riverside neighborhoods face numerous physical challenges created by I-35 West, which cuts a swath between the two areas. A “spaghetti junction”—a complex series of ramps and roadways designed to carry traffic through the area—is the subject of a study by the Minnesota Department of Transportation commissioned before the bridge collapse.

In addition to the complex freeway system, this area is also challenged from a pedestrian perspective, the panel concluded. Both neighborhoods—Downtown East and Cedar Riverside—need improved walkability, which requires a greater focus on sidewalks, trails, and street landscaping, panelists said. In general, the downtown has a solid base of business, office, and retail sectors supported by strong, established neighborhoods, the panel found.

The panel pinpointed opportunities for development and redevelopment that could greatly enhance the city’s potential for long-term vibrancy. These include the following:

- The Metrodome site. Strategically located in Downtown East, it will determine the future of the Midtown neighborhood and represents a large property that has potential to create a neighborhood and be a regional anchor. It could be a destination with mixed-income housing and mixed-use development.
- The east end of the Mills District—Chicago Avenue to I-35 West. This area needs a strategic plan for developing the east end to the south riverfront.
- South Cedar. This is a new area with the University of Minnesota campus expansion.
- Chicago and Washington corner. This area has the potential to become a great retail/dining/entertainment destination for residents and tourists.

As part of the city’s efforts to foster development activity in the downtown area, the panel recommended that Minneapolis consider the following: new opportunities for mixed-income housing and mixed-use development; new opportunities for transit-oriented development; creation of development nodes within 15-minute walking intervals to generate foot traffic; and maximizing the potential of the Washington Avenue and Cedar Riverside corridor to become the spine of Midtown.

The panel was organized through ULI’s advisory services program, in which experts in the fields of real estate, land use, and infrastructure planning are assembled to participate as volunteers on panels worldwide and offer recommendations for complex planning and development projects, programs, and policies. ULI has organized advisory panels in response to both natural and manmade disasters that have affected several areas of the United States, including the 1992 riots in south-central Los Angeles; the 1995 bombing of the Murrah Federal Building in Oklahoma City; the 2001 terrorist attacks in New York City; and the 2006 Hurricane Katrina in the Gulf Coast region.

MARGE FAHEY is director of media relations, ULI.

British School of Chicago Takes Vertical Approach

The British School of Chicago has found a new home in the now-gentrified Cabrini-Green neighborhood—a new five-story building, with ground-floor retail space and a parking garage, that is part of a 175,000-square-foot (16,300-sq-m) mixed-use development. Occupying 75,000 square feet (7,000 sq m) of the 84,000-square-foot (7,800-sq-m) building, the school includes science and industrial technology labs, music and art rooms, a cafeteria, and a gym with views of the Chicago skyline. The playground, with a recycled-tire play...