The Market and Metropolitanism

BY CHRISTOPHER LEINBERGER

Most contributors to this *Review* symposium have identified the key role of public policies in shaping our metropolitan areas. Certainly, public policies enacted immediately after World War II, which provided government-backed mortgage insurance for new suburban houses and created the Interstate Highway System, encouraged the low-density pattern of metropolitan development that has come to be known as suburban sprawl.

Yet these early government policies only reflected fundamental changes in consumer desires. The public sector adopted these new policies because most people wanted the conditions they created. At the same time, those same consumer desires were shaping what developers were producing in private real estate markets. In reaction to the dirty, crowded, and noisy prewar city, returning veterans and their families embraced a then-new, now wholly familiar, version of the American dream. Its irreducible and unchallenged elements were privacy for the immediate family,

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Illustration Glenn Pierce

space to buffer intrusive neighbors, the flexibility of personal transportation, and control over local government and schools. For four decades, these goals dominated the development of new territory at the periphery of every American metropolitan area. Only now is the market starting to understand the unintended consequences of the realization of this dream. Only now, since parts of the market are becoming disenchanted, can we begin to question long-dominant conventional development practices.

From the developer's perspective, the key to profitable activity under currently dominant conditions is simplicity. An overall metropolitan system whose goals include maximizing privacy and the almost exclusive use of personal transportation permits individual developers to virtually ignore the complex urban fabric and context. For developers, it is easiest and most profitable to build single, standard product types, with which the financial institutions and local governments are familiar, on greenfield sites on the fringe. It is also simpler to market and manage modular, single-use developments.

Thus, the real estate development industry now has 19 standardized product types—a cookie-cutter array of office, industrial, retail, hotel, apartment, residential, and miscellaneous building types. These projects are easy and cheap to finance, build, trade, and manage. To take one example, a "neighborhood center" will always be built on a 12- to 15-acre site, with 20 percent of the space set aside for building and the remaining 80 percent dedicated to parking. The center will invariably be anchored by a 50,000- to 70,000-square foot grocery store, a 20,000- to 30,000-square foot drugstore, and in-line shops occupied by national chain retailers. It will draw its customers from the 15,000 households in the "neighborhood" in a 3- to 5-mile radius. Like most other projects, it will have little relationship to the natural or built environment around it. Also like most other projects, it will be separated from other kinds of land uses, so that retail goes with retail, housing goes with housing, and so on.

For nearly all income-producing real estate, the most critical locational criteria are visibility from the highway and accessibility to the relevant user population by car. These two criteria are less about people than about their automobiles, which are of paramount importance. It is an axiom in the real estate industry that "parking drives development." In a typical development there is generally more square footage for parked cars than for activities for the people who own those cars. Every 1,000 square feet of office space requires about 1,500 square feet of parking space; every 1,000 square feet of restaurant seating space necessitates 3,500 square feet of parking space.

Unfortunately, this simple, standardized kind of development is very good at creating "suburban sprawl." Why? Because places for shopping, working, playing, and living are separated spatially, people become highly dependent on their cars, buildings become stranded in the middle of vast asphalt parking lots, and low overall densities spread new growth widely across the landscape.

The unintended negative consequences of current real estate development patterns are many: massive traffic congestion; air and water pollution, mainly due to automobile use; undifferentiated "could be anywhere" neighborhoods and strip malls; concentrated urban poverty in older core areas; and strained infrastructures. The last have arisen because governments have not been able both to pay for new infrastructure for low-density development and to maintain old existing infrastructure. Perhaps the worst consequence is that most Americans now believe they can leave key social problems behind by moving to a new ring of suburbs on the metropolitan fringe. The rapid decline of the inner suburbs, built 20 to 50 years ago, is bleak testimony to this.

Many real estate developers and Wall Street traders are taking note of these negative consequences and reconsidering the way we build and live. Nostalgia for denser, less car dependent, mixed-use neighborhoods and the rise of the New Urbanism have become important new trends in residential real estate in the 1990s. The success of the new urbanists in selling their vision since the Congress for the New Urbanism was organized in 1992 is nothing short of astounding. True, up to now, that vision has actually been embodied in only a few hundred of the many thousands of new subdivisions being built across the nation. And the new urbanists' success in achieving many of the proclaimed advantages of their designs has yet to be clearly demonstrated. Yet their ideas are a breath of fresh air that may have important consequences in the near future.

The key to the new vision is complexity. Convenience and privacy, while still important, are no longer enough. People want a sense of community, a sense of place, a sense of history, and a connection to nature. The ideal is to walk out your back door and have privacy; walk out your front door and have community; walk a few blocks for services, maybe for work; and walk a few blocks further for a nature preserve. It is also important to have easy car or transit connections to other parts of the metropolitan area, including other businesses, cultural resources, and an airport. Finally, neighborhoods should have places for families of all income levels to live. Whether today's status-conscious American households will accept such economic integration is not yet proven; it was the norm in prewar neighborhoods, according to old census data.

The complexity of this new vision makes it more difficult to build and maintain than the current model, though probably less expensive in the long run. Yet I believe this new ideal will spread in popularity because growing segments of the market want it. Bored, frustrated, and financially strapped because of current development patterns, people are no longer satisfied with a large house on a large lot off a cul-de-sac miles from anything. They want more options. Some emerging evidence is easy to see: loft housing is appearing in downtowns; prices for houses in many older, complex, mixed-use neighborhoods (the ones that are models for New Urbanism) are rising rapidly. At the same time, prices for conventional houses on many metropolitan fringes are increasing only minimally; and the few new suburban projects that are built on new urbanism lines appear to be financial successes.

This emerging vision breaks all the old rules of standardization and simplicity. But the market is a powerful force. The market helped get us into our current mess. In the long run, I believe it will get us out. ■