Changes in consumer preference, supply and public policy are producing momentum for the introduction of new real estate products into suburbia, calling into question the homogeneous propagation of entrenched forms. Suburbs need to be viewed as what they are in some places: underutilized real estate, underbuilt or emerging neighborhoods—ripe for future morphological alterations and untapped economic opportunities.

Capitalizing on the potential to improve underutilized land, public willingness to create a sense of place in the suburbs, and the market demand for lifestyle centers and urban housing, developers have created a new product type that recreates the main street feel of a city—in short “Mallville.” These mixed-use products have the potential to achieve returns and product differentiation for developers and property owners in an increasingly competitive retail sector, while simultaneously providing municipalities with social benefit.

The point of this thesis is not to prognosticate the demise of the shopping mall like some industry critics contend and the website http://deadmalls.com has made famous, because in reality well-situated, properly managed malls are still very viable and among the strongest performing asset classes in the real estate universe. Instead, this thesis explores the introduction of mixed-use and the development of town centers in suburbia and the incipient evolution of a new product types within the shopping center universe.

Embracing innovative new uses such as hotels, museums, city halls and amphitheaters, urban style housing, open space, streetscape, these projects seek to craft new town centers for homogeneous suburban and low-density urban communities, instilling a “sense of place” where, hitherto, none had existed. The mixed-use product allows municipalities an alternative strategy for large scale development than simply consenting to the construction of Wal-Marts and power centers. The alignment of private and public interests in the development of mixed-use projects create the potential for an attractive (and rare) win-win situation for developers and cities, alike, and the potential for lasting economic and social value.
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<td>Bibliography</td>
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I would like to thank my advisor Lynn Fisher for her support and guidance over the last several months. Lynn provided me with organized and strategic direction on how to weave my thoughts into a coherent thesis. Terry Szold for her time, input and advice. Ray Hodges and Michael Epstein, my housemates, for always keeping a pot of coffee within reach. My parents for being so supportive during this time, listening to my neverending jabbering about malls and mixed-use development. Erika, my wonderful girlfriend, for putting up with all of my busy times, giving me support, and making me laugh. My sister for the great trips to St. Louis right in the middle of crunch time. My cousin Isaiah for his input, advice and mentorship. Susanne Seitinger and Zoe Weinrobe, for being great friends and supporters (both virtually and in person). Larry David and Sacha Cohen for keeping seriousness in check. MIT, for giving me the opportunity to mold my skills and work through the chills. One other thing that seems important, albeit mildly out of place: “Just because some of us can read write and do a little math that doesn’t mean we deserve to conquer the universe.” – Kurt Vonnegut. Onward.
We should see more mixed use projects in the coming years. A case in point is that residential is being incorporated into existing malls because of changing demographic, the changing nature of what the mall stands for and how some of these neighborhoods and trade areas have transformed themselves. Most malls were built, as I said earlier, in the ’70s and the ’80s, so you have 25 to 35 years of changes that have occurred in many of these areas. Shopping centers are different than what they once started as and that should provide our industry with additional opportunity...I do believe that we will see more civic, possibly educational, residential and other uses being incorporated into shopping center properties in future. I believe in all of my heart that that will be the case.¹

- John Bucksbaum, CEO of General Growth Properties, Inc, a large retail REIT

I think of malls as being the dipstick of our culture. It is one of the places that we can see the evolving nature of the human condition. For better or for worse it is evidence of who we are, what we are and where we are going and where we have been... As we go into the 21st Century there are malls now that are constructed and integrated into a community in a much more thoughtful way and that they are used as a larger, greater plan. And in that sense they have architectural as well as socially redeeming values.²

-Paco Underhill, Retail Anthropologist and author of Call of the Mall
This thesis presents an argument for a new understanding of suburbia’s future growth potential. America has evolved from an agrarian to an urban to a suburban-dominated population center. The suburbs have grown into a discernable form with subdivisions, highways and shopping malls. However, changes in consumer preference, supply and public policy are producing momentum for the introduction of new real estate products into suburbia, calling into question the homogeneous propagation of the entrenched forms. In short, suburbs need to be viewed as what they are in some places: underutilized real estate, underbuilt or emerging neighborhoods—ripe for future morphological alterations and untapped economic opportunities. Capitalizing on the potential to improve underutilized land, public willingness to create a sense of place in the suburbs and the market demand for lifestyle centers and urban housing, developers have created a new product type that recreates the main street feel of a city.

The point of this thesis is not to prognosticate the demise of the shopping mall like some industry critics contend and the website http://deadmalls.com has made famous, because in reality well-situated, properly-managed malls are still very viable and among the strongest performing asset classes in the real estate universe. Instead, the introduction of mixed-use and the development of town centers is an evolution of new product types within the shopping center universe. These mixed-use products have the potential to produce returns and differentiation for developers and property owners in an increasingly competitive market, while simultaneously providing municipalities a sustainable,
community-oriented sense of place and social benefit.

In order to begin this exploration on the future growth of suburbia, we will start in my hometown. It turns out that one of the primary precedents for the mixed-use development that is occurring today in the suburbs is located only a few miles from my parents’ home in Kansas City, Missouri.

**BACK TO THE FUTURE: THE COUNTRY CLUB PLAZA**

The description of the Country Club Plaza is a relevant example to begin this exploration of the future of the suburbs because it simultaneously marks the emergence of the shopping mall and illustrates an example of a highly sustainable and highly adaptable mixed-use prototype that was successful in the past and is now reemerging in suburbia.

Just two miles from where I grew up in Kansas City sits the Country’s first “regional shopping mall.” J.C. Nichols, a Kansas City native and future founder of the Urban Land Institute, was the developer of a prototype community on 10,000 acres on the outskirts of Kansas City called the Country Club District. Today, over 40,000 people live in Nichol’s Country Club District. At the center of the Country Club District, Nichols built the retail and cultural heart called the “Plaza,” which has arguably become the civic center of all of metropolitan Kansas City. For example, the largest civic event of the year, the lighting of the “Plaza Lights” on Thanksgiving night attracts over 250,000 people to the Plaza. Known as the country’s first shopping mall, the Country Club Plaza boasted a breadth of land uses in a mixed-use format. As the rest of Kansas City has sprawled and the center has decayed, the Plaza remains the center in prime condition – eighty years after it was built. It has stabilized an area of the city and provided a memorable focal point for the city the entire metropolitan area.
Historians consider this to be the country’s first large scale shopping center and the forerunner to the modern regional mall. However, what is most remarkable is that by our current definitions the Country Club Plaza is not simply a shopping mall – it is a mixed-use town center.

The Plaza functions nothing like the ubiquitous dumbbell-shaped shopping malls that have been planted near freeway interchanges throughout suburbia. Instead, the Plaza is a mixed-use development, with over one million square feet of retail space spread throughout twenty urban blocks, surrounded by a slew of other mixed-uses on the edges. The tenant mix of the Plaza has always been a combination of specialty retail, small retail, convenience retail and department stores. The Plaza contains some retailers that have their only metropolitan Kansas City location. Atop the retail sits medical offices in many of the buildings. The Country Club Plaza has transposed its building design from Seville, Spain, complete with a replica of the Garibaldi Tower. Developer-funded amenities like fountains, benches and ornate streetscape adorn the sidewalks. The streets are narrow. A creek cuts through the project. But the project is not located in a sea of parking spaces. Instead, circumscribed about the project and lining the creek are residential towers with balconies, the corporate headquarters of American Century Investments and H&R Block, other office towers, the Kansas City Board of Trade (Stock Exchange), seven hotels and a public library. Automobile friendly, generous, free parking lots are located in between, behind and above stores. An estimated 5-7 million visitors come to the Plaza every year, making it the most visited tourist attraction in the city.

The Plaza contains the highest density residential center, the highest retail rents and average asking rates for office space in the metropolitan area. The positive externality
of the Plaza on adjacent property values is apparent as new high rises circumscribe the project. Surrounding the project, land that is not owned by Highwoods Properties is being built to resemble the Plaza. It has created a brand and a sense of place.

People live, work and visit this place because it is unique. It reads like a city center, and it has the civic-attitude of a city center. However, it is centrally managed. On paper the retail numbers resemble other regional shopping malls but the mixture of uses that surround and are vertically integrated with the retail facilities add a significant value to the place. The Country Club Plaza has effectively functioned to stabilize an area of the city, while other urban areas went into a decline. In addition, over time its block by block format has been incrementally redeveloped as the market has changed. This versatility has allowed for more gradual change of the Plaza over time.

While a regional shopping mall is an island in a sea of parking near an interchange, the Plaza, the forerunner to the regional shopping center, is essentially the mixed-use center of the city. During its eighty years, the Country Club Plaza has existed as the most desirable, durable and urban retail, residential and office address in the entire metropolitan area.

**CHANGING FUTURE DEVELOPMENT PARADIGMS**

In a sharp revision to forty years of intensive enclosed regional mall development, many large projects have begun to look back at the Plaza in trying to build the shopping venues and mixed-use communities of the future. While the development of Wal-Marts and power centers have accounted for the lion’s share of recent retail development, this thesis focuses on some new mixed-use projects that are striving to create “places” in suburbia.
This thesis is a qualitative study, looking at the emergence of new product types in the development universe and analyzing their relevance on future development and cities. Consumer demand is pushing development toward offering more variations of living and shopping alternatives to standard single-use suburban development. This is manifesting itself in the inner ring suburbs and low-density urban areas.

A confluence of trends within the residential, retail and office markets all point towards the emergence of a new mixed-use development product that provides an opportunity to create economic value in radically new ways in the suburbs and in infill situations. Additionally, public policies such as smart growth and tools such as form-based codes are also facilitating more intensive mixed-use development at nodal suburban locations.

Chart 1.1: Case Study Description

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Belmar</th>
<th>City Center</th>
<th>CityPlace</th>
<th>Mizner Park</th>
<th>Paseo Colorado</th>
<th>Santana Row</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>Lakewood, CO</td>
<td>Englewood, CO</td>
<td>Long Beach, CA</td>
<td>Boca Raton, FL</td>
<td>Pasadena, CA</td>
<td>San Jose, CA</td>
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<tr>
<td>City Population</td>
<td>144,126</td>
<td>31,772</td>
<td>461,522</td>
<td>74,764</td>
<td>133,936</td>
<td>894,943</td>
</tr>
<tr>
<td>Median Household Income ($)</td>
<td>48,109</td>
<td>38,943</td>
<td>37,270</td>
<td>60,248</td>
<td>46,012</td>
<td>70,243</td>
</tr>
<tr>
<td>Median Home Price ($)</td>
<td>174,900</td>
<td>143,500</td>
<td>210,000</td>
<td>230,200</td>
<td>286,400</td>
<td>394,000</td>
</tr>
<tr>
<td>Home Price / Metro Median (%)</td>
<td>99%</td>
<td>81%</td>
<td>100%</td>
<td>170%</td>
<td>137%</td>
<td>88%</td>
</tr>
<tr>
<td>Previous Use</td>
<td>Mall</td>
<td>Mall</td>
<td>Urban Mall</td>
<td>Mall</td>
<td>Urban Mall</td>
<td>Open Air Mall</td>
</tr>
<tr>
<td>Context</td>
<td>Suburban</td>
<td>Suburban</td>
<td>Urban</td>
<td>Suburban</td>
<td>Urban</td>
<td>Suburban</td>
</tr>
<tr>
<td>Status</td>
<td>Phase 1 2004</td>
<td>Phase 1 2000; Phase 2 2003-4</td>
<td>Phase 1 2002; Phase 2 2003-4</td>
<td>Phase 1 1990; Phase 2 1996</td>
<td>Completed 2002</td>
<td>Completed 2002</td>
</tr>
<tr>
<td>Site Size (acres)</td>
<td>106</td>
<td>55</td>
<td>12</td>
<td>28</td>
<td>11</td>
<td>32</td>
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<tr>
<td>Land Use</td>
<td>Retail (sf) 1,000,000</td>
<td>380,000</td>
<td>450,000</td>
<td>236,000</td>
<td>560,000</td>
<td>538,000</td>
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<tr>
<td></td>
<td>Office (sf) 1,000,000</td>
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<td>none</td>
<td>270,000</td>
<td>10,000</td>
<td>none</td>
</tr>
<tr>
<td></td>
<td>Housing (units) 1,500 rental</td>
<td>438 rental</td>
<td>341 rental and for-sale</td>
<td>272 rental</td>
<td>387 rental</td>
<td>255 (1,200 at completion)</td>
</tr>
<tr>
<td></td>
<td>Other</td>
<td>City Hall, library, plaza, museum</td>
<td>Boca Raton Museum, amphitheater</td>
<td>Interior pedestrian 'paseo'</td>
<td>214 room boutique hotel, 1,500 foot main street</td>
<td></td>
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<tr>
<td>Parking Spaces</td>
<td>Surface 1,424</td>
<td>1,568</td>
<td>479</td>
<td>492</td>
<td>city street</td>
<td>2,100</td>
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<td></td>
<td>Structured 7,700</td>
<td>767</td>
<td>2,237</td>
<td>2,177</td>
<td>3,050</td>
<td>3,200</td>
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<tr>
<td></td>
<td>Total 9,124</td>
<td>2,735</td>
<td>2,716</td>
<td>2,669</td>
<td>3,050</td>
<td>5,300</td>
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<tr>
<td>Development Cost ($$ millions)</td>
<td>Public 100</td>
<td>16.7</td>
<td>13.6</td>
<td>68</td>
<td>26</td>
<td>none</td>
</tr>
<tr>
<td></td>
<td>Private 650</td>
<td>12.2</td>
<td>13.6</td>
<td>68</td>
<td>26</td>
<td>475</td>
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<tr>
<td></td>
<td>Total 750</td>
<td>14.0</td>
<td>13.6</td>
<td>68</td>
<td>26</td>
<td>475</td>
</tr>
</tbody>
</table>

Sources: Greyfields to Goldfields, interviews, websites.
METHODOLOGY OF RESEARCH

This thesis incorporates a substantial literature review to understand the historical footing that underpins the current changes in suburban and low-density urban land use at certain activity nodes. The literature review has tracked the changing development paradigms that are pushing an evolution in the shape and use of suburban land. The principal primary research has included interviews with developers, city officials, store owners, leasing agents, facilities managers, landscapers, residents and visitors to better understand these projects. In addition, site visits, documented with photographs, writing and pictures augment the interviews. Conversations and literature from retail experts and academics rounded out the research.

The case studies that I analyzed vary in shapes, sizes, mixes of uses, configurations and locations. However, they are all mixed-use redevelopment projects. All but one of the projects replaces an enclosed regional mall. The following tables give the vital statistics on each of the case studies and their respective communities. The case studies will be introduced fully and analyzed in chapters five and six.

The following chapters will trace the parallel development of suburban residential and retail development focusing on the emergence of the suburb, the strip center and shopping mall, its historical evolution, current trends and finally future opportunities for mixed-use development in the suburbs. In chapters two through four, this thesis will investigate the opportunity for mixed-use development in the suburbs, by looking at the changing dynamics of shopping center development and the supply, demand and public policy forces that are creating opportunities for the emergence of a new mixed-use product type.
in suburbia. Chapters five and six will contain an analysis of several recent mixed-use town center development projects. Finally, chapter seven will review what has been learned from the research and the case studies, speculate on the future of mixed-use development in the suburbs, and offer topics of potential future research.

CHAPTER 1 ENDNOTES

3 Within this thesis, the terms “suburbs” and “suburbia” will refer to not only wholly suburban municipalities, but also low-density or underbuilt areas of cities.
4 Even though it was initially built on the periphery, as the city grew through annexation, the Plaza became part of the urban core.
6 Ibid.
8 Ibid.
12 All of the case studies are mall redevelopment projects. This thesis argues that obsolete shopping center redevelopment projects are merely one venue for potential mixed-use development in the suburbs—not a unique subset of development.
In an effort to understand the historical trajectory of suburban shopping center
development, this chapter will take the reader through the suburban evolution within
the United States. Tracking the parallel histories of shopping and living from the
marketplace to the mall, from the city to the suburb, this review will end with the
maturation of the enclosed mall formula.

**SUBURBAN SPRAWL**

In the decades following the construction of the Country Club Plaza, America went
through a social and economic transformation manifested through the construction of
the American suburbs. Widespread (if not universal) use of the car, the highway system
and the explosion of suburban growth fundamentally changed the way Americans live
and shop. The monocentric model of suburban development – whereby the city was the
central core with most of the commercial activity and a preponderance of the housing
– was replaced with a more polycentric one.

...[A] suburban trend [in the 1920s]...became a suburban tide in the 1950s. By 1970,
more Americans lived in suburbs than central cities or rural areas. By 2000, more
Americans lived in suburbs than in central cities and rural areas combined. The United
States had become a suburban nation...After almost two centuries of steady growth
[in cities] suburbs have overwhelmed the center of cities, creating metropolitan regions
largely formed of suburban parts.¹

Since the creation of the automobile, development on the suburban periphery has largely
occurred in a haphazard, leapfrogging fashion with developers buying up chunks of land
from farmers and other rural landowners; subdividing the parcels; then finally selling off
the pads for development. The development of the interstate system and expansion of other state and US highways, racism and FHA insuring preferences have guided where development could be located. However, municipalities provided the green light for where development was actually built through its public policy and zoning.2

Local land use control and a lack of regional planning are factors that facilitate sprawl. Euclidian zoning with its relatively strict delineation and separation of uses has also had a direct consequence on the built environment. Single-use areas with segregated residential and commercial activities appeared on the landscape partially due to the guidance of Euclidean styled zoning. Likewise, a development’s impact, although affecting surrounding communities, is only under the direct land use jurisdiction of the community in which the project is taking place.3

As development continues on the periphery, city residents play musical chairs moving through the housing stock towards newer, cheaper, larger homes with more amenities on the suburban fringe. The houses and neighborhoods that have been left then become inhabited by those trading up from cheaper, older housing with fewer amenities.4 The growth in new neighborhoods led to a retail response that will be more fully investigated throughout this chapter.

RETAIL RESPONSE TO SUBURBANIZATION

Throughout the history of American suburbanization, retail lagged behind the spread of people throughout suburbia. In 1950, there was only one shopping center for every 650,000 suburban residents. By 1970, that number had been reduced to one shopping center for every 10,000 suburban residents. By 1990, that number had shrunk to 4,600 people for every shopping center. Correspondingly, the number of suburban shopping
centers in America grew from 11,000 in 1970 to over 36,000 by 1990, a 232% increase over twenty years. Over that time suburban population grew from 76 million to 141 million, an increase of only 84%. The implication is that while buying power has increased, retail development has outpaced demand growth in suburbia, and the suburbs are currently overbuilt with retail. The market is slowing adjusting as evidenced by the slowing growth rate of retail space being developed in the suburbs (SEE CHART).

<table>
<thead>
<tr>
<th>Decade</th>
<th>1970s</th>
<th>1980s</th>
<th>1990s</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth Rate</td>
<td>8.0%</td>
<td>6.0%</td>
<td>4.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Sources: National Research Bureau, International Council of Shopping Centers.

Increased buying power and the decreased market share of downtown retailing justifies some of the growth in suburban retail, but it is safe to say that suburban retailing is a much more competitive market than in the past because supply has caught up and even outstripped demand. In addition, as consumers drive the development and composition of retail, the changing demographics of the suburbs create changing retail demands.

The development of retail throughout the American suburbs and post-WWII cities, involved two symbiotic tracts. First, the goods available to the consumer have continuously expanded; second, the retail formats that display and facilitate the transfer also have evolved. Thus, retailing is a constantly evolving business in both the goods demanded (and supplied) and the physical formats of stores.
Infrastructure and technological advances have allowed the way that goods could be sold to expand from “arms-length” transactions a century ago to “e-tailing” today. The automobile has freed shoppers from the confines of what is walkable from public transportation.8

However, these changes in technology have pushed absolute constraints on what is possible for products and spaces. By the invisible hand, consumers will display their preference for what they want within the absolute limits of market capacity. The implication of this is that if consumer demands change, then the formats that goods are sold in will also adjust.

**HISTORICAL RETAIL FORMS**

Suburban redevelopment has the opportunity to allow more product types into a market with a growing number of diverse preferences. However, an understanding of the underlying history that has brought America to the status quo helps in understanding the calibration of future development products.

**MARKETPLACES**

Marketplaces in Rome, agoras in Greece and other commercial zones were the epicenter of the urban experience since the dawn of urbanization. Markets were the commercial and central gathering spaces in cities. According to Witold Rybczynski, “for centuries the design of shops was relatively static.” The shops were “owner-operated”, display of goods were minimal. The supply chain was small scale with manufacturing of goods happening in the back of the store to be sold in the front upon completion. Above the shops was usually the owner’s living quarters.” It was essentially every retailer for
him/herself in an agglomeration of commercial activities in a city center. The diffuse ownership led to a perfectly competitive market where each shop optimized its profit, but the shopping district was not organized in terms of mixes of kinds of retailers and location that maximized the district’s profits.

ARCADE

The first arcades were mid-block cut-throughs or passages that were covered with glass roofs. Rybczynski describes the invention of an arcade as an “ingenious real estate idea, since it converted valueless space into prime rental property.” The arcade was the first example of the consolidation of public space into a climate controlled, public yet privately-oriented retail environment.

The arcades consisted of a “variety of small shops—there were no anchor stores.” The arcades represented the first attempt of developers within cities to create climate controlled environments for shopping with the concentration of various tenants in a small area. Alfred Taubman, the head of one of the largest shopping mall development companies in the United States, commented (in retrospect) that one specific large arcade (known as the Galleria Vittorio Emanuele II) built in Milan performed well because the Duomo, located next door, acted like a “people pump.” Future developers learned from the Galleria Vittorio Emanuele II and other mid-1800s arcades two lessons: (1) a variety of stores in a climate controlled environment can create comfortable shopping environments and strong cross-store patronage (to be examined later in this thesis); (2) “anchors” like the Duomo can be harnessed to generate foot traffic for other stores creating anchor-small retail synergies.
The department store evolved in the mid-1840s in New York City and Paris. Unlike other specialty stores (i.e. haberdashery, barber shop, etc) in city centers, department stores sold a variety of goods in “departments” within the centrally-managed store. In addition, department stores were the first retailers to actively display prices. The reasoning was that department stores attracted “a broad public” who did not want to haggle with merchants and liked to know prices before they arrived at a store. The department store was “usually located downtown, often occupying a full city block and rising many floors...[allowing] departments to be stacked on atop the other, creating a vast—and self contained—shopping world.” Like the arcade, the department store was copied and transplanted to large cities throughout the world. Moreover, because individual manufacturers did not advertise, the department store became the brand that consumers “recognized and trusted.” However, department stores grew up in a time when shopping was still located in the city. Urban infill was a block-by-block effort. Department stores were located near other stores, but the owner of the department store was still only a merchant. It was not until much later that department stores became the “anchors” of large suburban developments. In the next chapter, the anchor’s role and future in shopping centers will be investigated.
Figures 2.1 & 2.2: Marshall Field’s Department Store in Chicago, Illinois in the late 1800s and early 1900s

Source: Old Chicago History and Vintage Postcards website <http://patsabin.com/illinois/>
RISE OF THE FIRST CENTRALIZED MANAGED CENTERS

The shopping center model that first appeared in America in the early 1900s allowed for the control of location and type of retailer in a centralized ownership that maximized the profit for the center (but not necessarily for each retailer). According to William Wheaton,

[R]etailing is a complex business where there exists interdependencies between stores because of common transport costs, complementary shopping and comparison shopping product searching. With these inter-store externalities, Brueckner has shown that common center ownership with rental discrimination is necessary to achieve an optimal mix of stores— one that maximizes aggregate sales.16

Centralized ownership is superior (in terms of profit maximization) to diffuse ownership because the landlord can monopolize all control, assembling the appropriate tenant mix and placing the tenants within his/her center to maximize value, charging each tenant different rates and making more overall.

Figures 2.3: The Country Club Plaza in the early 1930s

Source: Kansas City, Missouri Public Library. <http://kclibrary.org>
SUBURBAN CENTERS

From the 1920s to the 1930s, small shopping villages (comparable to some of the case studies investigated later in the thesis), like the Country Club Plaza and others like Lake Forest, Illinois and Roland Park, Maryland were developed. The suburban centers were the first attempts to plan, control and manage retail centers in suburban locations. As described in the preceding chapter, “places such as these were considered to be community centers, and their owners often sponsored Christmas celebrations, art fairs, and dog shows.” Their developers wanted to create second downtowns and many have remained vibrant through the present. Contemporaneously to the retail villages, small strip centers began to appear on suburban arterials. Many of the retail villages remain, while the strip centers have been razed or redeveloped into other uses.

Contributing to the development of suburban centers were practitioners like the Regional Plan Association of America and urban theorists including Ebenezer Howard. In a revival of ideas from English town planning, these planners and thinkers endorsed the development of decentralized planned greenbelt towns. These “greenbelt towns” (or “garden cities”) were to surround and alleviate overcrowding from current cities throughout the country. Critical to the evolution of shopping was the notion that these greenbelts could be self-contained entities, not dependent on center cities for their needs. These garden cities were viewed as an ordered “alternative to the sprawl and disorder of the strip and the increasingly frantic overcrowding of the urban downtowns.” While the theoretical implications of the garden city movement were profound and widespread, the development of new towns throughout North America was limited in scope. The notion of the garden city has been perversely manifested in the growth of edge cities throughout America. The idea of creating an ordered alternative to the city led to the evolution of the regional shopping center in the decades that followed.
Although the suburban trend was clearly evolving with the garden city movement and the rise of the Country Club Plaza and other planned town center projects, even by the late 1940s and early 1950s, suburbanites still relied on the center cities and towns for much of their commercial activities in large part because of economic and access superiority that the cities possessed. Dolores Hayden writes that consumers still shopped in the central cities because “they expected to find the greatest selection of merchandise and the most competitive prices.” Notable exceptions include the development of free standing stores such as Montgomery Ward, Sears and A&P which all had locations in the suburbs starting in the late 1940s. The lack of competitive retail in the suburbs created a void in the marketplace. “It was not until the late 1950s that a new market structure appropriate to this suburbanized, mass consumption society prevailed.”

RISE OF THE ENCLOSED REGIONAL SHOPPING MALL

“Here was the ‘new city’ of the postwar era, a community center suited to an economy and a society built around mass consumption.”

A *New York Times Magazine* article from 1953 was prescient in its understanding of the pent-up consumer demand and the future growth of suburban retailing: “‘There is a widely held belief that American households are ready to do more buying than they presently do….They would do it readily but for the difficulty of getting to the ‘downtowns’ where the full range of goods is available.’” The implication of this change in thinking led to the watershed movement from the city centers to the ubiquitous shopping centers that followed. The shopping center brought “…the market to the people instead of people to the market.” The International Council of Shopping Centers (ICSC) reported in 1977 that “[s]hopping centers properly planned by developers and
local communities are the rational alternative to haphazard retail development." The effort to enclose the shopping experience was not new to history as is clearly shown with the gallery, arcade and department store, however, the location of this shopping district—in the suburbs—was a revolutionary shift.

Crucial to the rise of the enclosed mall was the migration of the department store to the suburb. In order to understand the value of department store anchors to the mall format, Wheaton explains that

\[
\text{externality recipients (stores that feed off the traffic generated by brand value stores)} \]
\[
\text{have sales that are keenly sensitive to the exact mix of other stores in the shopping center. To incentivize center operators, these stores are willing to pay a high percentage of sales, so that their rental payments vary more sharply with sales. Conversely, externality generators (anchor stores or those with brand value) draw their own traffic and have sales that are less dependent on the mix of other stores. Thus, they need not pay as great a percentage of sales in order to align the landlord's interest with theirs.}
\]

The first “dumbbell” shaped (department stores on either edge with smaller retail in between along a pedestrian “mall”) shopping center, Shoppers World’s, was built in Framingham, Massachusetts in 1954. There were few other free-standing suburban style shopping malls built before 1954. Consumers were wary, and investment in early malls was deemed to be a highly risky business venture. According to Linneman and Moy, “In many ways their [retailers] decision to open suburban stores was comparable to companies that ventured into the global marketplace in the 1990s.”

The tax laws of 1954, allowing accelerated depreciation, and massive highway construction spawned from the Interstate Highway Act of 1956 were the major impetus for the large scale construction of the first generation of shopping malls in America. In addition, Kenneth Jackson states that “In conjunction with cheap fuel and mass-produced automobiles, the urban expressways led to lower marginal transportation costs and greatly
stimulated deconcentration.” More than 98% of malls developed in that time made money for their investors. This was the beginning of one of the largest consumer shifts in history. However, as Lizabeth Cohen points out, “focusing on the obvious economic motives developers and investors shared in constructing shopping centers, however, can mask the visionary dimension of their undertaking.”

Victor Gruen, one of the most well known shopping center designers rationalized the shopping mall as a “point of crystallization for suburbia’s community life...By affording opportunities for social life and recreation in a protected pedestrian environment, by incorporating civic and educational facilities, shopping centers can fill existing void.” Designers, developers and theorists believed that “a centrally owned and managed... [mall] offered an alternative model to the inefficiencies, visual chaos, and provinciality of traditional downtown districts.” The suburban shopping mall ‘template’ was a homogenous distillation of a main street shopping into an antiseptic format. It was a quixotic attempt by “planners and shopping center developers...to perfect the concept of downtown, not to obliterate it...” The ICSC definition of a mall is the following:

- a center that typically has two or more anchor stores that are full-line department stores, junior department stores, mass merchant, discount department store or fashion apparel. The anchor stores typically comprise 50% to 70% of the center’s square footage. The primary trade area is typically 5 to 15 miles (for regional malls) and 5 to 25 miles (for superregional malls)...with a gross leasable area (GLA) of 300,000 sf and larger.

The main conventions of the shopping mall resolved many of the inefficiencies, inconveniences and complaints about downtown shopping areas. Centralized management, as described before, made possible the perfect alchemy of tenant mixes and placement of stores. “The preponderance of...” chain stores brought the latest trends in fashion and other products. “Piped-in background music replaced the cacophony of the street.” Architectural elements and store frontages in the interior (and exterior) were
controlled. Parking was visible, close-by and plentiful. Air-conditioning and roofs kept the mall patron from sweating, freezing or even getting wet. Security guards gave the appearance of safety.\textsuperscript{40} In sum, the changes incorporated by the shopping mall created a more controlled and predictable experience.

The shopping malls were utilitarian by their nature and homogenous in their construction. While many malls contained attempts to mimic city features—"[T]he fountain in the mall has replaced the downtown department clock as the gathering place for young and old alike"—malls and strip malls had few unique attributes. In essence, the shopping malls built in the 1950s-1980s formed commercial epicenters of "anytown USA." Because space in suburbia was plentiful, forward-thinking developers were able to place large single-use centers inside a wide swath of parking at the confluence of major highways with municipal blessing and investor confidence.

\textbf{LOSS OF RETAIL AGGLOMERATIONS}

As ownership began to centralize retailing activities, maximizing efficiencies for owners, agglomerations (Such as Jewelers Row in Philadelphia or the Diamond District in New York City) were lost for consumers. Bar Districts are one of the few remnants of one of the more interesting and consumer friendly outgrowths of diffuse ownerships—retail agglomerations. Shoppers could visit a certain geographic area and comparison shop with many stores selling similar items, driving prices down and encouraging variety and quality. This is one of the interesting market inefficiencies of planned tenant mixes that is desirable to consumers but less profitable for shopping center owners.
Figures 2.4 & 2.5: Birchwood Mall, Port Huron, Michigan. Notice the five anchors' gross floor area in relation to the entire center.

The first generation of malls according to Margaret Crawford contained many of the public amenities that one associates with town centers. The rapidly expanding suburban population still had a collective memory of and a demand for the amenities, interconnectedness and public space of the city neighborhoods from which they were leaving. Mall developers tried to simulate that experience in the first generation of malls. “The safe and protected pedestrian malls and courts also housed tot lots, chapels, community rooms, and a host of temporary activities including art exhibits, dances and fashion shows.” According to Crawford, these first generation malls were an important step towards “the domestication of public space” that has overcome the United States between the 1960s and today.

As the concept of the mall evolved, it grew ever more standardized, packaged into a ubiquitous experience. Whereas, the Country Club Plaza was built to resemble a Spanish city center, subsequent generations of malls turned inward and focused around utilitarian shopping corridors without any architectural distinctiveness.

Shopping malls usurped retail market share from traditional town and city centers. The later generation strip and shopping malls were configured for convenient automobile access; they located either along major commercial arterials or at the confluence of highways. These centers were built with the efficiency of the automobile driving consumer in mind. Malls had a plethora of visible parking spaces, compared to older main streets and urban centers which did not. Consumers responded with their spending habits and downtowns were inexorably negatively impacted.
EFFECT OF THE MALL ON DOWNTOWNS

The shopping mall had a devastating effect on both downtown retail and suburban town centers of the time. James Howard Kunstler, in *Geography of Nowhere*, describes the effect of a shopping mall built in Wilton, New York, the adjacent town to Saratoga Springs, in the early 1970s. Wilton, a rural, impoverished community that had experienced a recent wave of single family suburban development, benefited from the influx of tax revenue into its cash-starved coffers. William H. Whyte called the development of shopping centers and other commercial development as the “cream of the ratables.” The shopping centers and other commercial development were “minimally obnoxious enterprises that produced a great deal of tax benefit.” Conversely, Saratoga Springs was crippled by the outflow of shoppers from the town center to the new shopping mall a few miles away. “What was magic for Wilton was a bitter pill for Saratoga Springs. The town’s movie theater closed. The single department store became a steakhouse...The mall would have killed Broadway entirely had not Saratoga been a popular tourist town with a reliable stream of recreational shoppers.”

The story at Saratoga was repeated in small towns throughout the country. Communities were enticed to permit the construction of shopping centers because of its boost in sales taxes that increased funding for schools and public services, jobs and lower tax rates for residents at the expense of the established shopping district. However, many of the towns were not as fortunate as Saratoga, because they did not have access to tourists. Simply put, shopping malls put small town USA out of business. However, as strong returns for mall developers and owners enticed new development, and the malls that put downtown and main street out of business were in turn eclipsed by other malls and eager municipalities. Over time, older and outdated malls had trouble differentiating themselves from newer malls. The consequence for Saratoga was resurgence of the town...
center and a tombstone for the twenty year old, obsolete Wilton mall.

ENDNOTES CHAPTER 2

1 Hayden, 11-12.
7 Linneman and Moy, 43-44.
8 Jackson, 172-177.
10 Ibid.
11 Ibid.
12 Ibid.
13 Ibid.
14 Rybczynski, 35-36.
15 Ibid.
16 Wheaton, William C. “Percentage Rent in Retail Leasing: The Alignment of Landlord-Tenant Interests.” MIT Center for Real Estate. 18.
18 Hayden, 168.
19 Ibid.
20 Jackson, 195.
21 Crawford, 22.
22 Hayden, 168.
23 Linneman and Moy, 44.
24 Cohen, 258.
25 Cohen, 259.
26 Cohen, 261.
27 Ibid.
28 Ibid.
29 Wheaton, 18.
30 Hayden, 168.
31 Linneman and Moy, 44.
32 Hayden, 162-164.
33 Jackson, 191.
35 Cohen, 261.
36 Cohen, 261-263.
37 Ibid.
38 Ibid.
40 Cohen, 263.
41 Ibid.
43 Ibid.
46 Ibid.
47 Cohen, 266.
RATIONALE FOR SUBURBAN MIXED-USE FORM

The last chapter charted the path of the suburbs and retail from the early marketplace through the enclosed shopping mall. This chapter contends that, although most future development will be sprawling and low density in nature, several trends, lead to a reinterpretation of the suburban polycentric city, reformulating the composition of highest and best uses in key activity centers within suburbia.

The suburban sprawl that has characterized much of American cities metropolitan growth over the last fifty years has left our suburbs with a relatively homogeneous mix of single use structures, zones or districts that are in some cases obsolete or underbuilt in their current form. In response, a host of factors point to a movement toward new types of suburban forms.

These forces can be grouped into three categories:

1. **Growth in consumer demand** from changes in tastes from existing residents and an influx of new demographic cohorts.

2. **Supply factors** pushing intensification of development at underutilized nodal suburban parcels.

3. **Public policy** trends including the impact of New Urbanism, more flexible zoning, and the growing political support of smart growth policies at the local, regional, state and national level leading to a desire for more intensive, sustainable and thoughtfully planned land development.
Taken together, these trends lead to a demand, supply and public policy impetus for the emergence of new mixed-use forms in suburbia. This chapter will lay out the forces in each category.

**GROWTH IN CONSUMER DEMAND**

As of 2001, non-traditional households made up the majority of residents in suburbia. “The suburbs, no longer the plain vanilla pods that sprawl across the landscape, today are more representative of the nation’s diverse population, a group that demands both better homes and better neighborhoods.” Today, “married couples with children... are outnumbered by young singles and the elderly living alone” in the suburbs.² According to the National Association of Home Builders (NAHB), the percentage of single people buying new homes doubled to 14% in 2001 from 7% in 1985. Married couples with children comprised 50% of new home buyers in 1985 but only 33% in 2001. The percentage of married couples without children grew slightly from 34% in 2001, compared to 33% in 1985.³ “These numbers conform to how households in the population are changing. There are a lot more households without children, and singles are buying more homes,”⁴ according to NAHB economist Gopal Ahluwalia. As of 2000, traditional households (married couples with children) comprised 27% of suburban households. By 2010, traditional families will constitute only 20% of suburban households (a 35% decrease in household share).⁵ The changes in the composition of the suburbs are the impetus behind a growing appetite for non-traditional suburban housing typologies and new shopping patterns. The change in consumer demand is fueled from demographic shifts in six cohorts:

- Baby boomers
- Echo boomers
- Minority population
Women entering the workplace (two-wage earner households)

Creative class and “rootless” workers

BABY BOOMERS

The largest group that is changing is the baby boomer generation (people born between the end of WWII and 1965). They are rapidly becoming active, empty-nesters, driving the most significant demographic shift as their children move to independent living situations. Not needing large, multi-room homes, these baby boomers are looking to trade space for convenience and amenities. At the same time, Because of longer life expectancy and a desire for an active lifestyle, they are not ready to live in retirement homes. In addition, Underhill points out that people over the age of 50 years old (comprised of mostly baby boomers) possess 70% of the disposable income in America today. This translates to a large chunk of the population with considerable buying power that is looking for a shift towards smaller lots and new housing products.

Incipient trends and projects have begun to respond to the demands of this growing demographic cohort. In particular, some have moved back to cities. Others “are helping to fuel...[the development of] new, urban-style communities designed to meet baby boomers’ lifestyle demands.” According to one study, “Home buyers aged 45 and older who prefer denser, more compact housing alternatives will account for 31% of total homeowner growth during the 2000-2010 period, double that same segment’s market share in the 1990s.” Older baby boomers also are interested in residences that alleviate some of the current automobile-dependence in suburbia.

ECHO BOOMERS

The children of the baby boomers, the echo boomers, will be forming households over the
next 20 years. The echo boomers are more diverse than previous generations, they marry later and will be engaged in more off-peak work hours as the service industry moves to a 24 hour economy. Moreover, some urban prognosticators have speculated that, in a reaction to their suburban single-family upbringing, they may demand more urban amenities prior to having children. The logical assumption is that a portion of these young people will demand a more urban option than their single family suburban homes that are left over from the development wave over the last forty years, which has left a glut of family oriented homes in suburbia. Specifically, the number of bedrooms demanded in units will be reduced due to this population shift coupled with the aforementioned demand of baby boomers.

MINORITY POPULATION

Minority populations in suburbia have grown from 19% in 1990 to 27% in 2000. Ethnic minorities will comprise 40% of the US population by 2010. Almost forty percent of African Americans live in suburbia. Fifty percent of Asian and Hispanic Americans also live in the suburbs. The “…subtle differences in what minority homebuyers want in their communities” will certainly affect the character of what housing and retail products are built in the suburbs. Specifically, Latinos and immigrant groups without established preferences for single family detached residential housing may provide more demand for density and mixed-use. According to Michael Mendez, “[C]urrent views towards status quo development and assimilation ignite the opportunity to build upon Latino’s propensity for compact cities.”

WOMEN

Women, too, are fueling changes in suburban demand. According to Underhill:

We also recognize that the primary driver of shopping malls—which is adult women—have gone through a profound change in 25 years. 70% of adult women work outside the home. That means that they have the multiple tasks of being often mother, spouse,
As a consequence of women entering the workforce, there has been a marked increase in the amount of two-wage earners in America. “Over the past fifty-years, individuals’ value and use time in the U.S. has also changed considerably as a result of the growing number of two-wage earner families in the labor force.” The retail forms built to appeal to the “stay-at-home” wives have less of a demographic grounding now than thirty years ago. Consequently, convenience has become a much more central element to shopping.

CREATIVE CLASS AND ROOTLESS WORKERS

As more Americans are “rootless,” living and working in different cities over time, development will begin responding to a variety of housing and shopping preferences that reflect the white collar, transient, “creative class” worker. Richard Florida has hypothesized the cities and regions most primed for growth in the “new economy” appeal to a new class of workers, the so-called “creative class,” that engage in research and development activities. This “creative class” is attracted to urbanity, tolerance and dynamic neighborhoods. Cities and neighborhoods that provide the right setting for the creative class to thrive will capture these workers that fuel the innovation sector. These workers will demand a more diverse living situation and “unique” shopping experience than the other demographic groups.

SUPPLY FACTORS

Several supply factors are pointing to the emergence of new suburban mixed-use product types. Three specific issues are particularly pertinent:

- Underutilized land at nodal suburban locations
• Increases in home prices and the concomitant dearth of affordable housing
• Downtown revitalization

UNDERUTLIZED LAND AT NODAL SUBURBAN Locations

In communities throughout the nation, many suburban parcels are underbuilt from a social, economic and geographic perspective. An example of this trend includes many “greyfield malls.” Located at the confluence of major suburban arterials, many of these formerly thriving retail centers have become functionally or economically obsolete. These large parcels have strong redevelopment potential. In addition, other parcels near to transportation infrastructure are potentially underutilized depending on land use policy and consumer trends.

INCREASES IN HOME PRICES AND THE AFFORDABLE HOUSING CRISIS

Increases in home prices and the concomitant dearth of affordable housing have pushed homeownership out of reach for many middle-income Americans. The affordable housing shortage in many low-density cities and suburban areas in such states as California and Massachusetts have reached crisis proportions. Over the last 25 years, home prices and rents escalated and the incomes of the richest in America grew at a fast rate, while the bottom forty percent of the population have experienced flat income growth. Median home prices have risen much faster than disposable income. Even with access to debt for a much wider swath of the American population and low-interest rates, buying a home is becoming harder and harder for households to achieve.

In Massachusetts, programs designed to provide incentives to communities and developers to provide affordable housing, notably Section 40-B, are providing market-based incentives to bridge the affordable housing gap. In addition, as 'spatial mismatch'
issues\textsuperscript{22} are becoming more publicized, affordable housing in low-density cities and suburban areas will become more of a public policy agenda.\textsuperscript{21} A recent study at MIT, by two master’s students in the Department of Urban Studies and Planning, showed that affordable and mixed-income housing did not have a negative impact on adjacent residential property values.\textsuperscript{24} The National Association of Realtors May 2004 poll of 1,000 adults reported 76\% of respondents would support affordable housing in their community, and 63\% would support it next door.

The results may be a sign that the high cost of housing is hitting closer to home for many Americans. In many communities, teachers, nurses, police officers and firefighters can’t afford to live where they work. The survey also shows that more than half of Americans worry that their children, grandchildren and other relatives can’t afford to live close to them.\textsuperscript{23}

The implication of the affordable housing crisis is that states and municipalities must accommodate more intensive land development patterns to facilitate profitable construction of affordable housing units. Higher density mixed-use developments are logical locations for future affordable housing development in the suburbs.

\textit{REVITALIZATION OF CENTER CITIES}

In a sharp reversal of fifty years of urban flight, many central cities have increased their downtown population and developers are experimenting with higher density urban-style housing in the suburbs to capture a potentially expanding market niche catering to Generation Y and empty nester consumers.\textsuperscript{26} However, cities only have so much land (it is indeed a scarce resource). As rents and home prices in Boston and New York, even Denver and Seattle spike past the point of affordability for Americans, it is clear that demand is outpacing supply for urban housing. The question for the future of development is that as the supply of housing in traditional urban centers becomes unaffordable, will consumers accept other places outside traditional centers for urban residential products?
PUBLIC POLICY FACTORS

Several public policy initiatives that are in alignment with market forces are pushing governments to support more intensive use of suburban and formerly low-density land in innovative mixed-use ways. The following public policy factors stimulate the private and public sectors to create more mixed-use development at appropriate underutilized suburban and low-density urban parcels:

- Smart Growth
- Form Based Codes
- New Urbanism

SMART GROWTH

The Smart Growth movement was born out of a desire to curb haphazard suburban growth commonly referred to as “sprawl.” Its relevance in local, state and federal public policy has been pronounced over the last ten years.

In communities across the nation, there is a growing concern that current development patterns -- dominated by what some call “sprawl” -- are no longer in the long-term interest of our cities, existing suburbs, small towns, rural communities, or wilderness areas. Though supportive of growth, communities are questioning the economic costs of abandoning infrastructure in the city, only to rebuild it further out. Spurring the smart growth movement are demographic shifts, a strong environmental ethic, increased fiscal concerns, and more nuanced views of growth. The result is both a new demand and a new opportunity for smart growth.27

Smart Growth has become a powerful voice in public policy circles as well as in planning. New Jersey, Maryland, Massachusetts and Pennsylvania have all made smart growth statewide policy. Consequently, as state policy shifts (as it has in some states) towards incorporating smart growth criteria in public funding of projects, more resources will be allocated to projects that adhere to smart growth principles. For example, in Massachusetts, CHAPA and Mass Development have included smart growth into their
“one-stop” tax credit applications. From a political perspective, Smart Growth’s support comes from a diverse constituency, who are dissatisfied with the ill-effects of sprawl.

RISE OF FORM BASED ZONING & SMART CODES

Traditional Euclidian zoning has existed as the dominant land use and development organize in the United States since the 1910s. Euclidian zoning was derived from nuisance common laws that guarded landowners from the negative externalities of surrounding uses. In the past, the logic behind keeping heavy industrial zones out of residential enclaves made perfect sense from a policy and public health perspective. However, separating uses that are compatible makes less sense. The rise of the form based code and smart codes are loosening the strict and inflexible separation of uses and rigid dimensional requirements with more context specific codes that include mixtures of uses in designated areas. 28

NEW URBANISM

New Urbanism has come to the forefront of the planning world with its desire to replace suburban sprawl with a more mixed-use, walkable neighborhood “as the basic building blocks of livable sustainable cities and regions...[I]t calls for mixed-use neighborhoods, regional planning and buildings that front on walkable well-designed streets.” 29 New Urbanists believe that buildings and neighborhoods should welcome pedestrians and transit, while accommodating automobiles. The influence of new urbanism on the built landscape has been profound since the 1990s. A number of significant and highly visible New Urbanist projects such as Celebration, Florida and Seaside, Florida have gained national exposure. However, in the last several years, many more new developments have incorporated New Urbanist principals into their design. Consumers have responded to the New Urbanist development mantra as evidenced by economists’ Mark Eppli and
Charles Tu research which reveals that new urbanist projects command a premium in the marketplace. Suppliers have responded with more products, leading to increasing market acceptance of communities that favor mixed-uses in certain areas.

**CONCLUSION: A CONFLUENCE OF TRENDS FOR MIXED-USE DEVELOPMENT IN THE SUBURBS**

The supply, demand and public policy forces discussed in this chapter provide an impetus for the future development of mixed-uses in the suburban context. Opportunities for developers and municipalities to build new products that fit into policy and economic objectives will result in the future construction of atypical products in suburbia. Robert Charles Lesser & Co. conducted consumer studies “for developers of New Urbanist and hybrid projects.” They found that “a consistent 25-33 percent of respondents would seriously consider buying a home in a mixed-use setting...[Consumers] will accept mixed land uses as long as human scale and good design are prominent.” Jonathan Miller of Lend Lease Real Estate Investments explained the future potential for mixed use development in the following passage:

> The trend lines are clear. Better suburbs will increasingly take on the positive aspects of larger 24-hour cities—multi-faceted environments with a critical core of prime residential neighborhoods, a thriving business environment, and service retail integrated together. Disconnected subdivisions, retail strips, and office parks are a doomed model, as traffic congestion worsens along suburban arteries. Investors—including owners of failed regional shopping centers—increasing realize that sound planning leads to higher property values and greater lifestyle convenience that people now crave.

The suburban built environment will adapt to accommodate evolving demands and constraints. The next section will look at the emergence of new retail forms in suburbia and the emergence of a mixed-use product in formerly single-use areas.
CHAPTER 3 ENDNOTES

2 Hayden, 13.
4 Ibid.
5 Ibid.
6 Schmitz, 44.
7 Gross.
8 Schmitz, 54.
10 Schmitz, 55.
13 Schmitz, 53, 55.
15 Gross.
17 The next chapter depicts the changing products that have responded to this desire for convenience, like the big box power center.
19 Greyfields are regional malls or strip centers that were often built in the 1960s and 1970s that have outlived their usefulness, but do not contain the environmental problems that “brownfields” have. The following chapter contains a more detailed description of greyfields and their problems.
21 In Massachusetts, 40B mandates that 10% of each municipality’s total housing stock needs to be affordable at 80% of the municipality’s AMI. If a municipality has less than 10% of its total housing stock defined as “affordable,” then developers can override local zoning to produce affordable housing at higher density than allowed in the surrounding zones. Developers can override zoning as long as they provide at least 75% of their units at 80% or less of AMI. This places the burden of producing affordable housing directly on the municipalities or else their zoning controls run the risk of being trumped.
22 “Spatial mismatch” refers to a problem in metropolitan areas, where the new jobs are located in the suburbs and the willing workers (without access to reliable transportation) are located in other areas such as inner cities.


Sobel, 3.
This chapter will delve into new trends in the retailing industry that are pertinent to the emergence of a suburban mixed-use development paradigm. First, the growing problem of obsolescence of some shopping malls in suburbia will be breached followed by a discussion of the newest trends in retail development: big box power centers and lifestyle centers. Finally, this chapter will explore what all this means for the future of suburban development.

DECLINE OF OLDER MALLS

Over the last decade, most of the best sites at the confluence of large interchanges have been built upon. Many of the earlier generation of shopping malls built in the 1960s and 1970s have been out-positioned and lost market share to newer centers.¹

There is a growing concern about the quick obsolescence of single-use suburban shopping malls. Retail anthropologist Paco Underhill in a May 2004 interview with Terry Gross said that “I think most malls here in the US are more than 20 years old...thrown up in a frenzy of activity with no real thought as to how long they were supposed to last. I can’t imagine more than a handful of malls across the US ever winning landmark status, can you?”²

Regional shopping malls (floor area greater than 350,000 square feet) are overbuilt in America. Anchors are waning in their ability to draw foot traffic; big boxes and lifestyle
centers have cut into regional malls market share. While surely many malls will remain viable, the class C and D grade malls are in danger. Currently, there is very little no new regional mall development in America. According to the ICSC, in 2003, “Little new construction activity and plenty of redevelopment add up to a small decline in the regional mall population.”

A recent real estate investment trade journal pointed out that “[w]hat was built 30 or 40 years ago may not serve the market appropriately today.”

The “Greyfield Regional Mall Study,” commissioned by the Congress for New Urbanism and carried-out by PricewaterhouseCoopers (PWC) put some numbers to hitherto hunches about the obsolescence of some malls in the United States in January 2001. In that study, PWC estimated that of the nearly 2000 regional malls in America (greater than 350,000 GLA) there were around 7% that were classified as greyfields and 12% approaching greyfield status.

The authors recognize that the majority of regional and super regional malls in the US are currently financially viable and healthy, operated by experienced management in the public real estate investment trust markets and also in the private real estate market. PricewaterhouseCoopers believes in the long term outlook for well located and managed regional malls. Yet we also believe that there are a minority of regional malls where redevelopment is a prudent financial and social decision.

Theoretically, the redevelopment of Greyfield mall sites can benefit non-Greyfield malls through redevelopment and construction of mixed-use commercial and residential projects on Greyfield mall sites. Redevelopment of Greyfield mall sites replaces obsolete properties with urban synergies and increases households in trade areas. In economic terms, supply will be reduced (redevelopment of Greyfield mall sites), with demand increasing (through new households).

The authors of this study indicated a number of observations that may explain why such a large chunk of stock of suburban retail space is becoming “grey.” First, infrastructure and transportation corridors have made “older inner city and first-ring suburban malls less competitive.” For example, while many malls built in the 1960s and 1970s were located at the confluence of an arterial and a U.S. highway, most of the newer malls are located at the confluence of large interstates completed later. The infrastructure investment also
led to an explosion of growth in distant suburbs. These new suburban residents are more likely to shop at the more convenient and newer centers. Some of these newer centers are located close enough to the older malls to poach from its primary trade area and its tenants. So in essence, the newer malls out positioned the older malls in terms of access.\(^8\)

The study also said that tenants have no loyalty to ubiquitous shopping malls so they are unwilling to sign long term leases, as consumers increasingly will go to the most convenient shopping center with the best selection and the lowest prices. Correspondingly and interrelated to that, the report showed that some centers failed because of “changes in surrounding area household demographics - age of population, racial composition, and household income” in their primary trade area.\(^9\)

Often centers that began to fail had private owners, who either lacked the management capacity or revenue to support needed maintenance. The increasingly sophisticated mall owners that matured in the late 1970s had more know-how, resources and pull with tenant attraction and retention than private owners that controlled many of the first generation of shopping malls that are in decline.\(^10\)

Finally, the study cited that the introduction of power centers and category killer retail has contributed to the failure of first generation regional shopping malls. This will be addressed in a later in this chapter.

**BROKEN PEOPLE PUMP**

Possibly the greatest blow to malls has been the erosion of the department stores as the mainstay “people pump” of the shopping mall. Department stores, the main anchors of shopping malls (occupying an average of 50-70% of the total mall area\(^11\)) as well as the
drivers of foot traffic in malls have either begun to close or move towards a free-standing format.

The advantages running a free-standing department store (from the perspective of the department store company) include cheaper rents and operating costs (due to no CAM charges) and convenience for shoppers going to a store for a specific item. Moreover, the sales per square foot are typically higher in free-standing stores than in department stores in malls.\textsuperscript{12} The new stand alone department stores resemble grocery stores or Wal-Marts. Typically occupying only one floor, the new department stores have taken lessons in efficiency from big box centers. They have incorporated many convenience functions such as centralized and self-service checkouts near the only entrance. In addition, the entrance is situated directly adjacent to a sea of parking. The stores have also scaled back their offerings in an effort to compete more directly with other specialty stores.\textsuperscript{13}

The reversal of fortunes and diminished drawing power from department stores, reflect, in part, a more widespread change in consumer preferences. “As shoppers habits [have] changed, the department store seemed stuffy and old fashioned. For now, instead of dealing with sales clerks, shoppers prefer to serve themselves.”\textsuperscript{14}

The decline of the anchor store has taken its toll on the traditional mall formula. According to the ICSC,

One cloud on the horizon for malls is the relatively weak performance of department stores and the pressure this may bring to the historical shopping center economic model. The assumption has always been that the relatively higher mall occupancy costs were justifiable because department stores, which pay little or no rent, would drive traffic to the specialty stores. As department stores sales have waned, the specialty stores have been thrown back to their own resources, causing them to invest more heavily in marketing and use customer loyalty programs, special events, catalogs and other tools to drive traffic to their stores.\textsuperscript{15}

However, Kevin Mattson argues that these efforts are not significant enough to replace
the foot traffic that the anchor generated.16

A Wall Street Journal article entitled “Abandoning the Mall,” explored the underlying feelings from anchor tenants about their movement away from the mall. “‘Customers told us they prefer shopping at a location other than the mall,’”17 according to Ken Hicks, the president and C.O.O. of JC Penny’s in that article. Consequently, J.C. Penny’s is closing many of its stores in shopping malls and concentrating development activities in high growth suburban markets with stand alone facilities “‘that offer good transportation, good access and high populations.’”18 Sears, a mainstay anchor in many malls is shifting its strategy as well. The company opened its first stand-alone facility in October 2003 and plans three more for this summer (2004). Jerry Post, a Sears senior vice president was quoted in the same article that customers who are time-starved value the convenience of the stand alone format more than the panache normally associated with a full-service mall department store. “We believe there is tremendous opportunity in off-mall stores because it puts you closer to that customer.”19

In response to the closing of department stores, malls have replaced the anchors with users that take up a large amount of gross floor area, like Wal-Marts, Target, Home Depot, and back office locations. However, the irony is that while the primary purpose of the space was to serve as the “people pump,” Wal-Marts do not serve this role. Instead, they undercut all of the specialty stores competition in the mall. Office Depot also does not confer the same “spillover” on the rest of the mall. Back office locations are not destinations for anyone else but back office employees. Once “people pumps,” new anchors (on average 50-70% of total gross floor area) now serve as “one-stop shops.” It is clear, that these new anchors cannot replace the department store in drawing foot traffic. Thus, the rationale for smaller retailers to come to a mall (because of the foot traffic
generated by the anchor) is not compelling enough to justify the rents necessary to keep
the mall profitable.

Why do these replacement anchors not confer commensurate positive externalities on
adjacent stores as department stores? The intensity of an anchor’s “cross patronage
effect” shed light on why the department store is so crucial to the enclosed regional
shopping mall development model. Cross-patronage effects are defined by a “sales
externality between anchor and non-anchor tenants.” When cross-patronage effects
between anchors and non-anchor tenants increase, opportunities for shopping center
development will “increase markedly.” Mark Eppli and James Shilling wrote in 1995 that
when these cross-patronage effects decrease, large-scale shopping center development
opportunities will likewise decrease.

In their paper, Eppli and Shilling wrote that two factors auger well for large-scale
shopping development in the future: First, they assumed that (1) “[p]eople with high
hourly wage earnings, for example, not only generally demand quicker more convenient
service than those who have low hourly earnings,” (2) “but they also tend to demand
greater comparison shopping among retail establishments and a more extended
merchandise mix at the shopping center in order to reduce the time and transportation
costs spent purchasing other products.” Their model

further predicts that as cross-patronage between anchor tenant department stores and
smaller non-anchor tenants increases, shopping centers will become larger and more
space within the center will be allocated to the anchor tenants. This conclusion follows
from the fact that in our model the major attractors in a shopping center—namely, the
anchor stores—generate the vast majority of the customers at the center. In contrast, the
non-anchor tenants in our model do very little to generate traffic, and thus they depend
heavily on the anchor tenant consumer traffic flow for their business.

However, the proliferation of category killer retail and other big box “one-stop-shops”
suggest that customers demand convenience, selection and price over “greater comparison
shopping among retail establishments.” Eppli and Shilling’s last assumption about the anchor tenant is belied by the decline in relevance of the traditional anchor tenant’s ability to attract foot traffic. Consequently, new development of regional malls has been greatly diminished, while the growth of the big box, category killer and power center have garnered a lion’s share of the late-1990s early 2000s development activity.\textsuperscript{21}

**THE RISE OF NEW SHOPPING CENTER PRODUCT TYPES**

The decline of the mall, as said before, has coincided with the appearance of new versions of suburban retail. Unquestionably, well-managed and positioned shopping malls will loom large over the retail universe in the future. However, new retail development will be comprised of other more diverse projects.

The industry is currently moving in two different directions—directly reflecting the preferences of the consumer. First, responding to convenience and price, developers have rushed to create power centers (conglomerations of big box “category killer” stores in a sea of parking). ICSC defines a power center as a

\begin{quote}
250,000-to-600,000-square-foot property dominated by three or more generally freestanding, large anchors, such as discount department stores, off-price stores, warehouse clubs and category killers.\textsuperscript{24}
\end{quote}

Second, is the rise of the lifestyle center. Lifestyle centers have adopted a more “recreational” approach to retailing, stressing streetscape, storefronts and park space. According to Mattson, “Leading developers have recognized the decline in shopping center retail and have begun to experiment with ways to draw the public back to the mall by delving into new forms of civic design and public space.”\textsuperscript{25} While many of the current power center and traditional mall development are incorporating time-tested formulas, lifestyle centers are custom-building a new mix of uses and tenants and an attention to fine-grained customized placemaking.
BIG BOXES & POWER CENTERS

Big box retailers, according to Rybczynski are a “direct descendent of the supermarket.”26 Old Navy, Wal-Mart, Target, Home Depot, Lowe’s and Costco are all examples of variations in size and form of the power center. The power center marks the evolution of shopping into a “self service operation.” Most big box stores involve a customer steering a shopping cart through a spartan warehouse with stacked shelves of goods. Like a supermarket, check out occurs through a centralized counter. “The focus is on increasing efficiency and decreasing shopping time, while at the same time reducing overhead and providing the consumer with an extremely wide range of choices at low prices.”27

The power center is a conglomeration of big box stores sharing a sea of parking. There is little to no urban design or public space. In order to navigate between stores, a shopper must drive. The parking lot is “the main synergy of power centers…”28 (SEE BELOW)

Figure 4.1: A power center in East Palo Alto, California.

LIFESTYLE CENTERS

The Lifestyle center is a direct reaction to a pent-up demand for more diversity in retail supply than just the mall and power centers. The glaring visible difference between an enclosed regional mall and a lifestyle center is the latter’s open air format. However, the fundamental formula difference is that a lifestyle center is more geared towards an “experience” (obviously with shopping involved) but a mall is focused on “shopping.” A lifestyle center may or may not have anchors, but it has incorporated “category killer” retail, convenience, enhanced entertainment and other leisure time activities. The goal of a lifestyle center is to provide people with the opportunity not only for convenience, but also for recreation.

Lifestyle centers can stand alone or be built-in existing developments. According to Michael Beyard, senior resident fellow/retail at the Urban Land Institute: “We’re seeing a range of projects, including combinations of open-air and enclosed lifestyle centers appended to malls or collocated with malls.”

What is fueling the growth of lifestyle development? Analyzed in more detail in the previous chapter, “[c]hanging demographics, urban revitalization, lack of traditional mall development, heightened competition, and bored consumers are all contributing to the industry shift.” “[Lifestyle] center’s new shapes are a response to consumers’ shopping patterns, retail economic trends, and even shopper’s aesthetic preferences.”

The lifestyle center is the antithesis of a power center. In its 2003 Winter Research Quarterly, the International Council of Shopping Centers (ICSC) released data from recent analysis that suggest consumer preference for lifestyle centers over regional
Figures: 4.3 & 4.4: A comparison of an enclosed regional mall (4.3) with a lifestyle center (4.4). Notice how the lifestyle center is bisected by a street.

4.3  Source: General Growth Properties.  
<http://generalgrowth.com>

Figures: 4.5 & 4.6: Landscaping and streetscape elements of a lifestyle center project.

Source: Red Development.  
<http://reddevelopment.com>  
Source: Todd Lieberman
malls. While malls attract "more browsers and younger teen traffic, visitors to the lifestyle centers were typically on a mission." This study revealed that malls tended to charge slightly higher rents and operating expenses were more expensive. In addition, "the overall atmosphere and shopping experience also was perceived to be higher at the lifestyle centers than regional malls."

Lifestyle centers have capitalized on the short attention span of shoppers. Shoppers no longer are choosing to be herded through antiseptic, ubiquitous corridors. The importance of street frontage has returned in these projects, albeit in new simulated main streets. Shops are placed with street access, so a consumer in a car or on foot can make decisions about where to park and efficiently spend their time shopping.

Lifestyle centers are "...designed to look and feel like small-town downtowns in order to capture a more intimate shopping experience." Developers are taking notes from recent urban revitalization and simulating an intimate main street or downtown shopping corridor in suburbia at least in form. "Regardless of whether retail developments are being located in urban or suburban settings, the trend is to replicate that traditional city center environment within the shopping center."

In addition, lifestyle centers have utilized differing shopping center tenant mixes. Some lifestyle centers focus on high-end apparel, while others are convenience oriented centers with food, convenience retail and a grocery store. However, strong urban design and pedestrian connectivity are the principal constants of most representative lifestyle center developments. Significantly, many enclosed malls have been "demalled" into lifestyle centers.
What is driving this is a desire for connectivity and experience? It is also about fostering a sense of community in a time when people have the potential to be totally detached from society in every other part of their lives. By “connecting with a given community and its various diverse consumers,” people are afforded the venue to engage in a more publicly-oriented shopping experience in a simulated small shopping village.

In contrast to malls that have long term leases signed in hand with department stores, lifestyle centers that do not have pure department store anchors require more equity up front to compensate for a perceived increase in risk. As more of these projects are completed and as lifestyle center developers complete more projects, risk should be adjusted downward. However, according to an Urban Land article, “Lenders typically require 35 to 40 percent equity participation from developers, along with a 70 percent preleasing commitment, plus higher interest rates on those loans they do decide to fund, compensating for what they perceive as greater risk.”

In an effort to defray perceived risk from higher construction costs, developers have brought in new mixtures of uses. According to Michael Beyard at the ULI, “Just because something was retail doesn’t mean that it should always be exclusively retail.” For example, medical offices and residences have been integrated into traditional lifestyle center developments in Reston and Mizner Park to name a few. The increased synergies theoretically confer positive externalities on each user, but also hedge against market volatility: “[A] lack of diversity makes retail-only properties more vulnerable to boom and bust shopping cycles.” This changing of perception of the value of mixed-use lends a “risk-mitigation” argument to the demand, supply and public policy forces listed in the previous chapter. Lifestyle centers may offer developers a platform to fashion new customized, mixed-use product types in suburbia.
One of the large questions about lifestyle center development is whether the enhanced social and economic benefits outweigh the increased construction costs from higher quality urban design and finishes. Another significant complaint about the lifestyle center format is that it has been hitherto reserved for mostly affluent demographic cohorts. Can a version of the lifestyle center work for lower-income demographics?

Another concern is that customized lifestyle centers are just the latest fad in retail development—that the tried and true enclosed shopping mall will outlive any new alternatives. However, even large players the retail development community are embracing the new form. According to John Bucksbaum, CEO of General Growth Properties, "By no means do I view "lifestyle" as a passing fad. I think the lifestyles of our consumers very much dictate what we as the owners-developers need to be doing and need to be recognizing." The president of Simon Property Group's community shopping division, Michael McCarty explained to a retail industry magazine article in May/June 2004: "From a new development point of view, it seems that three pillars have decided that the open air center is the best: the municipalities that are approving these new centers, the tenants who are going in them, and the customers who are shopping in them."

The mixed-use lifestyle centers resemble town building efforts from the early part of the twentieth century, when the Country Club Plaza was developed. "We need to be like J.C. Nichols: renaissance developers," said Yaromir Steiner, president of Steiner & Associates, developer of the $300 million, 1.5 million-square-foot Easton Town Center in Columbus, Ohio and the 1 million-square foot Zona Rosa in Kansas City, Missouri.
BACK TO THE FUTURE

As described in this chapter, it appears that the shopping trends are pushing new customized retail and mixed-use forms in suburbia. Comparatively, well placed town centers, such as the Country Club Plaza, in Kansas City, have not only persisted as viable centers for twice the lifetime of Shoppers World, but they have also sparked widespread ancillary development on the periphery of the project. Could it be that shopping centers could not only provide sales tax revenue and serve a vital community shopping need, but also serve as an anchor for suburban redevelopment? The following chapter will explore the experiences of six recent mixed-use developments in the suburbs.

CHAPTER 4 ENDNOTES

2 Gross.
3 PWC, 13-14.
4 Nair, 1.
6 PWC, 16.

7 PWC, 3.
8 PWC, 6.
9 Ibid.
10 Ibid.
11 Nair, 1.
13 Ibid.
14 Rybczynski, 38.
17 Stringer.
18 Ibid.
19 Ibid.
21 Ibid.
22 Eppli and Shiller, 39-40.
24 Ibid.
25 Mattson.
Virgin Records, Barnes and Noble and other category killers have created a “one-stop shop” for every item in a specialized SIC niche market. Unlike department stores, category killers narrow their item focus so customers can “get in and get out.” Customers who seek to reduce time and transportation costs as a first priority will shop at category killers.


This thesis examines several projects to illustrate some recent trends in suburban and low-density urban development and redevelopment. My interest in the subject was piqued by the publicity of the proliferation of greyfield malls and the innovative responses from municipalities and developers to ameliorate those deteriorated places. The book *Greyfields to Goldfields* presented redevelopment possibilities for greyfield malls. In particular, the growth of lifestyle centers and the slowing of new mall development suggested that the development of mixed-use was not limited to obsolete mall sites. The size and shape of development is merely dependent on the size of the parcel, land values, public support and market pressure (which are all interrelated). The content of the development, fueled by an inherent demand for a new product type is the key issue for the future of development. That said, although the case studies are all redevelopment projects on greyfield sites, I wanted to stress that greyfields are the setting, while the emerging product type is the focus for this thesis.

The cases to be discussed in this chapter are all vertically mixed-use developments. They are located primarily in low-density cities and inner ring suburbs in fast-growing, sunbelt markets: Denver, San Jose, Los Angeles, and Boca Raton. They differ in form and function. Some are convenience-oriented town centers. Others are upscale main streets. The significant innovation for all of them, however, is that they have taken multiple uses and incorporated them into the site planning and design of the project. In many locations, the notion of mixing uses is at loggerheads with conventional suburban
planning and development. These projects represent significant innovations in planning and development in the cities in which they are located.

The case studies will dissect several of these projects and explore salient issues that can be generalized to mixed-use development in general. The main question investigated throughout this process was what can be learned from these recent projects? What specific experiences of these projects can be generalized to help understand the future trajectory of mixed-use development?

This study is a qualitative study exploring issues and nuances. While the qualitative nature reveals many issues, a more robust quantitative analysis would provide more generalizable results. However, at this point, many of the case studies are in their infancy, and time will illuminate the social and economic successes and shortcomings of the projects. The chart on the following page provides key information on each of the projects that will be discussed at length throughout the rest of this chapter.
<table>
<thead>
<tr>
<th>Project Name</th>
<th>Belmar</th>
<th>City Center</th>
<th>CityPlace</th>
<th>Mizner Park</th>
<th>Paseo Colorado</th>
<th>Santana Row</th>
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<td>City</td>
<td>Lakewood, CO</td>
<td>Englewood, CO</td>
<td>Long Beach, CA</td>
<td>Boca Raton, FL</td>
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<td>Urban Mall</td>
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<td>Boca Raton Museum, amphitheater</td>
<td>Interior pedestrian &quot;paseo&quot;</td>
<td>214 room boutique hotel, 1,500 foot main street</td>
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<td>136 million sales price (2004) (1)</td>
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<td>475</td>
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</table>

Source: Greyfields to Goldfields, Interviews.
The first two projects that this thesis will examine are both urban infill projects from California. The next three cases are attempts to create new downtown or main street areas in the center of first-ring suburbs. The final case is an attempt to create an urban main street on the outskirts of San Jose, California.

**PASEO COLORADO, Pasadena, California**

Paseo Colorado is located in a thriving mixed-use old downtown area of Pasadena. Upscale retail lines Colorado Street and other adjacent streets. The site is a reemerging polycentric urban center in the Los Angeles metropolitan area. The context of this project is one of the most urban of all of the sites that I visited.

The original mall, built in 1980, was a 600,000 square foot regional mall sporting three department store anchors. “Like many urban malls, it was a large, two-story brick building with no windows, and it dwarfed the small historic buildings nearby.” Development of two super-regional malls and the competition with existing downtown retail, “led to the demise of Plaza Pasadena.” Unlike the other projects that this thesis explores, Paseo Colorado is an adaptive re-use of a regional mall, the Plaza Pasadena Mall. The redevelopment has taken the roof off the development and much of the mall was reconfigured, but not totally demolished. Although there is retail along the outside of the development, most of the activity occurs in the interior of the block. The development, in its morphology, closely resembles an arcade described in chapter two (without a roof).

The site is approximately three city blocks long and one wide. The site is located in a contiguous area of shopping and adjacent to other small office and residential developments. The streets on the edges and the development adjacent to the project are
busy and pedestrian scale shopping is frequent.

The mall is permeable with entryways giving access to an interior two-level shopping "paseo." The first floor consists of durable goods retailers (clothiers, jewelry stores), while the second floor is home to restaurants, a wine bar, and a movie theater. Macy's (the only remnant from the previous enclosed shopping mall anchors the eastern edge of the site. The other major tenants include a 14-screen movie theater, an Equinox Gym and a Gelson's supermarket. A large public space that is accessible from a mid-block cut-through and the interior promenade is the focal point of the development (SEE PHOTOGRAPH BELOW). The tenant mix is a combination of destination and recreation retail and convenience retail. Parking lots are located across the street from the project connected with overhead walkways. The residential units are distributed throughout the site above the second level of retail with the lion's share of the 387 units located on the eastern edge of the site, above the gym and the grocery.

**KEY INNOVATIONS**

This project reconnected a formerly inwardly oriented project with the fabric of the surrounding urban area. The linkages with the surroundings, however, are not as seamless as expected. The mix of uses has engaged a convenience orientation along with destination and entertainment retail, creating layers of activity for residents and visitors.

**Figures: 5.1 & 5.2: Vertical mixed-use in Paseo Colorado**

Source: Todd Lieberman
Figure: 5.3: Aerial photograph of Paseo Colorado


Figure: 5.4: Site plan of Paseo Colorado

Source: Todd Lieberman
CITYPLACE, Long Beach, California

CityPlace is another mall redevelopment project that attempted to reconnect the urban fabric. The project, however, includes more of a middle-income geared price points than the other projects. An existing Wal-Mart has been preserved as the main anchor tenant. Other anchors include a new, large supermarket, pharmacy and some other midrange lifestyle retailers. A proposed hotel and 320 rental and condominiums buttress the retail project.

CityPlace maintains a delicate balance in contributing to redevelopment on the edges of the project, revitalizing downtown Long Beach and providing retail for middle income residents within the primary market area. “In the late 1990s, Long Beach was one of

Figure 5.5: Aerial photograph of CityPlace in Long Beach, California

Figure 5.6: Site plan for CityPlace in Long Beach, California

Figure 5.7 & 5.8: Photographs of the streetscape and massing of CityPlace

many urban centers where pockets of eclectic shops and new restaurants started to open up...”5 A long public process allowed for Long Beach residents, property owners and business interests to help shape the “new land uses and urban design elements that emerged.”6

KEY INNOVATIONS

This project answers the question: Can a mixed-use project work in a non-luxury setting with a tenant mix that does not include upscale stores? While this is a new project, it shows that a fine grain mixture of convenience and big box can be rationalized in an urban setting under central management. I was particularly impressed by the attention to security and sanitation in the project. Like downtown districts with BIDs, CityPlace has used security and sanitation workers to help domesticate the landscape.
MIZNER PARK, Boca Raton, Florida

One of the earliest examples of a successful public-private collaboration is Mizner Park in downtown Boca Raton, Fla. It is located at the former site of a regional shopping center. The city designated the site a blighted area in 1989 and created the Boca Raton Community Redevelopment Agency to improve infrastructure downtown. They, in turn, invested $50 million in infrastructure improvements to help entice development.  

A local real estate firm, Crocker & Co., along with TIAA-CREF built Mizner Park, which features more than 200,000 sq. ft. of retail space, 272 apartments and townhouses, one 270,000 sq. ft. office building, an amphitheater and a museum.

Mizner Park is the grandfather of urban styled mixed-use and has proven its development model over time. The fierce competition over retailed-market within Mizner Park’s primary trade area pushed the original mall (Boca Raton Mall) to greyfield status, as evidenced with the conversion of its department store anchors to back office operations and the opening of clearance outlets for Montgomery Ward.

Located in the heart of low-density Boca Raton (population 75,000), construction of the mixed-use center commenced in 1989, with the final phase developed in 1998. Mizner Park has become the “ersatz downtown” of Boca Raton in its brief existence. According to Sobel, “Mizner Park has created a true identity in place of a standard shopping mall.”
Figure 5.9: Site plan for Mizner Park

KEY INNOVATIONS

Recently acquired by the Rouse Company, Mizner Park has been a mainstay example for mixed-use developers. It has successfully created a central public space for its community, and added civic anchors to the shopping center model. For example, Mizner Park includes a popular amphitheater which attracts a wide array of performers, year round. In addition, parking has been relegated to structured parking that is, in some places, lined with town homes “to blend in with the older single-family homes surrounding the project.” The subjugation of parking was an important innovation. Mizner Park proves that a project with structured parking can still attract footfall. In addition, the value of Mizner Park has proven that product differentiation is possible within a saturated market.
**BELMAR, Lakewood, Colorado**

Belmar, located on 100 acres in an inner ring suburb of Denver, Colorado, is a mixed-use project built on the site of a 1.5 million square foot enclosed regional shopping mall. The project has recently opened its first phase. The project consists of roughly one million square feet of office, retail and residential space focused around a new main street with a central square.

This project will act as the downtown shopping district of Lakewood, Colorado (population 144,000). The residential component includes rental and owner-occupied loft units, town homes, work/live units and flats geared towards various market niches and price points. Affordable housing is included. Key retail tenants include a supermarket, a large sporting goods store, movie theaters, art exhibitors, bars and restaurants.

**KEY INNOVATIONS**

The open spaces are owned and patrolled by the public. An innovative development agreement that sets absolute caps and time windows for development of specific land uses has provided the public sector with land use assurances and the developer with market timing and placement flexibility. The developer was effectively able to double the FAR of the site while maintaining that the traffic impacts will not be greatly increased due to the distribution of uses and peak hours. In addition, this project attempts to merge the convenience from a power center on the periphery of the project with a mixed-use, walkable environment in the center.
Figure 5.12: Aerial photograph of Belmar and its context

Source: Continuum Partners. <http://www.continuumpartners.com>

Figure 5.13: Panoramic photograph of Belmar under construction

Source: Todd Lieberman
Figure 5.14: Site plan of Belmar

Source: Continuum Partners. <http://www.continuumpartners.com>
CITYCENTER ENGLEWOOD, Englewood, Colorado

CityCenter Englewood replaced Cinderella City Mall, a 1.3 million square with a main street development in Englewood, an inner ring suburb of Denver (population 31,000). The project contains less retail than some of the other projects, 330,000 square feet, with 150,000 square feet of office and 438 residential units.
The project is located off the major thoroughfare, along newly built “main street” that reaches its terminus at the light rail stop. The adjacencies are primarily big box stores and a single family neighborhood. The composition of the retail includes a substantial amount of convenience retail. A large Wal-mart in a sea of parking anchors the edge of the project. In addition, a new city hall, a civic center and a library anchor are one edge of the project.

**Figure: 5.17: Site plan of CityCenter Englewood**

![CityCenter Englewood Site Plan](image)

Source: City of Englewood
KEY INNOVATIONS

Opened in 2001, CityCenter was another early mixed-use project. CityCenter has all the elements of a neighborhood, focusing on accessibility to transit and convenience retail. The addition of unconventional anchors in city offices, a library and a unique coffee shop provide footfall. In addition, the expanding use of the new light rail line has provided different mixes of residences and customers to the project.\footnote{12}

Figure: 5.19 & 5.20: Photographs of the city hall (converted from a department store) and the independent coffee house, respectively
**SANTANA ROW, San Jose, California**

Santana Row is an upscale mixed-use main street project located in highly affluent San Jose. It is situated along a private main street with one to two levels of retail with 2-3 levels of residential above. A boutique hotel is located in the center of the project. Elaborate streetscape, including a human sized chessboard, and a linear park runs in between the retail edges of the main street.\(^{13}\)

The residential units are accessible both at street level and from an interior courtyard on the second level. Many units have their own garage on an interior courtyard that is accessible through a driveway that takes cars to a second level. (SEE FIGURES 5.23 AND 5.24)

Adjacent to an existing mall, Santana Row includes upscale boutiques, restaurants, bars, and coffee shops creating a mini-Rodeo Drive in a suburban polycentric center fifteen minutes from downtown San Jose. Much like CityPlace in Long Beach, Santana Row has a very visible private security and sanitation force.

**KEY INNOVATIONS**

Santana Row has layered its uses in a very intensive way with residential neighborhoods with inner courtyards and a dense retail corridor on its exterior face (SEE FIGURE 5.27). The main street is 1,500 feet long lined with mixed-use buildings. More than any other project, Santana Row has spent its development dollars on the human level streetscape and exterior finishes on the buildings to give the air of a European shopping promenade.
Figure 5.26: Site plan of Santana Row

Figures 5.23 & 5.24: Photograph of the vehicular access to a second-level.


Figure 5.27: Layered mixture of uses at Santana Row

Source (all photographs): Todd Lieberman

Figure 5.25: Photograph of human scale chessboard at Santana Row
CONCLUSION

These six projects exhibit the different ways that emerging mixed-use formats are being manifested throughout the United States. The similarities and differences between these projects are striking. Some of the projects function as convenience oriented town centers, while others are upscale “Rodeo Drive”-like retail utopias. However, all of these projects use mixed-use to create a sense of place and gain a competitive advantage for developers in an increasingly competitive market and communities fighting for sales tax dollars.

The next chapter will tease out specific findings about the case studies. These findings will help to lend ammunition to the final chapter that will make general conclusions and insights into the future of mixed-use developments in low-density cities and suburban areas.

CHAPTER 5 ENDNOTES

1 While each of the case studies deserves its own chapter, for the sake of brevity and efficiency, the background is significantly abridged to allow more space for the analysis. For more reference on each case, I recommend the book Greyfields to Goldfields.
2 Sobel, 44.
3 Ibid.
4 Developers Diversified Realty website <http://www.ddr.com/site.php?center_id=11&state_path=california>
5 Sobel, 36-39.
6 Sobel, 39.
7 Sobel, 32-33.
8 Rouse Company website <http://www.therousecompany.com/retail/mizner_park.htm>
10 Sobel, 34.
ANALYSIS OF CASE STUDIES

This chapter summarizes many of the findings about the experiences of the recent mixed-use development projects outlined in the previous chapter. The findings have been organized into three categories: (1) Innovations and Benefits; (2) Challenges; and (3) Believable Placemaking.

INNOVATIONS AND BENEFITS

MODERN “PEOPLE PUMPS”: THE RISE OF UNCONVENTIONAL ANCHORS

The case studies all exhibit a reliance on new kinds of anchors to generate footfall. Some of the projects contain traditional department stores, however, even the projects that included department stores have embraced new types of “people pumps” to attract footfall. At CityCenter Englewood the new lifestyle anchors are comprised of smaller unique attractions that bring in foot traffic, but, more importantly, establish the place as a “unique destination.” I spoke with a young couple who lived outside the development. It was a Sunday. The couple was sitting on a bench outside the local, independent coffee shop. They came to enjoy the day and visit the coffee shop. They said that the coffee shop was the real attraction, not only having good coffee, but also poetry, comedy and live music throughout the week.¹ In addition, all of the business owners, retail development people and city officials mentioned the coffee shop as a key to drawing people to the site.²

At Continuum Partner’s Belmar project in Lakewood, Colorado, the anchor store, Foley’s, wanted to remain in the project for what the developers’ perceived to be too low rent.
Foley’s was essentially viewing this new development through the shopping center lens, assuming that their department store’s drawing power would give them the ability to mitigate their rent. However, the developer would not give Foley’s the terms they wanted and Foley’s left. In Foley’s space, the developers added a Galyans (recently purchased by Dick’s Sporting Goods) on the first floor with office space on the upper floors.

**CROSS-PATRONAGE WITH OFFICE**

Belmar’s office space not only has views of the central court of the project but also views of the climbing wall in Galyans. The large 100,000 square foot office space was pre-leased in the largest transaction of the year in suburban Denver before construction had been completed. The new tenant was an advertising agency that wanted access to all of the lifestyle amenities that Belmar provides. The ad agency is attracted to Belmar because it allows for activities that help productivity in creative ventures. Directly corresponding to Richard Florida’s “creative class” argument, this lease transaction explains some of the corresponding value of providing office workers or residents with retail options and public spaces for lunch, breaks and after work.

At Mizner Park, Jo Ann Root described the benefits of medical offices and retail options:

“A lot of developers don’t want to put up with the hassle of putting in doctors and dentists…other uses: attorneys, [professionals], software development companies—it is convenient for them they work long hours…there are restaurants there…it saves time…you don’t have to get in your car and go out and get something.”

The office space described above caters to new and innovative ways to generate footfall on a site. Whereas, in the regional mall model, the department store would create the footfall and confer the cross-patronage effects on small retailers, new synergies between retailers are being tapped to generate footfall but also to confer cross-patronage effects. Not only are the anchors different but the synergies between the different uses are also
different.

**EXPANDING TO 24/7 FORMAT**

Also in Belmar, a coffee shop / wine bar known as Liquid will serve as a visible centerpiece. Belmar’s explicit goal in establishing its tenant mix is to extend the revenue-generating capacity of its center, appealing to different customers and price points—and hours.\(^5\) Similarly, City Center Englewood has brought in a signature coffee shop, described in a previous section. But its role is also to provide a reliable late night option for patrons. In addition to the coffee shop, an Irish Pub opened up next door that serves “regulars” from the nearby residential neighborhood as well as also people using the adjacent light rail line. The owner of the bar said that well over 50% of his patrons either walk or take the bus or the light rail line, compared to 10% at his other location.\(^6\)

The addition of residential units provides traffic outside the confines of 9-5 activities. The site planning of the projects that I have examined, however, beg a large question: If most of the residential units in these projects are serviced by patrons in automobiles (even City Center Englewood has nearly 2 parking spaces per unit), then how much impact is the residential component of these projects really having on the performance of their retail neighborhoods? The answer is twofold: First, the direct impact on businesses is in some cases negligible. According to John Loss of Miller-Weingarten, the retail developer of the project, “You need a center of bodies in a trade area and traffic. The residential piece is fairly dramatic 438 units with 1-3 bedrooms,” but the residential piece means very little to the viability of the retail tenants—it is only “a drop in the bucket.”\(^7\) However, the impact of the residential piece affects convenience retailers differently than destination shops. The existence of residential concomitantly improves the prospects for convenience retail. Second, although adjacent residential does not ensure the viability of retail, it
does increase foot traffic throughout the site at off-peak hours. The question, however, is whether residents are actually frequenting the stores on site? The people that I spoke to in all the projects said that they indeed were. In addition, word of mouth from residential neighbors is a strong incentive for other visitors to come to stores. It is clear that residential does not, solely, ensure the success of retail, but it certainly does not impinge on retails’ ability to succeed.

DEMAND FOR URBAN RESIDENTIAL PRODUCT

These projects demonstrate that the appetite for an urban-style product in American cities is not necessarily confined to the traditional urban cores. Urban residential product placed in locations with access to convenient, walkable retail can command market premiums and attract demographic cohorts that are underserved with suburban residential choice.

According to Lynn Agans at Continuum Partners, there has been an

“[o]verwhelming response to residential. People are just so excited about it. I lived in Lakewood 5 years ago and it was awful...[With this project you get] the benefits of downtown Denver without the hassle. People like the concept of downtown but a lot of people cannot afford it...This will be the downtown, focal point of the area.”

Agans also related that the majority of those who have expressed interest in units are people who already live in Lakewood and want to stay there.

I asked the residential leasing office at City Center Englewood about what attracted residents to the project, and they gave me four reasons: (1) proximity to light rail; (2) proximity to downtown; (3) proximity to highway access; (4) uniqueness “unto itself.”

This last point has the most growth potential. Location, highway and light rail access are fixed in place. The “feel” of the place as a unique destination was foremost on the minds
of the leasing agents. They are trying to create the feel that Boulder already possesses: “The feel of Englewood is trying to build that flavor.” Residents confirmed the leasing agent’s perceptions. I spoke with a medical student, 26, who went to medical school in Downtown Denver. He said that he likes living in CenterCity Englewood because it

“has a feel like living downtown without having to live in Downtown. We just got tired of living downtown. It was a hassle, but this is a great compromise. I can go downtown when I need to, but do a lot of downtown-type things here...oh and the coffee shop is the best coffee shop around.”

When asked why he chose to live there, the first reason he gave was its proximity to light rail. His school offers a yearly light rail pass for $25. Interestingly, the second reason was that he had two parking spots at Alexan at City Center Englewood. “It was impossible to find places at the right price that provided spots for both of our cars in [Downtown] Denver.” He also likes having the ability to walk to numerous convenience retailers: A large gym, coffee shop and a franchise burrito place, the super market, Wal-Mart and other convenience retail are directly adjacent to the residential units.

Santana Row has a higher price point with apartments averaging as high as $4,000 - $5,000 per month. The leasing agents said that “for most of the people that live here, this is their weekend home.” The leasing agent reported that their stiffest competition for luxury rentals comes from 60 miles to the north in San Francisco. Thus, the development has surprisingly carved out a market niche to compete with a diverse urban center far away.

Paseo Colorado presents an interesting case because the urban residences have, in a few short years, become ubiquitous within the downtown Pasadena market. The premium that the developer thought that they would achieve has been counterbalanced by a surge in new construction of similar product types within mere blocks of the project.
Post Properties, the residential developer of Paseo Colorado, sold its ownership of the residential piece of the project to Metric in July of 2002. At that time, the project was only 78% occupied.\textsuperscript{15}

**PERCEIVED LONG TERM SOCIAL AND ECONOMIC VALUE**

One of the most fascinating differences with the case studies in this investigation and a power center is in the potential for lasting value that is inherent in a mixed-use project versus a power center which is a short-term market fix.\textsuperscript{16}

The developer of the retail portion of CityCenter Englewood, John Loss, spoke about the differences between developers. The long-term holder will hold property, engage in capital improvements, and look at a longer time horizon. Other developers look towards the “stabilized flip, where they only look to turning a profit at stabilization and the developer is more geared towards the value at that “stabilized flip.” These kinds of developers would be less likely to engage in mixed-use projects because the value of a mixed-use project comes with the long-term hold.

In general, the infrastructure investments required to pull off a successful mixed-use project are expensive. Most of the projects sought public dollars to pay for some of the public infrastructure and streetscape improvements. In Belmar, the city of Lakewood is providing $100 million to help pay for those expenses. In fact, all the projects except Santana Row obtained a substantial amount of public investment into the projects. Does this mean that these projects cannot pay for themselves on their own? The answer is in short, yes, but that may not be to the detriment of the developer and the city.

In some ways, the collaboration necessary to fund and build a mixed-use project in the
suburbs provides for an alignment of interests between the developer and the community in which the project is taking place. Root, from Mizner Park, believes that because Mizner happened, downtown was totally rejuvenated...new condominiums that came up, new buildings, new banks...a multitude of things because of Mizner...the homes that were right behind Mizner were bought for the land...property values have gone through the roof. People bought their homes 25,000 in the 1960s and can now get $350,000 to $400,000 for them now.17

At City Center Englewood, the decision to build a mixed-use project, instead of a big box power center, reflected a sour taste left from the decline of Cinderella City, the former enclosed regional shopping mall. The head of the city planning commission in Englewood, Bob Simpson, reflected on why from a community perspective a mixed-use project may be a better long-term solution than a power center:

Back in 1990, people did not understand how such a large, monolith land use could become dark....To lay people, it is shocking and they never want this to happen again. [They thought] maybe we need to do something that is long-term and sustainable. Mixed-use products have a longer life cycle, better change to create sustainability through redevelopment as opposed to single land uses that suffer devastating [community] effects through life and death. Malls go dark, but not entire downtowns.18

Learning from the success of the Country Club Plaza, Belmar developers have constructed a project that Andy Kuzilik, a construction manager at Belmar, believes can last 400 years. The durability in Belmar is supplemented by the strategy for future redevelopment.19 The future renovations and reinventions of Belmar can be incremental. Unlike “demalling” at a shopping mall, where the whole center needs to be reconfigured (and in many cases demolished and rebuilt), mixed-use town center arranged around blocks can be treated as small redevelopment parcels in the future.20 This flexibility leaves projects with smaller parcels to deal with in the future, instead of potential white elephants.

By incorporating green design fundamentals on a site level, the developers have also
embraced the added value of green building into this project. At Belmar, over 80% of the demolished material from the Villa Italia mall has been re-used.\footnote{21} The savings through recycling those construction materials are a net benefit. In addition, over time the savings in operating costs from green design offset the one-time up-front construction costs. With the addition of green bonds and other public incentives and private grants, incorporating green design is a rational, positive NPV choice.

**CHALLENGES**

"KINKED" COMPETITION

Unlike most other suburban retail and residential projects, town center projects have distinct and wholly divergent competitive properties.

According to the leasing office at Alexan at City Center Englewood, “Anywhere I ever worked at, we knew who are #1 competitor was...this project is different, it really depends on what people want...This project has made us rethink our competition.”\footnote{22} After speaking to them, it was clear that their competition comes from the entire Denver metropolitan area, but most directly from some of the new product in Downtown Denver and Tech Center an edge city within Denver’s city limits. At one of their greatest competitor, Ballpark Lofts, “you [still] have to have a car.” In addition, the price differential between CityCenter and downtown Denver has attracted tenants who cannot afford the high rents downtown.

Belmar, for example, competes with two distinct areas of metropolitan Denver: (1) Downtown Denver; (2) Lakewood. Like CityCenter Englewood, Belmar provides housing at a discount to downtown Denver prices, but at a premium to existing Lakewood stock.\footnote{23}
Since there is no standardization in mixed-use product, sometimes it is hard to establish exactly what you are selling. I spoke with leasing agents at Trammel Crowe residential, the owner of the residential piece of this mixed-use development. I asked her first what type of a product is this? She responded that CityCenter is a suburban product type. After thinking for a few seconds, she said that if this were an urban product-type than there would be more “unique” stores—boutiques selling clothes that they need a deli and a bookstore to make this place “more of a destination.” So the more appropriate categorization would be a new hybrid product-type: the “urban-suburban” or “urbanesque” may be more of an apt description of many of the residential pieces of these projects.

**BENEFITS OF SINGLE OWNERSHIP (PITFALLS OF DIFFUSE OWNERSHIP)**

All the projects have sold off parts of their development. However, Belmar and Santana Row have maintained control of the uses within the project and sold off small chunks on the edges. Like a shopping mall, mixed-use developments benefit from aligned interest from all of component uses. The danger of component parts working towards countervailing ends leads to a preference for majority control (or at least coordination) of tenant mix and marketing in the hands of one party or through some sort of organized association.

The landlord-tenant alignment of interests, discussed by Wheaton in chapter four can be applied and expanded to mixed-use projects. However, in this case there are simply more moveable uses that need to be placed in harmony.

CityCenter Englewood and Paseo Colorado are two examples of projects that had different retail and residential developers and owners. The conflict of interests created friction. “Paseo Colorado has eight layers of development and three layers of ownership.
The City owns two levels of underground parking and land. Trizec-Hahn owns two levels of commercial space, and Post Properties owns four levels of residential space." In the case of CityCenter Englewood, the city was the master developer, Miller-Weingarten was the retail developer and Trammel Crow Residential (TCR) was the residential developer. While the city did what it could to orchestrate the land use mixes and the public spaces, the two private developers went head to head in the only building that had a condominium ownership arrangement. While the first phase of the development opened in the fall of 2001, a dispute between the TCR and Miller-Weingarten kept the retail space directly adjacent to the light rail line from opening on time. In addition, the leasing agents and the retail owner showed how little the two are collaborating on the marketing of the project.

Shopping center REITs may not be in the best position either to run mixed-use projects because of their needs to diversify and specialize in uses may have a hard time in justifying larger projects. In addition, REIT managers are beholden to shareholders who “value short-term results and expertise in developing specific product types.” For example, Federal Realty, the REIT which developed Santana Row, has taken harsh criticism for its investment in the large scale mixed-use development. Intensifying after a fire caused $90 million dollars worth of damage to the second phase of the project, “Santana Row was a huge expenditure for Federal Realty - 20% of their capital was tied up,” says Matthew Ostrower of Morgan Stanley. “REITs are broken down into property types and mixed-use has too many types, which increases the controversy because shopping center investors don’t want their REITs in property types that aren’t their core competency.” Only a handful of REITs have been willing to take those risks. Consequently, private developers are leading the charge, often partnering with local governments."
Will Fleissig, from Continuum Partners describes the advantage that private mixed-use developers have over REITs and joint ventures. “Right now, this asset class will attract only a handful of developers—six or seven in country.” The benefit of having all of the components of the development process under one development entity “can make constant changes and adjustments” without altering the joint venture agreements. This allows for flexibility during the development phase.27

Similar to a shopping mall, in a mixed-use project the profit maximization point for individual retailers needs to be eschewed in favor of a center’s optimal point. Centralized control with respect to different tenant mixes, rents and placements are crucial to a successful project. Effective alignments between landlords and tenants can only be achieved by understanding the inherent synergies in the various uses. The case studies show both examples of effective synergies and missed opportunities.

FINANCING HURDLES

Financing will continue to follow and adapt to retailing trends. “One could argue that it is the financing that shapes development…” but it is in fact “the other way around,” according to Miller-Weingarten’s John Loss. Ultimately retailers will overcome traditional financing reluctance if the consumer demand is strong enough. “In our business, which is the shopping center business it depends on the retailers’ [acceptance of unconventional suburban forms].” A developer will not develop a product if retailers do not want to sign a lease with them, nor will financiers finance a project without some signed leases. These projects are “…still driven by retailers. Will retailers agree to change their formula [and format]? If the site is well enough situated, I believe that they will start bending and breaking the rules…that is why you see all of this happening [new forms of retail centers].”28
According to Loss, “When the financing side of things gets [more] profitable and comfortable, then comes the change due to human nature. The pattern is that they [the financiers] have to make a switch.” The implication of this statement is that financiers will follow developers who are beholden to the income generated by retailers who are, in turn, completely reliant on consumer demand for the products that they sell. Loss believes that financiers will finance anything that is profitable. The form (whether an enclosed shopping mall or a town center) is only important for its value creating potential. Loss comments, “If you would have asked me five years ago if retailers would have moved off their [standard suburban design] formula, I would not have guessed that they would.”

Will Fleissig at Belmar explains that financing mixed-use is “still in the pioneering phase.” He explained that mixed-use requires much more “negotiating and educating of appraisers, brokers and insurance people.” The financing community believes that mixed-use brings “added risk,” resulting in higher debt service coverage ratios (DSCRs) and lower loan to values (LTVs). However, Fleissig said that one of the real benefits of mixed-use in its ability to “spread risk” according to the ebb and flow of the market over time, leading to longer term financial sustainability.

**POTENTIAL INCOMPATIBILITIES BETWEEN USES**

A conversation with the facilities manager at Santana Row and at Paseo Colorado revealed some potential incompatibilities between uses that can occur on-site. Although residents are attracted to mixed-use projects because of their “urban” qualities, some of the negative externalities associated with living in urban areas have caused friction for suburban mixed-use owners and residents, alike. At an enclosed mall, cleaning can occur when the mall is closed with no adverse impact to the stores. Because mixed-use
projects have residential occupants, there is a smaller window to accomplish the cleaning goals. According to one of the facilities managers at Santana Row, “we have three hours to do what you would normally do in an eight hour shift.” Residents and hotel visitors complain about the noise in the early morning. However, the leasing office at Santana Row reminds residential tenants that “they are living in an urban lifestyle.” With urban products come some of the associated noises. In an effort to minimize the noise of cleaning, the facility manager is moving to electric vehicles.

At Paseo Colorado, the leasing office said that noise complaints are common from fifteen of the units. However, they have mollified the impact of noisy cleansing by “cleaning throughout the day” to minimize the impact on residential units at extreme hours.

“BELIEVABLE” PLACEMAKING

PUBLIC SPACE

All of the projects are using public space as a way of gathering people together for specific events. Each development has programmed the public space for “catalytic events” to provide exposure and footfall. Belmar holds a farmer’s market on weekends. CityCenter has free concerts in the summer. Mizner Park holds free city-sponsored concerts in its amphitheater.

However, the public space is controlled in different ways by the various projects. Some, such as CityCenter Englewood, CityPlace and Belmar have chosen to let the city own and control the streets and sidewalks, while Santana Row, Paseo Colorado and Mizner Park’s “main streets” are privately controlled, policed and cleaned.
The publicly oriented private space has led to a slew of court cases over the years. Acting as some of the most publicly feeling parts of cities, courts have differed in their holdings about how free people were to act and speak in those places. In another project I visited in Kansas City, Zona Rosa, a “code of conduct” explains how people are allowed to behave.

“REAL” ENOUGH FOR CONSUMERS?

In CityCenter Englewood, when I asked a young couple if they remembered the mall, and the woman said that she remembers the mall, but had never been there. The man said that he had been here when he was sixteen. “Is that what was here?” Our conversation was short, but it brings to light an interesting issue regarding placemaking. To these respondents, CityCenter Englewood is a “real place.” Even without long history, current interactions define the place. Put more simply, because communities are constantly changing, and people are less constrained in terms of where they live and shop, the place feels “more authentic” than other alternatives. Authenticity is not necessarily beholden to local culture or history. Instead, in this case it is defined by the “relative uniqueness” of experience in contrast to all the other alternatives.

What was lacking at the old mall went deeper than just physical obsolescence. Rather, it was the freedom to visit a unique place and have a coffee outside. Obviously, malls have the ability to find a recruit non-credit tenants or harvest local retail; but malls have a hard time making tenant mix changes believable to the customer. People are no longer trying to escape downtown USA; conversely, they are nostalgic for the “authenticity” that that experience provides.

Marketplaces have always been the living rooms of culture, the places where people
interact in publicly oriented spaces. The mall culture that defined the 1980s has been usurped by a desire for something more “authentic.” Do suburban residents want the antiseptic mall or the set of Friends for their next shopping outing? If a city’s goal is indeed to create an “ersatz” downtown or city center, how believable is it, if all of the undesirable elements of that ersatz downtown are extirpated from the face of the project? The question becomes: Will consumers demand the real thing, or is the set of “Friends” good enough? According to Underhill: “You never lose sight of the fact that you’re in a manufactured simulation of a real town or city shopping district. It’s all a nod to Disney, but again, you can’t help but admire the effort.”

In all of the projects that I have viewed, the retail centers are contrived, however, they are indeed more authentic than other alternatives. Open Space, coffee shops, benches, even fresh air are all real attempts to allow the visitor to shape their experience. This is the future of recreational shopping. Whereas, the enclosed regional shopping centers are “people pumps” with confined corridors, the best town centers of the future will be “sets,” where customers (actors) can choose their own “shopping adventure.”

Circling back to where this thesis started—in 1926, when the Plaza was built, nobody thought that it would in many ways usurp the role of downtown from “the real downtown,” but in many ways the Plaza has become the “center” of Kansas City life and its collective conscience. While some of these case studies will inevitably fail or need to be redeveloped in twenty years, there is no doubt that a greater emphasis needs to be paid on the long term when planning large retail centers in our cities and towns. The important question for developers is when consumer preference moves towards a different retail model again, how do you ensure that a project does not become a white elephant like many of the failing first generation malls of today? How do you ensure
long term viability? The answer that this thesis has explored is that a developer and a city need to make the project more than just a shopping center. The answer, in part, lies in how surrounding parcels are treated. In addition, “believable” urban design and a unique tenant mix can insure the long term viability of a mixed use project. Most importantly, a developer and a city must utilize the mutual benefits of community building to create developments that are sustainable in the long run.

CHAPTER 6 ENDNOTES
5 Fleissig.
7 Loss.
9 Ibid.
10 Cotton.
11 Ibid.
12 Medical Student and resident at CityCenter Englewood. Personal Interview. March 20, 2004.
13 Ibid.
15 Fleissig.
16 Root.
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20 Kuzilik.
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22 Agans.
24 Culp, Lisa-Anne. “Mixed Results for Mixed-Use.” National Real Estate Investor, August 1, 2003
25 Ibid.
26 Fleissig.
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28 Loss.
29 Ibid.
30 Fleissig.
31 Ibid.
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35 Tao.

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"The rest of the long term viability is based in conventional good real estate practices: property management, market analysis, due diligence, etc."
CONCLUSIONS & BROADER IMPLICATIONS

This thesis has explored why a new, innovative mixed-use product type is being introduced in suburbia, and how the underlying market forces that support its development run parallel to community needs. This alignment of interests is rare and potentially advantageous to numerous developers and communities, alike. Based on the findings from previous chapters, this chapter will provide some introspection on what this means for cities and developers and speculation as to the future of suburban mixed-use development and areas of future research. In order to understand some of the implications of this thesis, this thesis will end where it started: in Kansas City.

THE COUNTRY CLUB PLAZA REVISITED

On a recent trip back to Kansas City, I visited a new project that resembled the Country Club Plaza’s urban design and feel. The project, Zona Rosa, just opened near a highway interchange in a recently developed emerging edge city, ten miles from the downtown. It includes one million square feet of retail space, offices, residences and some small vest-pocket parks. This project typifies the emerging mixed-use product type that this thesis set out to describe.

Conversely, two other new projects were just announced in Kansas City that represents the other end of the development spectrum. Two first generation shopping malls, built in the late 1950s and early 1960s are in talks with Wal-Mart, who wants to replace the failing malls with Super Centers.
Wal-Mart Super Centers exist as an island in a sea of asphalt, providing sorely needed inexpensive goods to residents, but also adverse traffic impacts and visual blight. Although not as pronounced, Zona Rosa is also an island. “From the outside, Zona Rosa looks much like any other shopping center, with stores moored in lagoons of asphalt.” It is connected to its surrounding community with an access road that leads to a highway interchange. Behind the brick facades and the structured parking lots, the adjacent uses around it are, jarringly, farmland and suburban strip centers.

Nothing about the development “fits” into its surroundings. According to Kansas City Star columnist, E. Thomas McClanahan, “[A]lthough Zona Rosa encompasses much more diversity of use than the typical shopping center, those uses exist in a self-contained world largely cut-off from the nearby neighborhoods.” Although Zona Rosa has provided many of the lifestyle attributes that make the development more amenable to human interaction, “this world is not unpleasant……[but it is] a placeless, merchandizing dreamworld.”

**SOCIAL AND ECONOMIC BENEFITS**

Developers need to begin to build (and simultaneously the city needs to embrace) projects with an attention to uniqueness and the symbiotic potential inherent in successful mixed-use town centers (like the Plaza). When consumer preference inevitably shifts toward a different retail model, communities and developers need to plan for long term viability and adaptability. To achieve this, a developer and a city must make the project more than just a shopping center.

The experiences of the Country Club Plaza again depict a project that has been able
to exist as a viable center for eighty years. The Plaza has been able to adapt itself to changing market conditions, while providing enough positive externalities to stimulate intensive development around the project, thereby adding value in an ever expanding built-in customer base for its retail shops, workers for its offices and visitors to its civic functions. Correspondingly, the city has harnessed the spillover effects from this project in the form of increased taxes, tourism and differentiation from its peer cities.

Returning to the two mall redevelopment projects that Wal-Mart has just announced, let us look at those with an eye to the longer term time horizon. Wal-Mart has sunk costs into the development of these places, but has no special connection to the place. In other words, before it has even built, cities can assume that their site is expendable (even in light of Wal-Mart’s sunk costs), susceptible to the whims of corporate strategy, especially in the long run. This is a precarious position for nodal parcels.

What keeps more developers and cities from investing effort and capital into community oriented mixed-use development? The answer is that many developer fears about performance and enhanced construction costs outweigh the potential benefits of this form for many municipalities. This worry keeps developers and cities from facilitating the construction of this mixed-use product type. However, in a best case scenario, the mixed-use town center is a true mixed-use anchor of a comprehensive planning process for a nodal location.

CREATE A “REAL” PLACE

McClanahan complains that Zona Rosa feels like anytown USA. Likewise, one of the largest grievances leveled at the regional mall was its ubiquitous design and tenant mixes. How do new mixed-use town center developers avoid having their projects feel
like ubiquitous, forgettable, undifferentiated places? Developers of new mixed-use developments in the suburbs and city planners need to realize that there is latent value in planning for long term benefit (avoiding short term fixes) and instilling uniqueness in both the form of the development as well as in the tenants therein.

The development of mixed-use town centers provides an interesting alignment of interests between developers and municipalities in the long term viability of these projects. Good planning hedges against future changes in consumer preferences that could unduly hurt the owner. The burden to make these projects viable in the long term is collaborative between the public and private sector. Cities need to be aware that the project’s impact is not limited to traffic and tax dollars. Likewise, developers need to understand that sound and comprehensive planning only improves the transparency of the surrounding parcels development outcomes.

Additionally, “intra-site” planning is critical to conferring the maximum synergies in a mixed-use project. The location of various uses and their compatibility with one another is essential to a successful project. The creation of a mixed-use development contains much more subtlety and need for unique placemaking and creative synergies.

The design of the center is only one component of the success of a mixed-use project. A walkable, town center design provides the façade. The stores and other uses provide the content of the project. Mixed-use projects can distinguish themselves from other projects in part by attracting unique tenant mixes.

At Mizner Park, Jo Ann Root spoke of the value that an independent tenant mix and her concerns about the project’s recent acquisition by, ironically, the Rouse Company. She
said people came to the project because it was “unique...They want to come and see merchandise from stores that they don’t know...that is especially appealing for tourists.”

Paco Underhill echoes those sentiments in a radio interview:

> I think at no point in our history is an opportunity more open for an independent merchant to bring product to the public’s face that they just aren’t other places, because they, as independent merchants, can afford to buy from smaller suppliers than the larger stores can...What you are seeing now is that the landlords recognizing that they have a dilemma, which is that the independent merchant makes them interesting, but the independent merchant is often unwilling to pay the rent that a major chain is because an independent merchant has higher costs.⁵

If these projects are attempting to create “urban” settings, the eclectic boutique store is an essential component of the experience.

**AN ALTERNATIVE DEVELOPMENT PARADIGM**

This thesis has presented a new product type that may give municipalities an alternative strategy for large scale development (either in the form of greyfield redevelopment or others) than simply allowing the construction of Wal-Marts and power centers. In addition, these projects allow a municipality and a development to “create a place” where, hitherto, none had existed.

The case for continued interest in suburban mixed-use development in the future is buoyed by the much of the current trends in demand, supply and public policy described in chapter three. The forms that these projects will take will be ultimately dependent on the real estate industry’s acceptance of the mixed-use model and its experiences (some are examined in chapters five and six).

Mixed-use development in the suburbs is still in its infancy. The case studies that this thesis explored will inform future iterations of development. The projects are fascinating
hybrids of urban form within a suburban context, while some are attempts to create city centers in formerly single use areas. More projects are in the pipeline. It is important that we analyze their impact now to help city planners and developers build with an eye towards long term viability.

FUTURE RESEARCH

Future research should quantify many of the issues and points raised in this thesis. A quantitative analysis, after these projects have aged, will be able to shed further light on many of the qualitative conclusions from this paper. Future research could concentrate on the following topics:

1. Quantifying the impact of the development on surrounding parcels over time;
2. Quantifying the premiums achieved by different uses within a mixed-use project over time;
3. Comparing the costs and benefits of a Wal-Mart or power center project to a mixed-use project over time;
4. Studying how financiers analyze risk in mixed-use projects and how risk is assigned a value in relation to other projects.

CHAPTER 7 ENDNOTES

2 Ibid.
3 Ibid.
4 The rest of the long term viability is based in conventional good real estate practices: property management, market analysis, due diligence, etc.
5 Root.
6 Gross.
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