

The Street.Com

Recession Turns Suburbs Into Wastelands

Eileen Gunn

03/13/09 - 11:56 AM EDT

During the boom years, people fled to the suburbs, where they could erect their [McMansions](#), drive their sport-utility vehicles and shop at local big-box retailers.

Fortunes have taken a turn for the worse, and now [foreclosures](#) and store closings are crushing previously sought-after areas. The environmental ramifications are giving rise to a new dilemma: What happens to these vacant warehouses and homes?

Statistics suggest it's greener to live in a city. Each time a suburb's population increases by a percentage point, its land use rises 8% to 12%, says [Christopher Leinberger](#), a real estate developer and visiting fellow at the Brookings Institution in Washington, D.C. After all, people in sprawling residential areas need stores, roads and power lines.

Now that the weak economy is damping development, the environmental damage is becoming clear. In an article in *The Atlantic Monthly* last year, Leinberger said the growing number of abandoned homes were turning some suburbs into slums. The trend is bringing down property values in affected areas, hurting local tax revenue. Crime has also spiked.

The retail chains that followed people out of the cities are also struggling, leaving a trail of empty stores and parking lots. **Circuit City** ([CCY Quote](#) - [Cramer on CCY](#) - [Stock Picks](#)) recently went out of business, [closing 567 stores](#) in the U.S. last weekend. **Sears** ([SHLD Quote](#) - [Cramer on SHLD](#) - [Stock Picks](#)), **Starbucks** ([SBUX Quote](#) - [Cramer on SBUX](#) - [Stock Picks](#)) and **Home Depot** ([HD Quote](#) - [Cramer on HD](#) - [Stock Picks](#)) have also shuttered sites in response to weakened consumer spending.

It's possible that in 10 to 15 years these formerly growing areas could experience the kind of exodus that middle-class city neighborhoods suffered in the 1960s and 1970s. Abandoned homes and strip malls could become suburban eyesores.

There are no easy answers. Suburban homes and stores are difficult to repurpose. It's often cheaper to build new structures than retrofit what's already there. And tearing down old, unused buildings to add green space is highly impractical, Leinberger says.

In contrast, it's easier to revamp buildings in cities, where abandoned factories become lofts and offices, and churches become nightclubs and restaurants, according to Allison Arieff, the former editor-in-chief of *Dwell* magazine and the author of *Prefab*, a book about the history of pre-fabricated housing. Arieff [blogs](#) about the issue for the *New York Times* ([NYT Quote](#) - [Cramer on NYT](#) - [Stock Picks](#)).

Wrecking crews can usually salvage floorboards, doorknobs and glass when they tear down a well-constructed building in a city. At the very least, empty lots become community gardens, Arieff writes.

For now, suburbanites should watch local development closely, keeping an eye on the kinds of construction projects planned. They should question whether new properties would exacerbate sprawl and ask if zoning laws encourage the kind of vibrant mixed-use development that's gaining momentum, according to Leinberger.

In short, if they're planning to pave your local paradise, try to make sure the resulting parking lot will serve your community long-term.