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Importance of being human

Population trends see neighbourhoods with bike paths, trails and public transit prospering; sprawling suburbs withering

By John F. Wasik, Citizen Special August 21, 2010

As housing starts and sales continue to droop, you'll find the best deals by walking around.

Human-scale homes and communities feature amenities that you can walk, bike or take public transit to without getting in a car. I live in such a development where I can walk or ride to Starbucks, the supermarket, bank, dry cleaner, library and hardware store. I wouldn't want to live anywhere else.

You won't generally find human-scale communities in sprawling urban areas dominated by highways, or what I call "spurbs." Investing in human-scale development is a relatively new and enlightened way of buying real estate. You may be able to profit in real estate investment trusts, or REITs, or find communities that feature this kind of building.

Christopher Leinberger, a research fellow at the Brookings Institution and real-estate developer, said human-scale or walkable communities command a 40 per cent to 200-per cent premium in cost per square foot over properties in car-centric neighborhoods.

Demographics is destiny when defining the growth of human-scale developments.

Many believe that places with sidewalks, bike paths, trails and public transit will continue to prosper while spurbs will wither. That's because millions of empty nesters among the baby boomers -- born from 1946 to 1964 -- are selling their large, four-bedroom-plus suburban family homes and downsizing to condos, townhomes, co-ops and apartments half the size.

While the majority of baby boomers will not abandon their suburban enclaves quite yet, their sheer numbers will ensure significant migration to more pedestrian-friendly areas.

There were 52 million baby boomers aged 55 or older in 1990 across the United States. By the end of this year, that number is forecast to grow to about 77 million and to 85 million in 2014, says the National Association of Homebuilders (www.nahb.org), a Washington-based trade group.

The numbers are smaller in Canada, but the moving trend to walkable communities is similar north of the border.

Empty-nesters are often moving to urban enclaves in Brooklyn, Philadelphia, Chicago, Seattle and Portland, Oregon.

In his research on this subject, Leinberger has found that the supply for these kinds of neighbourhoods lags behind demand in major cities.

The New York City metro region, with about 20 million people in four states, Leinberger estimates, should have 80 walkable neighbourhoods, but has only 21. He said the area could use more areas like downtown Princeton, New Jersey, Washington's DuPont Circle, or Chicago's Lincoln Park.

Not only do human-scale neighbourhoods help you build equity over time, they are better for your health and have lower carbon footprints. Since you are walking or biking to your destinations -- usually within less than two kilometres of your home -- you're getting more exercise and polluting less.

When investing in human-scale areas, it's not as simple as looking at listings and prices. Urban planners from the New Urbanist movement (www.cnu.org), who focus on building human-scale communities, examine vehicle distance travelled.

The fewer kilometres you need to spend in a car, the higher the walkability.

One useful human-scale gauge is provided by WalkScore, (www.walkscore.com), a service that measures relative walkability (Leinberger is an adviser to the firm).

In the New York metro area, for example, the highest-scoring neighbourhoods were Tribeca, Little Italy and Soho. The lowest were Howland Hook, Ardon Heights and Woodrow.

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A personal finance columnist for Bloomberg News, John Wasik specializes in writing about retirement and protecting your money. He is the author of *The Audacity of Help: Obama's Economic Plan and the Remaking of America*.

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