

# VALUE OF DOWNTOWN 2023



Prepared for:



Prepared by:



**Economic & Planning  
Systems, Inc.**

*The Economics of Land Use*

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# Value of Downtown

## Introduction

Downtown San Antonio is the center of civic, cultural, and historic life in the region and is central to the economic health of the city. It is a premier educational and medical center for San Antonio and all of South Texas. Downtown is home to the most visited destinations in the state (the River Walk and the Alamo), the Henry B Gonzalez Convention Center, Hemisfair, and myriad of cultural institutions such as the Majestic Theater, Historic Market Square, Tobin Center, La Villita, SAMA, San Pedro Creek, Ruby City, San Fernando Cathedral, Blue Star and Hopscotch. Downtown is also home to over 75,000 jobs and 28,000 residents, attracting millions of annual visitors.

Downtown is estimated to generate nearly \$19 billion in annual economic impacts on the community (2021 estimate). The properties in Downtown alone generate over \$38 million in property tax revenue (as of 2021) for the City of San Antonio in addition to the sales and hotel occupancy tax generated by Downtown businesses and hotels.

Maintaining and growing the value Downtown generates for the community requires continued investment. This Value of Downtown report quantifies the economic value generated by Downtown to illustrate the tremendous return on investment Downtown creates. Centro San Antonio commissioned the first Value of Downtown study in 2017 to support the adoption of the Downtown Regional Center Plan. This update to the original study documents the continued growth of the urban core and highlights the importance of investment in Downtown as it faces emerging challenges.

Three geographies have been defined to guide Downtown efforts. These areas are described below and shown in **Figure 1** on the next page.

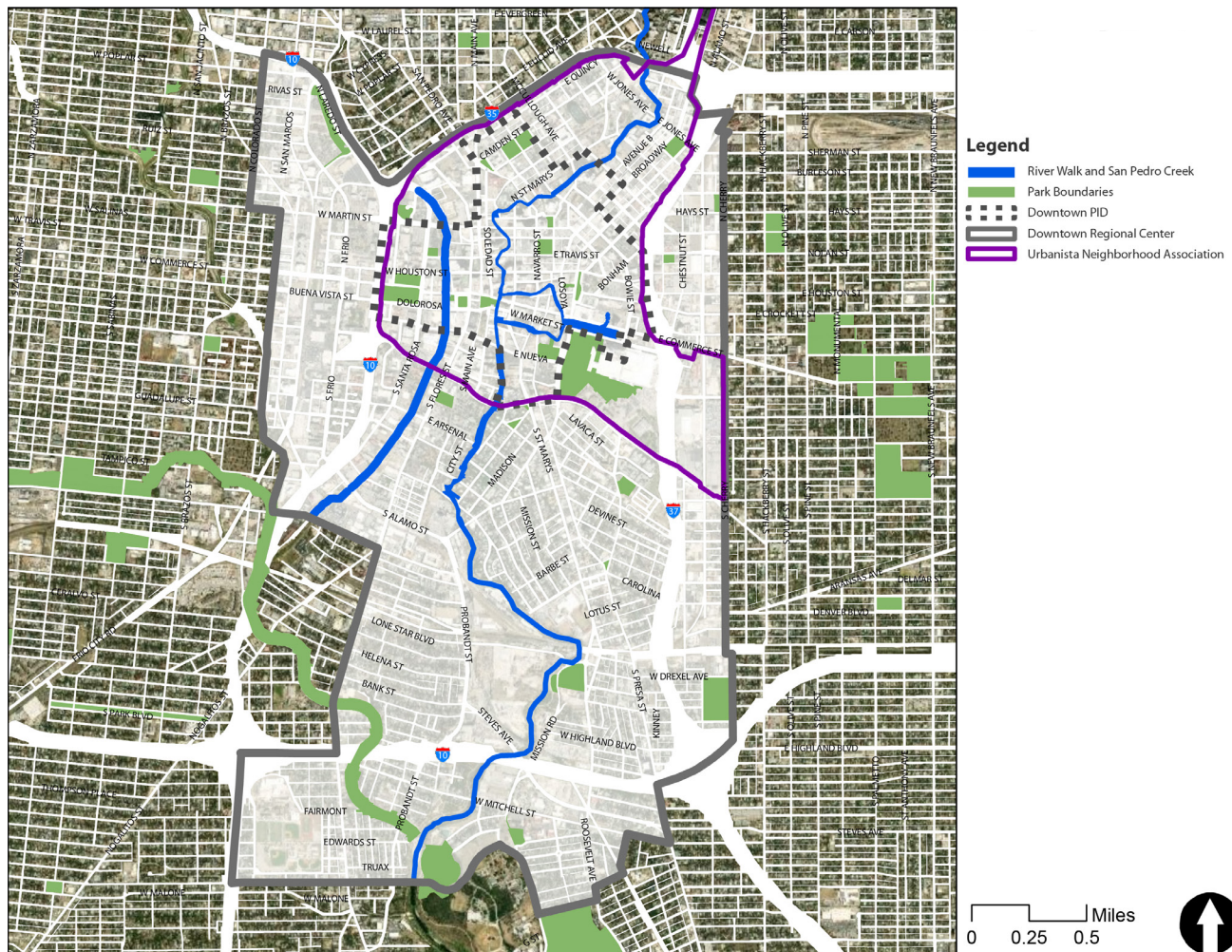


**Downtown Regional Center** – The Downtown Regional Center was defined through the development of the City of San Antonio’s citywide Comprehensive Plan. The Regional Center boundaries capture the Central Business District (CBD) and historic core of the city as well as the surrounding neighborhoods in Downtown.

**The Downtown Public Improvement District (PID)** – Beginning as the Downtown Owner’s Association in 1982, Centro has been an advocate for property owners, business, and residents in the urban core for four decades. The PID was established by the City of San Antonio at the request of private property owners in 1999 to offer supplemental clean, safe, and hospitality services downtown. Centro manages the PID to provide these and other services covering over 350 acres (nearly one square mile) in the downtown core.

**Urbanista Downtown Neighborhood Association** – This Neighborhood Association is a City-designated neighborhood north of Cesar Chavez. It is home to nearly 3,000 people, the CBD, and includes the River Walk, Alamo, Hemisfair, San Pedro Creek, Historic Market Square, City Hall, County courthouse and numerous other cultural, historic, business and civic locations.

**Figure 1. Downtown Boundaries**





## Downtown Today

San Antonio is a major tourism destination and attracts nearly 32 million visitors to the region annually as of 2021. Downtown San Antonio is the historic and cultural center of the region and home to the world-renowned River Walk. Other Downtown visitor attractions include the San Antonio Missions (a U.S. National Park and UNESCO World Heritage site) that includes the famous Alamo (formerly Mission de Valero), Hemisfair (site of the 1968 World's Fair), the Majestic Theater, Historic Market Square, Tobin Center, La Villita, San Antonio Museum of Art (SAMA), San Pedro Creek, Ruby City, San Fernando Cathedral, Blue Star and Hopscotch. The Henry B Gonzalez Convention Center is Downtown within walking distance of neighboring locations such as the Alamodome, St. Paul's Square, the Carver Community Cultural Center, and VelocityTX. The Downtown Regional Center has a wealth of other assets in addition to the major tourism attractions.



**50+**  
**PLACES OF  
WORSHIP**



**80+**  
**MUSEUMS &  
ART GALLERIES**



**5**  
**LARGE  
PERFORMING  
ARTS VENUES**



**20+**  
**PLAZAS  
& PARKS**



**350**  
**RETAIL  
BUSINESSES**



**370**  
**BARS &  
RESTAURANTS**

# Since 2010<sup>1</sup>



**>5,100**

NEW MULTIFAMILY  
APARTMENT UNITS



**8,400**

APARTMENT UNITS  
TOTAL INVENTORY



**>1.2M**

SQUARE FEET NEW  
COMMERCIAL SPACE



**17.3M**

SQUARE FEET  
TOTAL INVENTORY



**>2,300**

NEW HOTEL ROOMS



**14,100**

TOTAL ROOMS

After decades of disinvestment and stagnation, the Downtown Regional Center experienced a revival of activity and investment over the last 20 years, in large part due to the Decade of Downtown. The community's efforts to revitalize its Downtown through public investments, regulatory changes, and incentives for housing and businesses spurred tremendous development activity. However, this was just the beginning of a longer term effort to fully realize the potential of Downtown as set forth in the City's Downtown Tomorrow Plan.

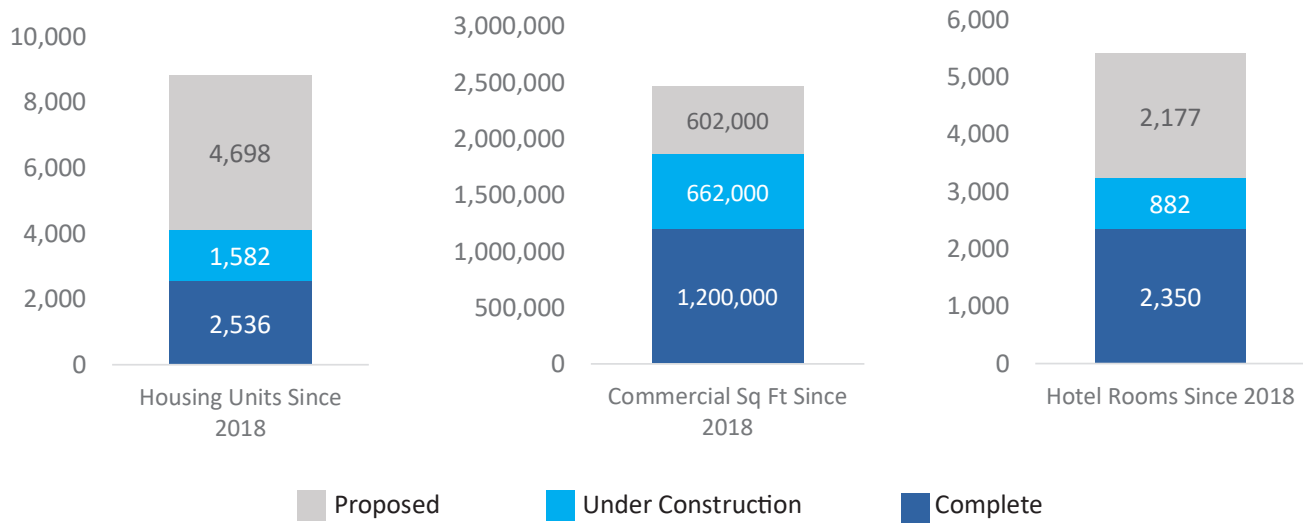
Downtown today is home to 28,000 residents living in 11,500 households, and 75,000 jobs. Investment in new buildings and renovation of existing spaces over the past 12 years (since 2010) has led to substantial new opportunities for residents and workers to live and work Downtown.

Investment in Downtown has grown each year. The development pipeline (i.e., under construction, planned, proposed buildings) for some uses exceeds the amount of development experienced in the past decade. New development built, under construction, or proposed since 2018 is substantial and is summarized below and shown in **Figure 2** and **Figure 3**.

In recent years, the COVID-19 Pandemic has had significant impacts on how people live and work. These impacts have been more pronounced in downtown areas. Specifically, shifts to remote and hybrid work schedules have greatly decreased daily downtown foot traffic and spending. Diversifying the mixture of uses and reasons people live, work, and play in downtown is essential to maintaining vibrancy. Investments in downtown is needed to ensure this diversification will occur.

<sup>1</sup>These totals are for the area within the Downtown Regional Center boundary and do not include development in the Greater Downtown Area (used to track development for SA 2020), which includes the Pearl redevelopment and other Downtown adjacent projects.

**Figure 2. New and Planned Development Since 2018**



Source: Centro San Antonio, CoStar, Economic & Planning Systems

**Figure 3. New Development (2018 to Proposed)**



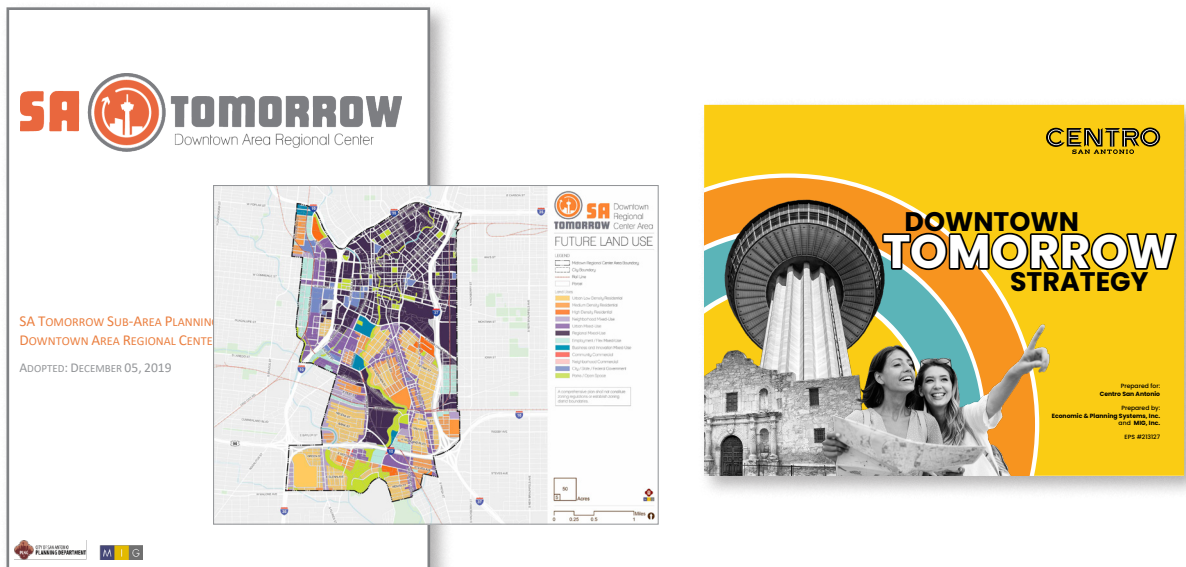


# Downtown Tomorrow

## Planning for the Future

The Downtown community has developed plans to continue its growth over the next 20 years and beyond. These plans will ensure that Downtown maintains and grows the value it generates for the City. Guiding future growth are two plans:

### *City of San Antonio's Downtown Regional Center Plan Centro's Downtown Tomorrow Strategy*



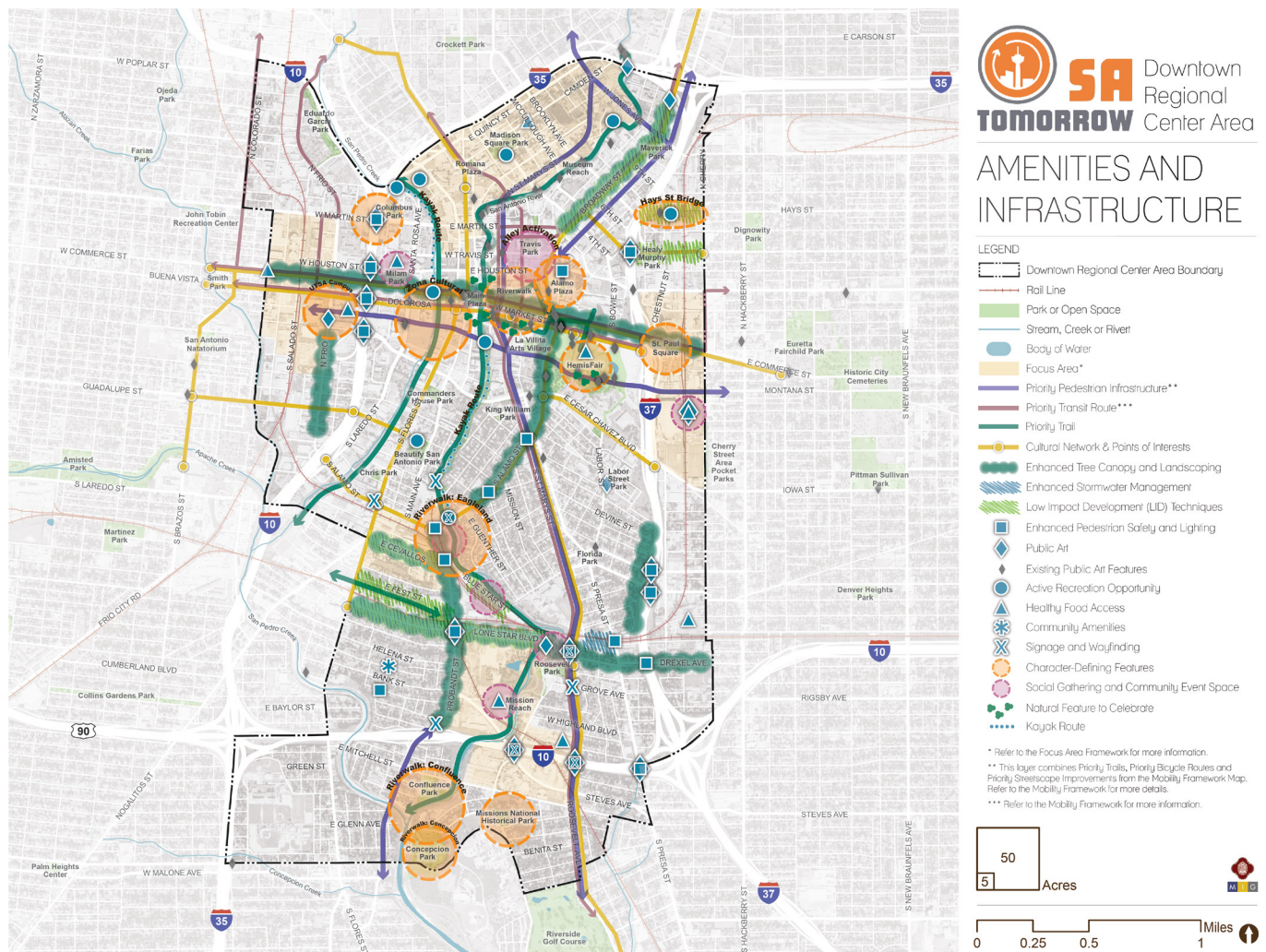
### Downtown Regional Center Plan

The City of San Antonio adopted the Downtown Regional Center Plan in 2018. The Plan provides the policy and land use plan needed to guide development for the area over the next 20 years. The plan is a roadmap for Downtown in 2040, its vision created by the community:

*Downtown has a wealth of active public spaces and urban greenways, connected by robust public transit and safe pedestrian and bicycle infrastructure. Its urban neighborhoods infuse their unique character into an exciting live, work, and play environment. A diverse array of housing choices provides options that are affordable for all Downtown residents.*

The plan provides policy direction for land use, catalytic focus areas and projects, mixed-use corridors, mobility, amenities and infrastructure, housing, and economic development. The plan identifies several implementation actions and investments needed to guide Downtown's growth. **Figure 4** shows a plan for needed community amenities and infrastructure (e.g., parks, plazas, trails, streetscape) to enhance the Downtown environment. The estimated cost of the identified amenities and infrastructure improvements from the plan is \$31.2 million.

**Figure 4. DRC Amenities and Infrastructure Plan**



## Downtown Tomorrow Strategy

In addition to the Downtown Regional Center Plan, there have been several other plans focused on Downtown. To coordinate and strategically implement these plans, Centro San Antonio developed the Downtown Tomorrow Strategy (DTS) that creates alignment with the Downtown Regional Center Plan and guides the community through 2032 as a half-way mark to that plan's 2040 goal. The vision statement is as follows:

*As the home of 60,000 people and the workplace of many thousands more, downtown San Antonio is the thriving and diverse center of arts and entertainment in South Texas and the engine of a vibrant regional economy. Here, visitors, 10,000 college students, and residents of all ages walk, work, and play in a beloved and unique urban landscape that supports their daily lives and needs – all within two miles of home.*

The purpose of the strategy is to focus efforts Downtown around the community's priority initiatives and to build awareness and support for these efforts. The DTS has five elements that are used to organize and integrate strategic action steps, as shown below.



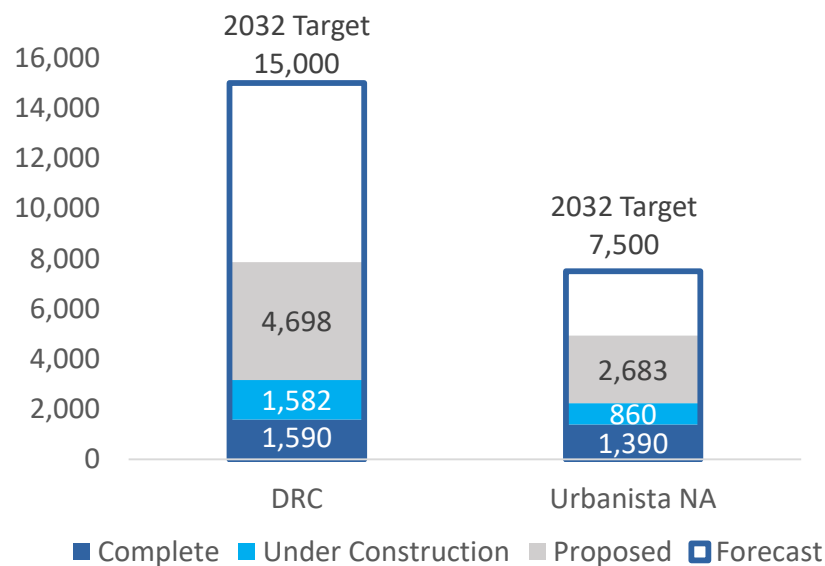
For each element priority, initiatives were identified along with a set of metrics to measure the progress being made by 2032. Progress metrics from the five elements include:

- **Clean, Safe, and Resilient** – Decrease the crime rate to being on par with the average crime rate for downtowns of other major Texas cities; increase Downtown's perception of safety to 80% during the day and at night; achieve and maintain 75% annual above average cleanliness; and increase shade coverage on sidewalks throughout the PID to 60%.
- **Mobility** – Enhance how people get to and from the regional center and move around within it with a focus on pedestrian priority zones to include advocating for VIA's Green Line to operational by 2028 and the Silver Line to be operational by 2032, as well as creating 10 blocks of pedestrian priority zones.



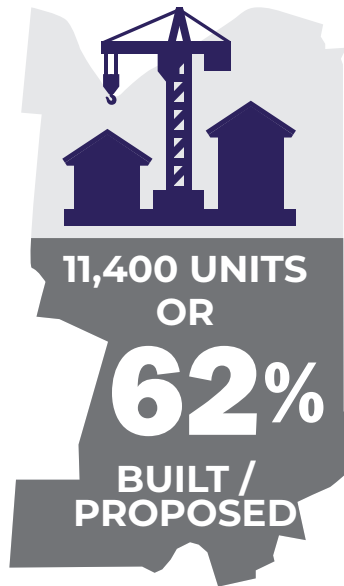
- **Resident Life** – Construct 15,000 new housing units in the Downtown Regional Center with 7,500 units focused in the core; increase resident amenities so that all needs are met within two miles of any Downtown residence; and reduce and sustain chronic and veteran homelessness to functional zero. **Figure 5** shows the progress that has been made towards these 2032 housing targets so far this decade.
- **Economic Prosperity** – Increase tourist visitation to 41 million annually; have 10,000 college students learning in Downtown; increase rate of businesses opening or expanding in Downtown; make Downtown a main street mecca for small businesses; and reduce the amount of underutilized and vacant properties by 50%.
- **Arts, Culture, and Entertainment** – Install three significant art pieces and create one new play space per year; ensure there is at least one event every day Downtown; and create five miles of trails on a cultural trail network.

**Figure 5. Downtown Tomorrow Housing Development Targets**



Source: Centro San Antonio, CoStar, Bexar County Assessor, City of San Antonio. Economic & Planning Systems

## FORECASTED HOUSING GROWTH 2010 → 2040 18,500 NEW UNITS



### Forecast Growth

San Antonio was the fastest growing city in the nation in 2021 according to the U.S. Census Bureau. Renewed investment and development spurred by plans and strategies developed over the past 20 years has positioned Downtown to capture a substantial amount of growth over the coming decade. The Downtown Regional Center is expected to attract 18,500 new housing units and 43,600 new jobs from 2010 to 2040. Substantial progress has been made towards meeting these growth forecasts since 2010. Downtown has attracted over 6,700 housing units (in the Downtown Regional Center Boundary) and there are another 4,700 units proposed to be developed. The built and proposed units combined already account for 62 percent of the 30-year forecasted housing growth from 2010 to 2023, in just over a third of the time. Downtown is on track to exceed the forecast, which caused Centro to develop more aggressive housing growth targets in the Downtown Tomorrow Strategy.

Commercial and hospitality development Downtown has also been strong. Since 2010, Downtown has created space for nearly 9,200 workers, with proposed space able to accommodate an additional 3,500 workers. This rate of new development is keeping pace with the forecasts. Despite major investments in new buildings, the COVID-19 Pandemic had a significant impact on Downtown employment. The shift to work-from-home and hybrid schedules has reduced daily vitality Downtown and has led to significant vacancies in older office spaces.

**Table 1. DRC Growth Forecast and Development Activity, 2010 to 2040**

	Housing Units		Commercial Space		Hotel Rooms		DRC
	DRC	PID	DRC	PID	DRC	PID	Jobs <sup>1</sup>
AAMPO 2010 to 2040 Forecast	18,500						43,600
<b>Development Activity</b>							
Built between 2010 and 2019	3,591	226	1,051,224	1,025,578	1,175	936	4,792
Since 2020	1,590	70	185,903	24,422	1,133	1,133	1,310
Projects Under Construction	1,582	860	662,000	601,000	882	882	3,089
<b>Total</b>	<b>6,763</b>	<b>1,156</b>	<b>1,899,127</b>	<b>1,651,000</b>	<b>3,190</b>	<b>2,951</b>	<b>9,192</b>
Proposed Development Projects	4,698	2,249	602,000	231,000	2,177	2,177	3,497
<b>Remaining</b>	<b>7,039</b>						<b>30,912</b>
% Complete	62%						29%

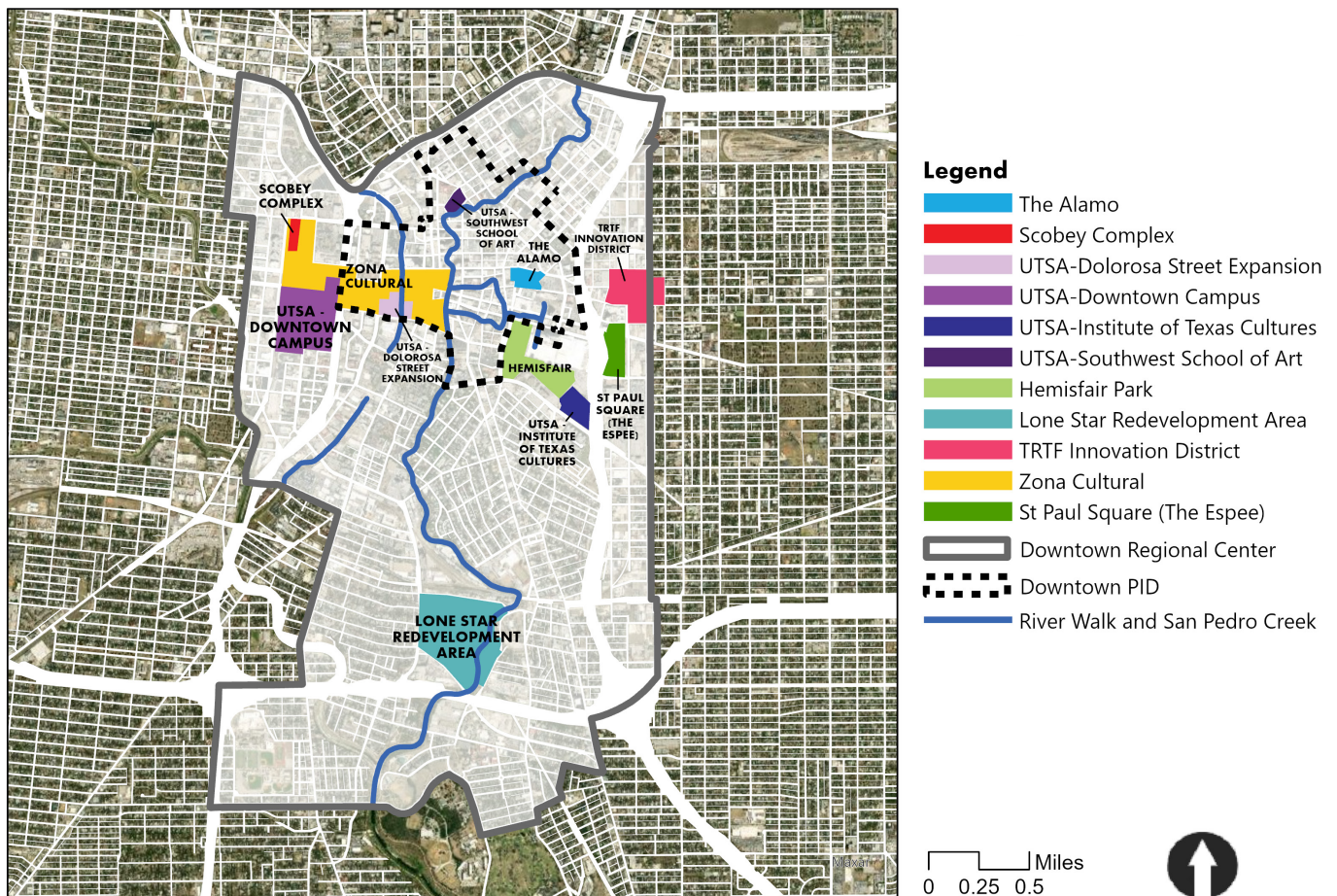
1 - Jobs estimated based on development activity. New building square feet for commercial and hospitality developments used to estimate jobs based on average jobs per square foot factors.

Source: Economic & Planning Systems

## Catalytic Projects

Driving growth of activity in Downtown are eight major catalytic projects that will create the diversity of activities needed to sustain the area. These projects will create several thousand housing units, hundreds of entertainment options, and modern workspaces and classrooms all while celebrating the culture and history of Downtown San Antonio. These projects are shown below in **Figure 6** and are described in detail in the Downtown Tomorrow Strategy. These projects don't include those that are already underway, such as the Broadway Corridor, River North, Pearl, and San Pedro Creek.

**Figure 6. Downtown Catalytic Development Projects**





## Development Opportunity Sites

In addition to the Catalytic Projects, there is still a significant amount of underutilized land within the Downtown Regional Center. The development of these underutilized sites is essential to accommodating the forecast growth for the area and creating the amenities envisioned for Downtown by the community.

A strategic focus for Centro coming out of the Downtown Tomorrow Strategy is attracting investment to these underutilized sites. Centro's goal is to reduce the acreage of vacant and underutilized properties in the PID by 50% by 2032.

Three types of development opportunity sites were identified that are suitable for capturing future development. The sites are shown in **Figure 7** on the next page.

- **Vacant Parcels** – Public and private parcels that currently have no buildings and could have a higher and better use (e.g., surface parking lots).
- **Underutilized Private** – Privately owned parcels that are not used to their full potential and are attractive for redevelopment. Parcels that fit this category include ones where the land value of the parcel exceeds the value of any buildings on the site and/or ones where buildings only cover a small portion of the site.
- **Underutilized Public** – Publicly owned parcels that have low density and/or low value uses on them that could be relocated to allow for development.

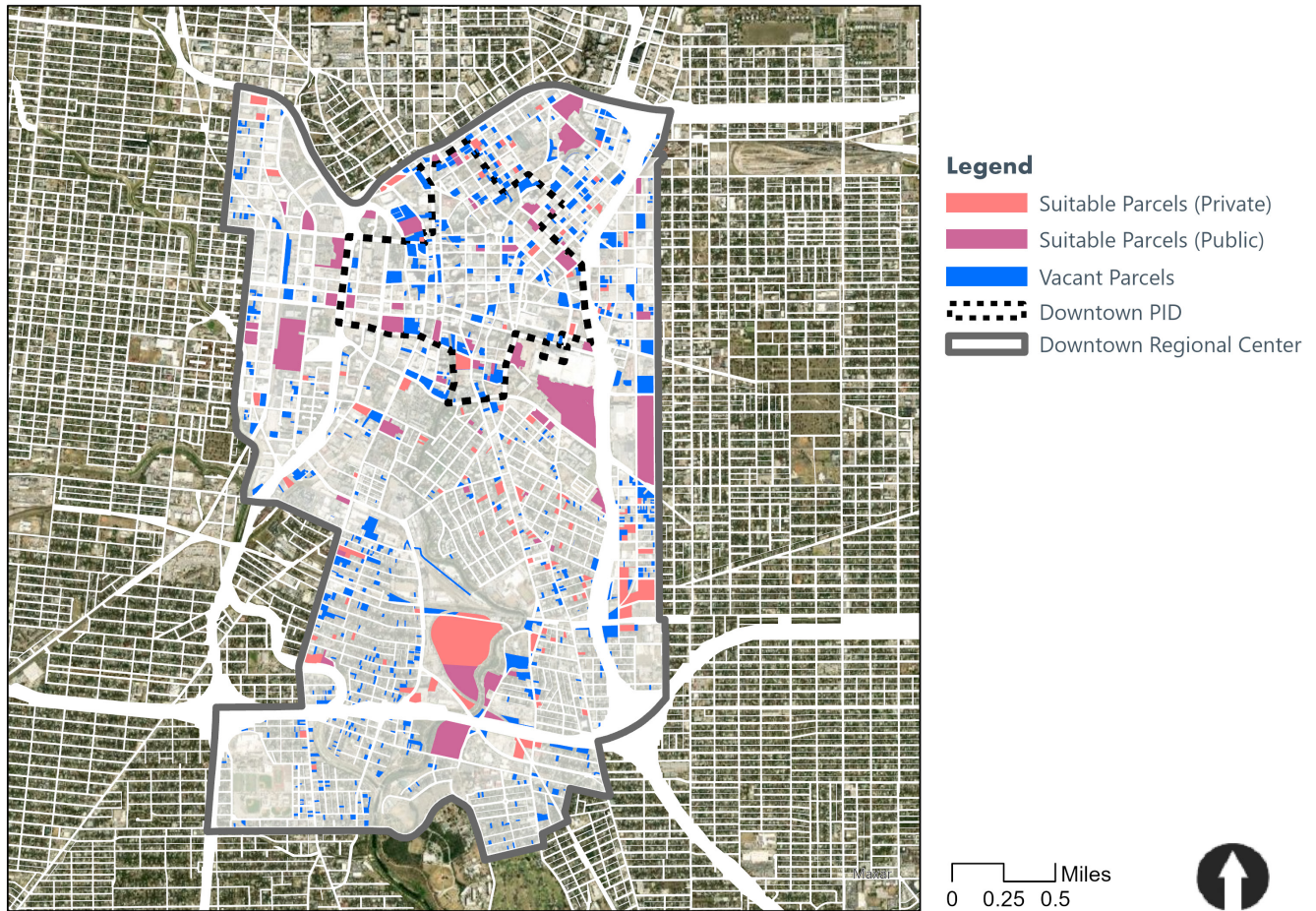
In total, these three categories include 490 acres of potential development sites, as shown in **Table 2**.

**Table 2. DRC Suitable Development Capacity**

Suitability Statistics	Total Acreage	% of Total
Suitable Parcels (Private)	120.3	4.4%
Suitable Parcels (Public)	134.7	4.9%
Vacant Parcels	235.2	8.6%
Potential Development Capacity	<b>490.2</b>	<b>17.9%</b>
All Downtown Parcels	2,740.6	

Source: Economic & Planning Systems

**Figure 7. DRC Suitable Development Sites**



## Capacity for Growth

The forecast growth expected for the Regional Center was compared to the development capacity to ensure that the Downtown area can accommodate it. The Downtown Regional Center still has 11,737 housing units (of the forecast 18,500 by 2040) that have yet to start construction. Similarly, additional nonresidential space is needed to support 34,400 jobs. Combined, the forecasted growth that has not been built yet generates demand for 286 acres of land, as shown in **Table 3**.

**Table 3. DRC Estimated Land Demand, 2023 to 2040**

Downtown Regional Center		Housing Units	Jobs <sup>1</sup>
<b>Growth Forecast</b>			
AAMPO 2010 to 2040 Forecast	A	18,500	43,600
New Units/Jobs (2010-Under Construction)	B	6,763	9,192
<b>Remaining Forecasted Units</b>	<b>A-B</b>	<b>11,737</b>	<b>34,408</b>
<b>Estimated Land Demand</b>			
New Units/Jobs Expected	C	11,737	34,408
Unit/Job per Acre Demand	D	75	265
<b>Land Demand (acres)</b>	<b>C/D</b>	<b>156</b>	<b>130</b>
<b>Total Demand (acres)</b>		<b>286</b>	

Source: Economic & Planning Systems

The estimated demand for land of 286 acres is less than the total capacity identified within the three categories of suitable development sites. However, if the underutilized public lands identified are not used to support the growth of Downtown, there is a lack of capacity for the forecasted growth, as shown in **Table 4**. Leveraging the publicly-owned land to support the growth of Downtown is an essential component of the Downtown Regional Center Plan and Downtown Tomorrow Strategy.

**Table 4. DRC Estimated Land Demand vs. Development Capacity**

Downtown Regional Center		Acres
<b>Estimated Development Capacity</b>		
Vacant Parcels	A	120
Private Underutilized Sites	B	135
Public Underutilized Sites	C	235
<b>Total Estimated Capacity</b>	<b>A+B+C=D</b>	<b>490</b>
<b>Estimated Land Demand</b>	<b>E</b>	<b>286</b>
Vacant and Private Underutilized Sites Net Capacity	A+B - E	31
All Sites Net Capacity	D - E	204

Source: Economic & Planning Systems

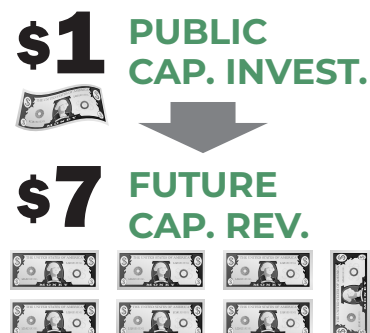




**>\$6.9B**  
DRC PROPERTY  
VALUE

<b>5%</b>	<b>1%</b>
CITY PROP. VALUE	CITY LAND AREA

**\$2.96M**  
DRC AVG. VALUE PER ACRE



## Value of Downtown Investment

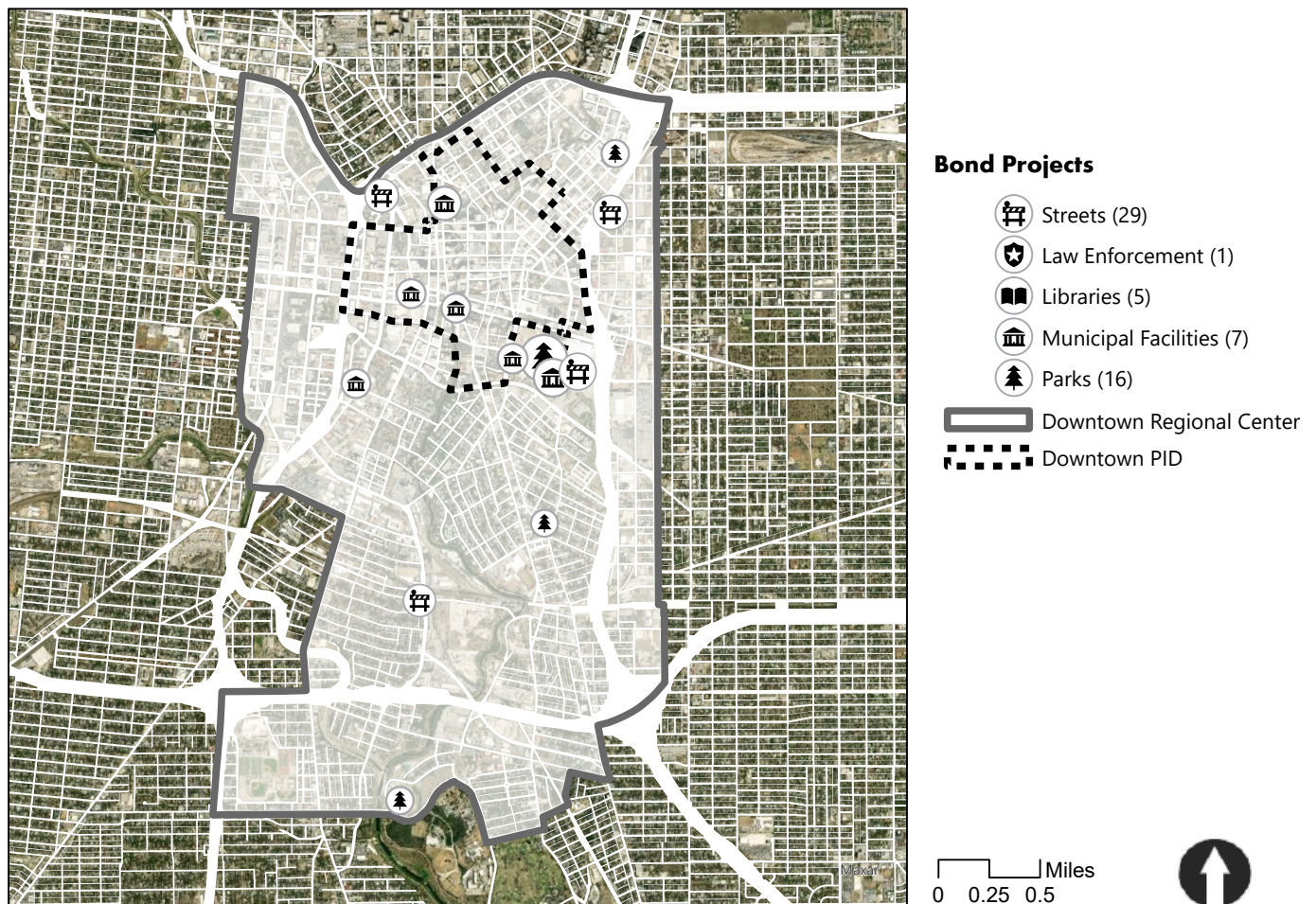
To ensure that Downtown can achieve the vision laid for it, continued investment is essential. The plans for Downtown are ambitious and will require significant investment from all potential sources. The past 20 years of reinvestment in Downtown have shown the tremendous upside of this investment. The Downtown Regional Center has increased in assessed value by 10.8 percent annually since 2012. This increase in value has outpaced the citywide rate of value growth and illustrates the returns possible by investing in Downtown.

To put the value into context, the properties in Downtown are valued at over \$6.9 billion (2021), which is 5% of the citywide property value despite only accounting for 1% of the land area in the city. This is also achieved in a compact area of less than 2,000 acres. The average value per acre of land in the Downtown Regional Center is \$2.96 million (2021), which is over five times for an average parcel in the city. The impact is even greater in the core (PID boundary), as the average value per acre in the PID is \$11.4 million, which is 21 times the average acre citywide.


The return on investment of the Downtown Regional Center Plan was estimated in the initial Value of Downtown study (2020). The impact of the Downtown Regional Center plan on the community, if implemented by 2040, was estimated to illustrate the value of investing in Downtown. The estimated cost of the infrastructure and amenities identified in the plan was \$32 million. Based on that cost of implementation of the plan, every \$1 of public capital investments in Downtown was estimated to generate a return of \$7 to the City in future property tax revenues for capital projects. This return on investment in the form of future tax revenue can be invested elsewhere in the community.

The community continues to see the value of investing in the Downtown area. During the most recent bond program (2022–2027), approximately \$64.5 million was approved by San Antonio voters for projects in the Downtown Regional Center. These projects, shown in **Figure 8**, include new streets and public facilities to support growth in the area.

**Figure 8. Downtown Bond Projects, 2022**



# Property Tax for Debt Service over 5 years in the DRC



**\$80.8M**

=



**25%**  
RETURN ON  
INVESTMENT

The properties in the Downtown Regional Center are estimated to generate \$81 million in property tax revenue for debt service between 2022 and 2027, which includes \$74 million from existing properties and \$7 million from newly built projects. The properties in the Downtown Regional Center will generate more revenue for capital projects than the cost for Downtown projects in the 2022 bond cycle. The result is a 25% return on investment for the community for investment into Downtown.

The tremendous value generated in Downtown—financially and socially—is testament to the quality of place the Downtown San Antonio has become. Growing this community asset is essential to the City's future success and, as illustrated by this study, is a major economic driver for the entire community.