



By Christopher B. Leinberger

Making suburbs more walkable and urban will place an economic foundation under metropolitan economies comparable to what drivable sub-urban locations achieved in the late 20th century. To reach this potential requires vision, leadership, regulatory change, infrastructure investment and place management.

Illustrations by Kevin Lucbert

The major development trend of the next generation.



CHRISTOPHER B. LEINBERGER
GEORGE WASHINGTON UNIVERSITY
SCHOOL OF BUSINESS

Urbanising the suburbs





01 SUBURBAN WALKABLE URBANISM TENDS TO BE LESS GRITTY AND CAN BE NEARLY DISNEYESQUE IN ITS CLEANLINESS AND NEWNESS.
02 A MARKET EXISTS FOR WALKABLE URBAN PLACES THAT ARE NOT AS GRITTY AS MOST CENTRE CITIES.
03 GREAT WALKABLE URBANISM PROVIDES THE BEST OF TWO WORLDS: SUBURBAN LIVING WITHIN WALKING DISTANCE OF RESTAURANTS, SHOPPING, TRANSIT AND MAYBE WORK.

The dawning of the 21st century in the US and other developed countries has seen a structural shift in how the country creates its built environment (defined as infrastructure and real estate). The suburbs have played the major role for a century, but that role is fundamentally changing. Understanding the implications of this structural shift requires the introduction of a few basic concepts.

First, it is important to understand that the built environment takes two basic forms: walkable urban and drivable sub-urban. There are many variations, but broadly speaking there are just these two.

WALKABLE URBAN is the oldest form employed in building cities and metropolitan areas. Walkable urban development is the basis of how we have built our cities since Çatalhöyük (in present-day Turkey) was built around 9,500 years ago - the oldest city known to date. Walking is the primary means of getting to and getting around a walkable urban place. The distance that most people feel comfortable walking is

about 1,500 to 3,000 feet, which limits the geographic size of a walkable urban place. Research conducted at George Washington University has shown the average walkable urban place in metropolitan Washington, DC is 306 acres (1.23 square kilometres), about the size of three regional malls, including their parking lots.

Beyond that distance, most people will use another means of transport if it is available. Historically that has meant a horse, horse-drawn wagon, bike, public transit (rail or bus) or a car. Within that defined and confined walkable urban place, walking provides access to many if not all everyday needs - shopping, social life, education, civic life, and maybe even work. This mixed-use character means the walkable urban place has a relatively high density; measured by gross floor area ratios (FARs, measuring all land within the area being evaluated, including right of way), between 1.0 and 30. The lowest walkable urban density, such as a small town, could be 1.0, while high walkable urban density, like Midtown Manhattan, is about 30 FAR.

However, most walkable urban places developed today, particularly those in the suburbs, range between 2.0 and 4.0 FAR, assuming they are employment, destination retail, or civic places (defined below as regionally significant places).

The second form of built environment is **DRIVABLE SUB-URBAN**, a term that intentionally uses a hyphen to indicate it is fundamentally different from and less dense than walkable urban. Drivable sub-urban development segregates the various needs of everyday life one from the other; retail is in a shopping centre, work is in a business park, housing is in a subdivision and the only way to connect these is by car. Walking is generally not a safe or viable option, nor is any other form of transportation, such as public transport or biking. The early 20th century introduction of cars as a means of transportation was the obvious prerequisite for drivable sub-urban development, enabling a never-before-known alternative form of building and living.

Drivable sub-urban has extremely low-density development compared to walkable urbanism, generally less than 20 per cent of the density as measured by floor area ratio. FARs tends to range between 0.005 and 0.40. Its various land uses – for-sale housing, rental housing, office, industrial, retail, civic, education, medical, hotel, and more – spread out across vast swathes of land. In other words, sprawl. Most real estate developers and investors, government regulators and financiers have come to understand this model extremely well, turning it into a successful development formula and economic driver for the mid and late 20th century. Drivable sub-urban development provided a foundation for the economy and fuelled the dominant industry of the industrial era – the building of cars and trucks, including the support industries of road building, finance, insurance and oil. Drivable sub-urban development was essential to American economic growth in the mid to late 20th century.

ECONOMIC FUNCTIONS OF THE BUILT ENVIRONMENT

Metropolitan land use plays one of two economic functions, either regionally significant or local-serving. Regionally significant locations, sometimes referred to as ‘sub-markets’ by commercial brokers, have:

- Concentrations of jobs;
- Civic centres;
- Institutions of higher education;
- Major medical centres;
- Regional retail; and
- One-of-a-kind cultural, entertainment and sports facilities.

Regionally significant land constitutes less than 5 per cent of all metropolitan land mass, according to George Washington University School of Business (GWSB) research, yet it is where the region’s wealth is created, where many one-of-a-kind facilities prefer to locate, and where regional-serving retailing (such as malls, concentrations of specialty stores, big boxes, flea markets and major farmer’s markets) locate. GWSB research in

metropolitan Boston has shown that regionally significant walkable urban places account for 1.2 per cent of the metro land mass and regionally significant drivable sub-urban locations represent 2.5 per cent of the metro land mass.

Regionally significant places are generally net fiscal contributors for local jurisdictions - that is, the tax revenues they produce (income, sales, property and other taxes) exceed the costs of the government services they receive (transportation, police, fire, regulatory, legal, etc). This land use function is generally the reason a metropolitan economy – and therefore the metropolitan area – exists.

Local-serving locations are bedroom communities dominated by residential development and complemented by local-serving commercial (for example, grocery stores) and civic uses (for example, primary and secondary schools, police and fire stations). Most local-serving land is residential, either for-sale or rental, while the minority of the land contains support commercial, generally retail such as grocery stores.

Local-serving drivable sub-urban land use accounts for the vast majority of the total metropolitan landmass, about 92 per cent. Local-serving locations are generally net financial losers for local jurisdictions; that is, they produce less in tax revenues (income, sales, property and other taxes) than they cost in terms of public services (transportation, police, fire, regulatory, and legal services, but especially education). In other words, most local-serving jurisdictions have to be subsidised by regionally significant land uses within the jurisdiction or they would have to raise their taxes substantially to pay for these services.

Generally speaking, regionally significant locations are where the metropolitan area earns its living, and local-serving places are where most residents spend their non-work lives and the income and surplus generated by regionally significant locations.

FORM MEETS FUNCTION

The two forms and two functions of metropolitan land use produce a simple

four-cell matrix, shown in Figure 1. This matrix outlines the land use options available for any metropolitan land and includes an estimate of the metropolitan land used for each form/function combination. The upper-left cell, regionally significant walkable urban places, are called ‘WalkUPs’ for short. They are the focus of the urbanisation of the suburbs.

Research from the Center for Real Estate and Urban Analysis at GWSB shows eight types of regionally significant WalkUPs. These are:

- Downtown, the traditional centre of the metro’s central city;
- Downtown Adjacent, surrounding the downtown, such as Dupont Circle in Washington, Capitol Hill in Seattle and Uptown in Dallas;
- Urban Commercial, local-serving commercial districts that went into decline in the late 20th century, but have experienced a recent revival as regionally significant WalkUPs, such as Columbia Heights in Washington, Lincoln Park in Chicago and West Hollywood in Los Angeles; ☺

“Generally speaking, regionally significant locations are where the metropolitan area earns its living, and local-serving places are where most residents spend their non-work lives and the income and surplus generated by regionally significant locations.”

- Urban University, institutions of higher learning that have embraced their community, such as UCLA in Los Angeles, Penn and Drexel in West Philadelphia and Columbia in New York;
- Innovation District, described by The Brookings Institution as “geographic areas where leading-edge anchor institutions and companies cluster and connect with start-ups, business incubators and accelerators”;
- Suburban Town Centre, 18th and 19th century towns that the metro area grew to include and that have also enjoyed a recent revival, such as Evanston in metro Chicago, Bellevue in metro Seattle and Pasadena in metro Los Angeles;
- Redeveloped drivable sub-urban, strip and regional malls that have urbanised, such as Belmar in metro Denver, Tysons in metro Washington and Perimeter in metro Atlanta; and
- Greenfield/brownfield development, complete walkable urban developments built from scratch, such as Reston Town Centre in metro

Washington, Atlantic Station in metro Atlanta and Easton Town Centre in metro Columbus.

The first five of these WalkUPs types tend to locate in the central city. The last three types tend to be in the suburbs.

The same research shows the most walkable urban metropolitan areas, particularly metro Washington (ranked number two most walkable urban) and Boston (number three), earned their high rankings because they contained 49 per cent and 41 per cent, respectively, of total rental office and multi-family walkable urban inventory in their suburbs (see Figure 2). These are places like Clarendon and Bethesda in metro Washington, DC and Harvard Square and Assembly Row in metro Boston. The Washington, DC and Boston metros are models of development for the future. Boston is an older metro area with a legacy rail system that has redeveloped formerly depressed walkable urban places to accept the majority of new development in recent years. Metro Washington, DC behaved like a Sunbelt boom town in the late 20th century, akin to Atlanta, Dallas or

Phoenix, but more recently has begun building the majority of its development in walkable urban places immediately adjacent to stations on the 1970’s Metrorail system. The Metro has grown to meet demand over the last few decades.

ARLINGTON, VIRGINIA, AS THE MODEL OF THE URBANISING SUBURB

The most important suburban jurisdiction in the region, and in fact in whole of the US, is Arlington County, just across the Potomac River from Washington, DC. Part of the original district, it was ‘de-annexed’ in 1846 back to Virginia and eventually became Arlington County. At 26 square miles (67 square kilometres) it is the second smallest county in the country.³ The county has seven WalkUPs, representing 11 per cent of its landmass. A generation ago, most of these places were declining as drivable sub-urban strip commercial, including the first regional mall in metro DC, known as Parkington (lots of

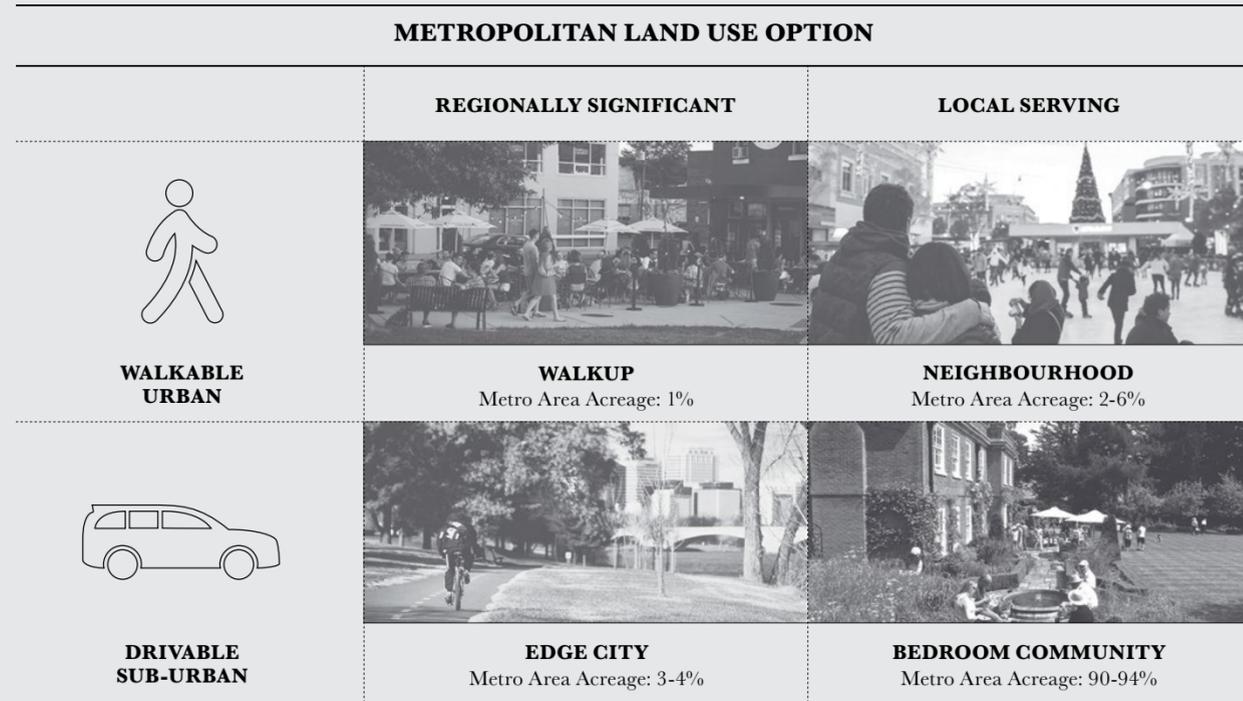
parking), and car dealerships were gradually moving to freeway locations further out. This land was generating roughly 20 per cent of county tax revenue, and falling, in the 1980s.

Fast forward to 2018. Redevelopment of these dying strip commercial and car lots has seen a near quadrupling of square footage. Parkington Mall became Ballston Commons in the 1980s, an urban regional mall that is about to reopen as a mixed-use, open-air element of the complex fabric of the Ballston WalkUP. The seven walkable urban places in Arlington County now generate more than 50 per cent of county tax revenues and rising. Counter-intuitively, absolute car counts on the major boulevards have fallen (10-25 per cent) since the 1980s in spite of the remarkable growth in square footage and vitality. The building of a major Metrorail line in the 1980s and its placement underground, beneath the Wilson and Clarendon boulevards, is a major reason for the success of Arlington, coupled with the enlightened leadership of the county and zoning. ➤



FIGURE 01 THIS PAGE
TYPES OF WALKUPS:
CENTRAL CITY
VERSUS SUBURB
SOURCE: CENTER
FOR REAL ESTATE
AND URBAN ANALYSIS
AT THE GEORGE
WASHINGTON
UNIVERSITY SCHOOL
OF BUSINESS

FIGURE 02 PAGE 283
FORM AND ECONOMIC
FUNCTION OF LAND
USE, WALKABLE
URBAN RANKING OF
THE LARGEST 15 US
METRO AREAS, 2016*



URBANISING-SUBURB WALKABLE URBAN RANKINGS

A ranking of the 15 largest US metro areas by level of suburban urbanism appears in Figure 2. Metro Washington, DC and Boston both rank highly in the current ranking and have some of the highest rates of suburban urbanisation.

In terms of urbanisation of their suburbs, these metro areas, without urbanising suburbs, face different realities. The first category includes walkable urban metros where the bulk of walkable urbanism is located in the central city, highly ranked metros like New York, and Chicago, but also more modestly ranked Philadelphia, Pittsburgh, Minneapolis-St Paul, Denver and, surprisingly, Portland, Oregon. Most of these metro areas have legacy rail transit or are building new rail systems, yet most of their urbanism still focuses on the central city. This means the next great opportunity for economic and real estate development in these metros will lie in urbanising the suburbs, many times

taking advantage of the existing or new rail transit infrastructure. These metros could be on the path toward building substantially more walkable urban places in suburban locations. However, all of them suffer from extreme NIMBYism (not in my backyard) or self-satisfaction (Portland, Minneapolis, Denver), basking in an image of walkable urban character that doesn't fully match reality.

One of the best examples of a drivable suburban suburb transforming into a walkable urban place is Bel Mar in Lakewood, a first-ring suburb of Denver. The first regional mall in the metro area, Villa Italia, occupied the Bel Mar site beginning in the early 1960s and provided the tax base for the jurisdiction and a shopping destination for two generations of Denver metropolitan residents. However, by the late 1990s, the mall was nearly empty and the town's tax base had shrunk dramatically. Continuum Partners, in joint venture with the town, bulldozed the bulk of the mall and built a grid of walkable streets, focused on urban entertainment (restaurants, a 14-screen movie theatre,

specialty shopping), high-density housing and some offices in the first phases. It became a stunning success for the city and the developer as a new WalkUP emerged from the dust of the bulldozed mall. Many more examples are planned in suburban Denver.

The second group comprises three metropolitan areas that have been infamous for sprawl over the past 60 years but are making an impressive structural change from drivable sub-urban to walkable urban development patterns. While Miami, Atlanta and Los Angeles ranked as moderate or low on the current rankings, their futures look much different. In the real estate cycle that began in 2010, most rental office and multi-family absorption has taken place in the suburbs in these three metro areas: 46 per cent in Miami, 32 per cent in Atlanta, and 38 per cent in Los Angeles Suburban WalkUPs like Fort Lauderdale and Coral Gables in Miami, Roswell and Decatur in Atlanta, and Pasadena and Long Beach in metro Los Angeles have propelled the emergence of walkable urbanism in

these sprawling metros. Most of these places, particularly in Miami and Los Angeles, were where the metro area was founded, based upon late 19th and early 20th century rail systems. This is certainly a 'Back to the Future-future' for these once-declining sub-urban town centres that are now seeing a real estate boom and the rise of vital mixed-use suburban places.

The third category comprises metro areas whose development remains predominantly drivable sub-urban in character, generally the bottom half of metros in the largest 30 current ranking of the Foot Traffic Ahead* analysis. In these metros, the few WalkUPs and walkable urban developments that exist tend to be concentrated in the central city, while the suburbs are classically drivable sub-urban in character. These metros tend to be in the Midwest (Kansas City, Columbus and Cincinnati) or the Sunbelt (Houston, Dallas, Tampa and Las Vegas). They continue to follow the car-driven economic development model of the late 20th century. There are some instances of suburban WalkUPs

Rank	Metro Area	Number of WalkUPs	Population			Office, Retail and Multi-family Rental Occupied Space			
			Total In Metro Area	Per WalkUP	Rank (Pop. per WalkUPs)	% Office Located in WalkUPs	% Retail Located in WalkUPs	% Multi-Family Located in WalkUPs	% Total Located in WalkUPs
1	New York City	67	20,942,101	312,569	21	55%	13%	39%	38%
2	Washington, DC	44	5,037,427	114,487	2	53%	20%	23%	33%
3	Boston	54	5,035,729	93,254	1	45%	17%	31%	32%
4	Chicago	38	8,509,657	223,938	13	43%	15%	33%	30%
5	San Francisco Bay	56	7,360,487	131,437	4	37%	21%	19%	25%
6	Seattle	25	3,810,651	152,426	6	42%	12%	17%	22%
7	Portland	16	2,017,438	126,090	3	39%	15%	12%	19%
8	Pittsburgh	11	2,575,124	234,102	15	35%	16%	15%	18%
9	Denver	18	2,962,508	164,584	7	29%	8%	15%	17%
10	Philadelphia	17	5,302,186	311,893	20	25%	10%	14%	17%
11	Atlanta	27	5,020,710	185,952	10	33%	9%	11%	16%
12	Charlotte	8	1,340,886	167,611	8	26%	8%	12%	15%
13	Minneapolis – St Paul	11	2,920,637	265,512	17	30%	6%	10%	15%
14	Cleveland	10	2,064,517	206,452	11	36%	5%	7%	14%
15	St Louis	10	2,580,896	258,090	16	26%	4%	9%	12%

in this third category, like Easton Town Centre in Columbus, The Woodlands in Houston and Plano Town Centre in Dallas, but they tend to be few and far between.

WHY DOES THE MARKET WANT TO URBANISE THE SUBURBS?

The pent-up demand for walkable urbanism has been primarily satisfied in gentrifying places in our central cities. The turn-around of many downtowns, the emergence of downtown-adjacent places, urban universities rising in academic rankings partially due to their embrace of formerly poor and dangerous neighbourhoods, the emergence of innovation districts⁵ and the transformation of burned-out 1960s commercial urban corridors into regionally significant destinations have contributed to the spread of WalkUPs in centre cities over the past 15-20 years.

However, not all market demand can be satisfied in city centres. A market exists for walkable urban places that are

not as gritty as most centre cities. Not everyone wants to walk past homeless people on the street, share heavily used sidewalks, look up at tall buildings, and experience other aspects of centre city walkable urbanism. Most suburban WalkUPs are less intense and, quite honestly, more filled with JLU's people who are 'just like us'. Suburban walkable urbanism tends to be less gritty and can be nearly Disneyesque in its cleanliness and newness. WalkUPs like Reston Town Centre in Virginia, Avalon north of Atlanta, and Sugarland in metro Houston all represent examples of 'just-add-water instant urbanity' which has significant appeal to certain market segments.

Another major factor in suburban urbanisation, especially in inner suburbs, is the quality of schools. While centre city school districts are slowly turning themselves around, many young couples are not willing to wait or work hard to effect change in their city schools and bolt to suburban systems as soon as they have children. However, many of these same couples choose walkable urban suburbs with outstanding schools in

order to have the best of two worlds: good schools and walkable urbanism. Suburban WalkUPs like Santa Monica and Palo Alto in California; Bellevue, Washington; Evanston, Illinois; Bethesda, Maryland; and, of course, Arlington, Virginia offer both.

A lesson that can be learned from Arlington is that most new development in the past decade has been multifamily residential, both for-rent and for-sale. The typical reaction of a suburban jurisdiction to the idea of multifamily development is to ban it, especially rental housing: If all of those units contain families with children, educating them would impose substantial new costs (how did the country's concern for our next generation evaporate?). However, Arlington has found that the school participation rate for residents of multi-family developments in their seven WalkUPs is one-thirteenth the rate found in neighbourhoods of for-sale single-family homes. The new multifamily households are paying school taxes but barely sending any kids to the schools... a huge benefit to a school district.

There is another reason for the urbanisation of the suburbs: it improves the quality of life of the single-family neighbourhoods immediately adjacent to growing WalkUPs. This is also counter-intuitive. Generally, these dense walkable urban places have faced vigorous NIMBY opposition, particularly from the immediate neighbourhood. However, experience and research show this need not be the case. Great walkable urbanism, particularly with the thoughtful management of side effects, such as noise, overflow parking, and cut-through traffic, improves quality of life for the immediate neighbourhoods by providing households with the best of two worlds: suburban living within walking distance of restaurants, shopping, transit and maybe work. Preliminary research shows 40 per cent to 100 per cent increases in prices per square foot for nearby for-sale housing in comparison to similar housing in the same school district but not within walking distance of a WalkUP. As a result, suburban Washington, DC and Long Island, NY have

FIGURE 03
THE LARGEST US METROPOLITAN AREAS WHICH ARE URBANISING THEIR SUBURBS. IGNORE LAS VEGAS, WHICH IS A STATISTICAL FLUKE. HOWEVER, WASHINGTON DC, HOUSTON AND MIAMI ARE SURPRISING MODELS.

METRO AREA (USA)	WalkUP Space in Suburbs	
	Rank	% Share Q1 2010
Las Vegas	1	53%
Washington, DC	2	49%
Houston	3	48%
Miami	4	46%
Boston	5	41%
Phoenix	6	40%
Los Angeles	7	38%
Atlanta	8	32%
Detroit	9	29%
St Louis	10	26%
Baltimore	11	22%
Kansas City	12	18%
Seattle	13	17%
Charlotte	14	17%
Philadelphia	15	16%



begun to see NIMBYs turn into YIMBYs (yes in my backyard), advocating for increased density and walkable urban place development, assuming it is well managed.

Neither research nor our experience has delivered a final verdict, but it appears likely that at least 50 per cent of the demand for walkable urbanism will be satisfied in the suburbs, as it is in metro Washington, DC the leading urbanising suburban metro. It may be even higher. Yet it is important to note that the demand for walkable urbanism, both in the centre city and in suburbs, will be concentrated in less than 10 per cent of the landmass. The rest of the drivable sub-urban locations in the suburbs will stay the same, just a little less well-off.

ECONOMIC BENEFITS FOR URBANISING SUBURBS

Research has shown that the participants in the knowledge economy, both companies and their ‘creative class’

workers, have moved to and are demanding walkable urban places today. Many downtown turnarounds have been led by knowledge-based companies, such as Twitter, Yelp, Dropbox and Square, among many others, south of Market in San Francisco; Google, WeWork, and other high-tech firms in the New York’s Meatpacking District (also known as Silicon Alley); and Compuware and Quicken in downtown Detroit.

The same benefits are beginning to occur in the urbanising suburbs, such as Cambridge and Somerville in metro Boston and Redmond in metro Seattle. Even the Research Triangle of Raleigh-Durham-Chapel Hill, North Carolina, is planning to urbanise what has been the quintessential drivable sub-urban business park.

Many studies have shown a causal link between increased education and increased economic performance of an individual, household, and metropolitan gross domestic product (GDP) area. In 2013 the Milken Institute released

a study of GDP performance of 261 US metros that concluded:

“The overall explanatory power of the relationship [between higher education and GDP per capita] is strong and robust. Over 70 per cent of the variation in real GDP per capita across the 261 metros from 1990 to 2010 is explained [by higher educational attainment].”

Our George Washington University (GWU) research also shows a significant correlation between the most walkable urban metros and both higher education (measured by the percentage of the population over 25 years of age with a college degree) and metropolitan GDP per capita. There is an r^2 of 0.55 between walkable urbanism and higher education. There is an r^2 of 0.49 between walkable urbanism and GDP per capita in the largest 30 metro areas.

The six highest-ranked walkable urban metropolitan areas in the current ranking chart (see Figure 2) have an average GDP per capita of

\$72,110. The 10 lowest-ranked metros have an average GDP per capita of \$48,313. These most walkable urban metros have a 49 per cent premium in GDP per capita. This is the same premium Germany has over economically poorly performing Russia, Latvia and Croatia.

There is no indication in this research as to whether walkable urbanism causes highly educated people to move to or stay in a metro or whether more highly educated people cause a metro area to add more walkable urban places. Either way, educated people seem to prefer walkable urban places.

It will probably take another decade to prove or disprove a causal link between walkable urbanism and increased higher education of the workforce and GDP per capita. However, any mayor of a suburban city or county executive would want to pay attention to these correlations. While not proven, it appears that building walkable urban places will assist a community’s economic development and wealth. ➔

“The next great opportunity for economic and real estate development in these metros will lie in urbanising the suburbs, many times taking advantage of the existing or new rail transit infrastructure.”

Christopher Leinberger

04
MANY DOWNTOWN TURNAROUNDS ARE LED BY THE DEMANDS OF KNOWLEDGE-BASED COMPANIES AND THEIR 'CREATIVE CLASS' WORKERS.

05
PUBLIC SUPPORT FOR INCREASED DENSITY AND WALKABLE URBAN PLACE DEVELOPMENT IS ON THE RISE, AS LONG AS IT IS WELL-MANAGED.

06
BUILDING WALKABLE URBAN PLACES CAN ASSIST A COMMUNITY'S ECONOMIC DEVELOPMENT.



FUTURE OF SUBURBS THAT DON'T URBANISE

As mentioned, the bulk of the suburbs in the US will be left undisturbed. Their cul-de-sacs and multi-lane arterials will remain for decades, serving the market for drivable sub-urban living, shopping and working. However, the US can expect to experience a 'tale of three suburbs'. The first suburb will be walkable urban and prosperous, as described above. The other two will likely be less prosperous, and one could actually suffer decline.

Drivable sub-urban locations in high-income and many moderate-income sections of metro areas will do fine, though they will probably experience weaker economic growth than urbanising suburbs. Why? The overbuilding of drivable sub-urban business parks, regional and strip malls and large-lot housing. The shift in demand toward walkable urban office and retail spaces has produced significant price premiums over

business parks and regional and strip malls.

In addition, the method of evaluating the capitalised worth of a commercial assets, 'cap rates', has shifted in recent years so that walkable urban office and retail enjoy a 50-60 per cent price premium. Lower rents and lower capitalised values (which result in higher valuations) represent a double whammy for drivable sub-urban office and retail space, harming underlying valuation and occupancy. In addition, forecasts project an over-supply of large-lot, single-family homes. One estimate suggests that current existing supply eliminates the need for any new single large-lot single family house to be built until 2030.⁶ There is just not enough demand for the huge supply of existing housing, even in upscale suburbs such as McLean, Virginia, Westchester County, New York, Dunwoody, Georgia, and Scottsdale, Arizona. These communities will do just fine economically and socially, but they will not maintain their relative values.

Moving to a house in these communities will offer a great value for the money, but that house will just be difficult to sell and will probably not appreciate very much.

A second group of suburbs faces a troubled future: the moderate, to low-income suburbs on the 'wrong side' of the metropolitan area face the danger of becoming 'The Next Slum', the name of an *Atlantic* article I wrote in 2008.⁷ The overbuilding of large-lot, single-family homes will particularly affect these communities, as was first demonstrated by the 2007-08 housing crash, which hit these communities far harder than other locations in their metropolitan areas. These communities have a monoculture of tax revenues, almost all of which comes from residential property taxes. With prices low and weak, these revenues are flat and may be dropping in real dollar terms. Meanwhile, as the Brookings Institution has shown, the growth of poverty is now more of a suburban phenomenon than a centre city fact, as it was in the mid to late 20th century.⁸ Elizabeth Kneebone

of Brookings has said "the 2000s saw suburbs become home to the largest and fastest-growing poor population in the nation. Today the number of poor residents in suburbs outstrips the number in big cities by 3.4 million."⁹

Increasing poverty and the requirement of more social-service spending, while quality of life declines and tax revenues remain flat or fall serves a useful definition of an emerging suburban slum.

This future is already emerging in the southeast of metro Washington, DC in suburban Prince George's County; south of Chicago; and most infamously in the northern St Louis suburb of Ferguson. This depressing model has been common in Europe for decades as well; the slums of Paris lie in its northern suburbs; the slums of London are to the east of the city limits.

The only historic parallel from which we can learn about probable slums emerging in selected suburbs is the experience of American cities abandoned to the poor from the 1950s through the 1980s. White flight led to housing-price

depreciation and a growing need for social services. Like then, it is playing out on the ground as market prices for houses fall below replacement cost, but now in drivable sub-urban areas. This means that while an owner may get a great value buying a property, there is no financial incentive for the owner to keep that property up. Any investment in the property will not be recouped upon resale. Slowly - or quickly, should social unrest occur as it did in American cities in the 1960s and suburban Ferguson, Missouri, in 2015 - property values decline, lowering taxes; crime and poverty increase; and schools deteriorate. Unlike central cities in the 1960s, which had more diverse tax bases and effective lobbyists in their mayors for state and federal assistance, suburbs rely largely on one form of revenue (property taxes) and rarely get the spotlight, except when there is a riot. This 'out of sight, out of mind' perception of faltering suburbs is almost invisible and is not getting much attention at the moment. This will make addressing their challenges even more difficult.

FUTURE IMPACTS OF THE URBANISATION OF SUBURBS

The urbanisation of the suburbs will affect less than 10 per cent of land mass in the US yet represent the bulk if not the vast majority of new real estate development over the next generation. The highest-ranked walkable urban metros, New York, Washington, DC, and Boston, already have between 93 per cent and 115 per cent of their office and multifamily development being built in walkable urban places taking up a few percentage points of their metro land mass. While much of this article has focused on regionally significant walkable urban development, substantial local-serving walkable urban development will also occur, especially immediately adjacent to the regional walkable urban places.

I have discussed the economic and fiscal benefits of making suburbs more walkable and more urban. Yet benefits that have not been explored here (social equity if managed, public health benefits of unintended exercise, reduced

infrastructure costs due to concentrated development, and possibly the most effective method of reducing greenhouse gas emissions to address climate change) will make urbanising suburbs well worth the effort as well.

This trend will place an economic foundation under metropolitan economies, similar to the way the building of drivable sub-urban locations did in the late 20th century. It is crucial to provide the vision, leadership, regulatory changes, infrastructure investment and place management to make the coming walkable urban future happen in a suburb near you. — ●



ABOUT CHRISTOPHER B. LEINBERGER

Christopher B. Leinberger is the Charles Bendit Distinguished Scholar and Research Professor of Urban Real Estate and Chair of the Center for Real Estate and Urban Analysis at the George Washington University School of Business. He is a founding partner of Arcadia Land Company, a walkable urban development company, based in Philadelphia, Pennsylvania.

- 1 Leinberger, Christopher C., *Foot Traffic Ahead 2016*, George Washington University School of Business, Washington, DC, cpb-us-e1.wpmucdn.com/blogs.gwu.edu/dist/a/326/files/2016/12/CREUA_Foot-Traffic-Ahead_2016.06.14-2jibzmr.pdf
 - 2 Leinberger, Ibid
 - 3 The smallest county in the United States by physical size is New York County, otherwise known as the Borough of Manhattan (one of five boroughs in New York City), which covers 23 square miles. Arlington is about 15 per cent larger than Manhattan.
 - 4 Leinberger, Ibid
 - 5 Bruce Katz and Rebecca Rosen, *The Rise of Innovation Districts: A New Geography of Innovation in America*. (Washington: Brookings Institution, May 2014).
 - 6 Arthur C. Nelson, *Reshaping Metropolitan America*, Island Press, 2013, Washington, DC, USA. Page 47.
 - 7 Leinberger, Christopher B., "The Next Slum", *The Atlantic*, March 2008, www.theatlantic.com/magazine/archive/2008/03/the-next-slum/306653/
 - 8 Elizabeth Kneebone, "The Growth and Spread of Concentrated Poverty, 2000 to 2008-2012". Washington: The Brookings Institution, 31 July 2014. www.brookings.edu/interactives/the-growth-and-spread-of-concentrated-poverty-2000-to-2008-2012/
 - 9 Rebecca J. Rosen et al., "Will Inequality Ever Stop Growing?" *The Atlantic*, 29 December 2015. www.theatlantic.com/business/archive/2015/12/hope-despair-inequality/421806/.
- * Leinberger, Christopher C., *Foot Traffic Ahead 2016*, George Washington University School of Business, Washington, DC.

Image Credits

CHAPTER 5 The new normal

Urbanising the suburbs

01, 04 by Raftermen Photo

02, 05 by Arlington Economic
Development/David Hills

03, 06 by Arlington
Economic Development



Every effort has been made to locate the owners of copyright and to ensure that the credit information supplied is accurately listed. Errors and/or omissions are inadvertant and will be corrected in future printings.

AN EXTRACT FROM
THE PLACE ECONOMY BY HOYNE
WWW.THEPLACEECONOMY.COM