

The Coming Revival of American Downtowns

Christopher B. Leinberger

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Reprinted from
Lusk Review, Fall 1997, Volume III, Number 2
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Lusk Review • 878 Peralta Ave. • Berkeley, CA 94707 • (510) 528-8778

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"For everything there is a season, and a purpose unto heaven."

—Book of Ecclesiastes

Over the past fifty years we have systematically dismantled our downtowns. Through the well-documented flight to the ever-expanding metropolitan fringe, America has created a way of working, living, and playing that is antithetical to the existence of our central business districts (CBDs). The bad news is that we have shown that we do not absolutely need our downtowns. As Detroit's metropolitan area shows, they are not essential to economic success. The good news is two-fold:

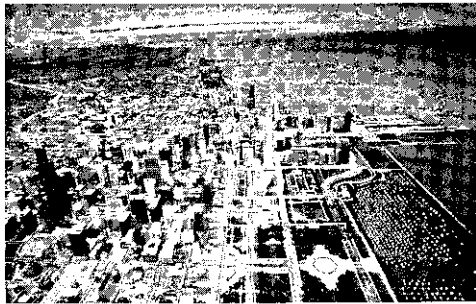
- We have learned a great deal about what makes a successful downtown, and
- A new "season" for our downtowns will probably be dawning in the early 21st century.

A successful downtown must, however, be pursued consciously; it will not happen by itself.

How Did This Happen?

In 1945, most of our downtowns were at their market peak. CBDs had the highest concentrations of retail sales in most regions and the largest share of metropolitan employment. Ridership on mass transit systems, which tended to converge downtown, was at record levels. Fast forward to 1980, by which time downtowns were forced to admit that they were locked in serious competition with strangely-named upstarts such as Tysons Corner (Washington, D.C. metropolitan area), Perimeter Center (Atlanta), Schaumburg (Chicago), Newport Beach (Los Angeles), and King of Prussia (Philadelphia). These

BD = Business Improvement District
CBD = Central Business District



Downtown Chicago, ca. 1940. Michigan

new areas assumed respectability as corporate locations, even as the regional retailing world consolidated there as well. As a result, CBDs were scaled down significantly, and their leadership had to admit that CBDs were now only first among equals within their metropolitan areas.

Today, among metropolitan areas with populations of more than one million, only six downtowns can be considered stable: i.e., their loss of market share regarding employment is insignificant and they are maintaining vibrant retail sectors and high-end housing. The six, discussed in detail below, are Midtown Manhattan, Chicago, San Francisco, Portland (Oregon), Seattle, and Boston. The number of stable downtowns among small and mid-sized metropolitan areas has also decreased significantly. The balance of our downtowns are either in moderate or severe decline (*see* Leinberger, 1995).

The reasons for this have been debated for years. The most frequently cited factor is the federally subsidized interstate highway system, which resulted in the decline of romanticized—but in actuality, dirty, crowded, inflexible, and inconvenient—mass transit systems. Interstates and other limited-access highways were initially built where the land could be most easily assembled, often with the encouragement of land owners and developers whose land was on the



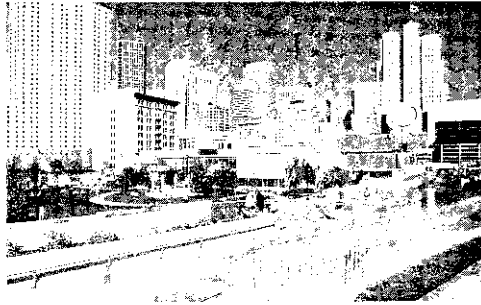
View of downtown Chicago from Pioneer Square Bridge.

metropolitan fringe. (These early freeways are located in what we now call the inner suburbs.) Downtown office buildings had been built for workers who used mass transit rather than automobiles. Industrial space located near downtowns also became obsolete as shipping shifted from rail to truck and their clean-up costs became prohibitive.

These issues were addressed in the 1980s. Two decades after beltways in the suburbs were completed, the limited-access highway system finally connected all major downtowns, linking the last CBDs not in the system—such as Phoenix, Philadelphia, and Charlotte—to the rest of their respective metropolitan areas. In addition, a new class of office buildings was built to accommodate automobiles. In the wake of this new construction, offices built between the 1920s and the 1950s, now class-C buildings, were virtually abandoned. Although most

Downtown and waterfront, Portland, Oregon





Los Angeles skyline from the Los Angeles Harbor.

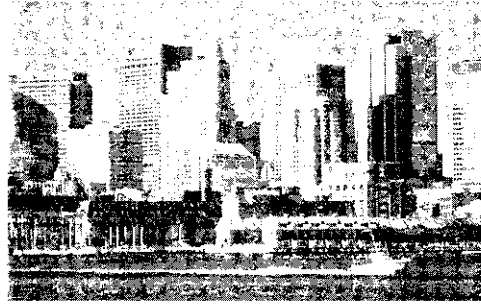
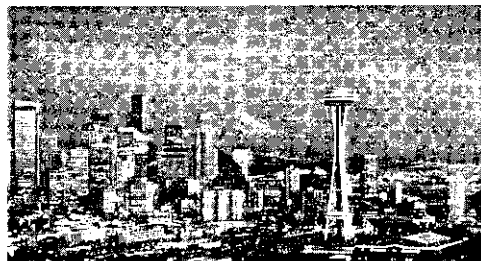
downtowns could now sport a new skyline, proudly displayed every night on the local evening news. This image actually had a Potemkin village aspect: Gleaming new skylines masked downtowns in continued decline as tenants simply moved from older buildings, now vacant, to new ones. Even the new buildings were destined to fall in value between 40 and 75 percent during the real estate “correction” of the early 1990s.

Since the end of the 1980s, the original reasons for the decline of our downtowns, highway connections and parking, have been overcome. Nonetheless, most economic indicators—such as employment, retail sales, and high-end housing starts—show that downtowns continue to decline.

The American Dream

A deeper reason for the decline of our downtowns—one that motivates our economic decisions so profoundly that we tend to overlook it—is the vision of how Americans want

Seattle in the 1930s, with the iconic Space Needle.



New York skyline from the Hudson River.

to live. The contemporary version of the American dream was probably first planted in the collective consciousness by General Motors’ Futurama exhibit at the 1939–40 New York World’s Fair. As the uncertainty of a new war brewed on the horizon, more than 20 percent of the U.S. population visited this popular exhibit at the most highly attended World’s Fair. To the residents of the crowded, noisy, dirty industrial cities who visited, the exhibit proclaimed a heavenly image of green open spaces, offering individual privacy and an automobile-oriented transportation system that was convenient, personal, and comfortable. During the war, this image of the new American dream percolated, made more appealing by the hardships of the early 1940s. When the war ended, Americans proceeded to implement the image with a vengeance, rebuilding metropolitan areas within less than two generations. Our downtowns, as well as the rest of the old industrial cities, did not play even a remote role in this new vision.

More than any other factor, the Futurama vision of the American dream has been the underlying reason our downtowns have been in decline for the past fifty years. Predicated on automobile convenience and privacy, the Futurama vision delivered real estate products that were modular with no relation to their immediate surroundings,

For example, a neighborhood retail center, as presently configured, measures 80,000 to 120,000 square feet, has 20 percent coverage, and is anchored by a 50,000- to 65,000-square-foot grocery store. It is dropped on its pad without any aesthetic, functional, or walking connection to its surroundings (except for traffic considerations), and is identical to centers located anywhere in the U.S. Moreover, different product types—such as housing, office, and retail—were clustered together and segregated into districts, a model completely different from a downtown.

The antithesis of the Futurama vision, downtowns are most successful when they take on the characteristics of huge mixed-use developments: encouraging personal communication, building a sense of community, having a pedestrian orientation, and inspiring activity at all times of the day and night. It is their integrated and complex nature that accounts for their vitality. Therefore, the lack of an automobile-oriented transportation system and sufficient parking was only the initial reason for their decline. The root cause was that downtowns were out of step with the vision of the American dream that we have held for the past half century.

The American Dream Revisited

As Tony Downs has pointed out:

The flaws in the dominant vision [i.e., the American dream] have undermined the desirability of the environment produced by pursuing that vision: the results are inconsistent with the high quality of life it promises. These flaws threaten to weaken the economic and social functioning of many metropolitan areas and therefore of the entire U.S. economy and society.

The practical shortcomings and unsustainability of the current American dream will

lead to its replacement, and the next vision will include a major role for our original downtowns as well as the urbanization of our initial suburban downtowns.

Several signs point to a trend that could greatly benefit downtowns:

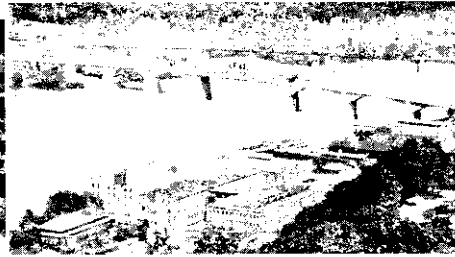
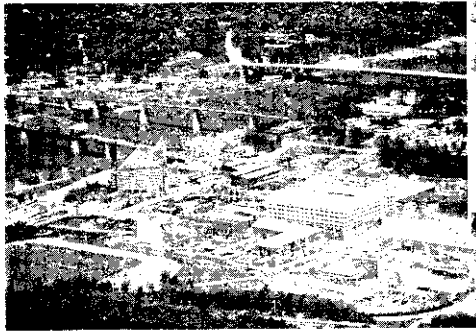
- The success of the “new urbanism” with planners, the public, and some of the initial projects indicating that pedestrian-oriented development is sorely missed;
- The sense that too much individualism and a lack of common purpose divide the country;
- The approach of the time when baby boomers will become empty nesters.

These all suggest a public desire for a greater sense of community and for mixed-use environments. The pendulum may be trying to find the center after having swung to the extreme of privacy and social isolation.

Turn-Around Models

If the mood of the country and the vision of how we should live, work, and play are redefining the American dream to include an integrated, mixed-use environment, numerous examples of this approach, both old and new, provide guidance for the future. According to these models, tomorrow’s successful downtown will not look much like the downtown of 1915. It will include new organizations consciously formulated to combine the management talent of the best of the private and public sectors and a market orientation that fits present-day realities.

The old examples—Midtown Manhattan, Chicago, San Francisco, Portland, Seattle, and Boston—are the six currently stable metropolitan areas that share the following characteristics:



Atlanta Downtown, showing new office buildings and old buildings, illustrating the mix of old and new buildings in the downtown.

- Employment has kept up with the rate of growth in the metropolitan area;
- Retail sectors are vibrant;
- A significant concentration of the region's high-end housing—more than 10 percent—is located there;
- They have become major tourist and convention centers;
- A critical mass of cultural and sports facilities have been built; and,
- They possess a major celebrated natural amenity, usually water, and abundant park space.

Recent successful models include downtowns that have been in severe decline for decades but appear to have turned themselves around in the last five to ten years. The two best examples are Denver, a city that is booming economically although the downtown revival started before good economic times returned, and Chattanooga, a slow-growing Southern rust-belt town. Both Denver and Chattanooga used similar strategies: they initially relied on tourism, which led to a revival of the specialty-and-entertainment retail sectors which, in turn, led to a revival of the urban housing market. Once there was a “there” there, people who had grown bored in the suburbs—generation Xers and aging baby boomers alike—began flocking to the downtowns to live and play. The next step, growth of the downtowns’ share of regional employment, also seems to have begun.

Seven Common Features of Successful Downtowns

The older and more recent examples of successful downtowns provide some valuable lessons. They share the following seven features, and all must be in place for a sustainable upward spiral to begin:

High-End Housing

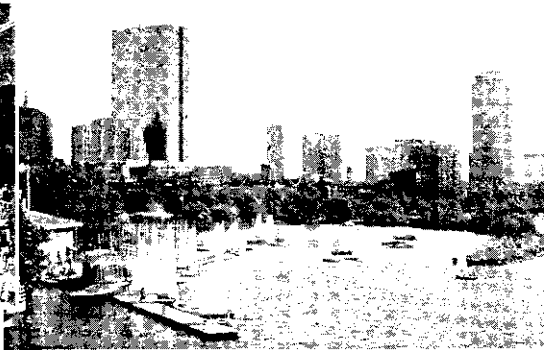
Jobs and infrastructure follow high-end housing, because jobs tend to be located near where the bosses live, and bosses generally live in high-end housing. Where jobs are located is where the bulk of infrastructure investment is concentrated. Although not a political platform that will win many votes, it is an economic reality: Successful downtowns all have significant concentrations of high-end housing located nearby. San Francisco has about 15 percent of the executive housing in the region located within two miles of its financial district; Boston has 8 percent on Beacon Hill and in the Back Bay; Midtown Manhattan has 18 percent in the Upper



Bay City, showing downtown Chicago.



Photo: © Getty Images/Photo Bank/Getty Images



East Side and the Upper West Side; while Chicago has 23 percent on the Gold Coast and around Lincoln Park just north of the Loop. Towns in moderate or severe decline—such as Atlanta, Los Angeles, and St. Louis—have virtually none of the region’s high-end housing located in or near their CBDs.

CBD Circulation System

Although most of our moderately or severely declining downtowns have tremendous assets in place, people cannot reach them on foot. To go from the new Olympic Stadium in Atlanta to Underground, the urban entertainment complex, means using a car. Once in a car, people often feel that it is easier to patronize a place closer to home rather than Underground. Downtown Atlanta has many other outstanding assets as well, but none are within walking distance of one another.

Photo: © Getty Images/Photo Bank/Getty Images



Photo: © Getty Images/Photo Bank/Getty Images

The solution is a circulation system that is fun, easy to understand, and preferably free. To connect its many assets, Denver closed 16th Street to automobile traffic and put in place a clean, convenient, free bus system. The new system connected the state capitol, hotels, the convention center, urban entertainment complexes, and the new loft housing district. Chattanooga achieved the same result with the world’s largest fleet of battery-powered buses connecting urban entertainment, high-end factory outlet shopping, the financial district, and a tourist-oriented riverfront. The university, the arts district, and the new housing district will soon be connected as well.

The beauty of a circulation system is that it provides the critical mass needed for an exciting urban experience, virtually overnight. Twenty years and hundreds of millions of dollars are not required to connect existing assets; a circulation system can make a city’s downtown instantly come to life. Both Denver and Chattanooga reached critical mass within a few years after opening their circulation systems. To the outside observer, the speed of change was a miracle in urban renaissance.

Tourism Focus...Initially

Not only is it the largest industry in the world, tourism is also one of the fastest

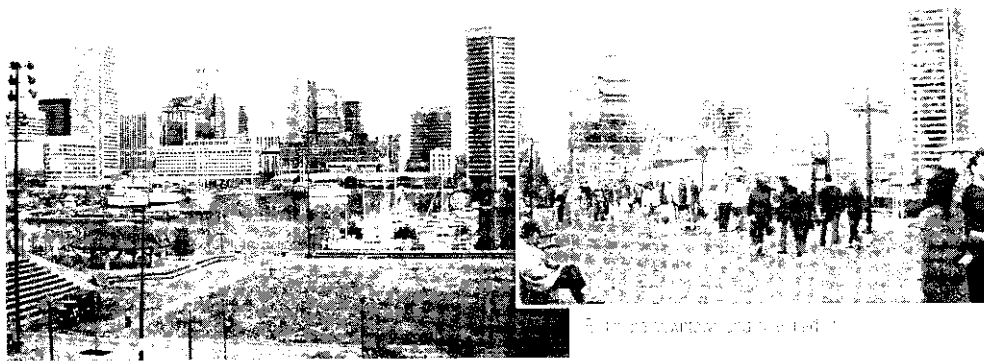


Photo by Matthew Lindquist

growing, and thus a natural for downtown revival. A strategy of promoting tourism works, however, on the principle that tourists are easily led. Unlike cynical locals, who are certain that downtown is dangerous and nothing is happening there (the same as fifteen years earlier when they last visited), promotions and advertisements can persuade tourists that the downtown has something to offer, at least for one visit. Once an area has a critical mass of things to do—generally enough for a 4- to 5-hour day and within walking distance or connected by a circulation system—the potential for growth of tourism exists. With tourist dollars, the urban entertainment venues expand, making the district feel safe because more people are on the street. In reality, most of our downtowns are already among the safest precincts in their cities, but without people on the street at night they do not give that impression.

It is crucial, however, that tourism only be a means for achieving a sustainable downtown. Catering exclusively to tourists means that a city must constantly reinvent itself to capture repeat customers and avoid suffering from “seasonality.” For example, Church Street Station in downtown Orlando may be a fabulous tourist complex, but its allure has never spread beyond the project’s boundaries. Boston’s Faneuil Hall, in contrast, uses tourism effectively. When it

first opened, about 80 percent of its patrons were tourists. Within ten years, the percentage had dropped to 30, as the complex became a hangout for locals. In high tourist season and low, Faneuil Hall has a steady foundation of local customers.

Local support, while important for the continued viability of retail stores, is also important for the continued health of the tourist trade. Santa Fe has one of the largest concentrations of specialty retailing in the country, but tourists are beginning to dominate. It’s becoming a little like an “adobe Disneyland,” causing locals to stay away while giving visitors, who would prefer an authentic experience, the impression that Santa Fe is a tourist trap.

It is better to view tourism as a stepping stone to a more sustainable downtown, which includes a healthy mix of employment, retail, culture, and housing. This is not to say that, once a downtown is successful, tourism should be expected to decline. A great downtown needs at least 30 percent of its retail support from tourists to maintain the critical mass necessary to attract locals. By itself, local support of downtown retail is usually not sufficient. Tourism should induce more locals to visit, and eventually some percentage will move there, possibly bringing employment with them. Thus the upward spiral continues.

Urban Entertainment/Contemporary Arts

The urban entertainment complex is one of the few current real estate products that can benefit a downtown district. Because it requires wide regional support, the downtown area is a natural location. An urban entertainment complex includes restaurants, specialty retailing, multiplex cinema, and live theater. A new multiplex cinema recently opened in downtown Chattanooga, and an urban entertainment retail project will be built next-door. The Midtown Manhattan experience shows that urban entertainment can keep growing and growing. Over the next few years, the huge concentration of urban entertainment around Times Square will assume the tone of an urban theme park (something that may become a problem if it becomes too Disney-ized). Chicago's Loop has recently embarked on a similar path, focusing on live theater to bring street life back to the area. A downtown's major advantage is the urban experience itself, an authentic street scene with a myriad of people to watch and with whom to connect, unlike in the suburbs. Downtowns are wise to exploit this competitive advantage.

A contemporary arts scene is frequently a catalyst for downtown revival. Often led by the gay and artistic communities, the contemporary arts world can pioneer locations with studios, coffeehouses, bars, and galleries. Mainstream business and real estate companies may be unaware of these areas emerging in the early years. Currently the best example of this phenomenon is probably Deep Ellum in downtown Dallas. Located east of the financial district in an abandoned warehouse area, Deep Ellum comes alive after 10:00 p.m. Parking for the evening costs five dollars, a sure sign of high

demand. This area--together with Uptown, which combines more high-brow arts, retail, and high-density housing, and the West End entertainment district--is pushing inward toward a downtown with a 37 percent office vacancy rate that has generally been written off by real estate professionals. Contemporary arts and urban entertainment may be the salvation for this beleaguered downtown in the late 1990s.

Cultural Institutional Commitment

Many cultural and educational institutions cannot readily move from downtown, yet they are not integrated into the city's fabric. On the other hand, many cultural institutions and sports facilities may be able to move to the suburbs, but should be encouraged to locate at a site that can be easily integrated into the city's downtown.

Existing institutions such as art museums are often neglected assets. Their ability to contribute a tremendous amount to the city coffers and economy may not be evident. For instance, the Monet retrospective at the Art Institute of Chicago in 1995 drew 965,000 visitors and had an economic impact of \$393 million on the Chicago area. Encouraging cultural institutions to coordinate their exhibits and marketing efforts helps all of the participants, as well as the city. One of the key goals of this coordination is to turn a day-tripping visitor into an overnight guest. A typical day tripper spends about \$15 per day, while an overnight guest usually spends more than \$200 per day.

Universities, in particular, can bring significant energy and excitement to the downtown area. Many urban universities have pulled up the drawbridge, however, and turned inward. Examples include the University of Pennsylvania in Philadelphia,

and Yale in New Haven, although both have recently announced plans to integrate more fully with their CBDs. By employing defensive architecture, failing to provide student and faculty housing nearby, and neglecting to encourage pedestrian-oriented retail on the fringe of the campus, a university contributes only marginally to a downtown's vitality. Numerous universities, however, such as Portland State and Savannah's College of Art and Design, have integrated themselves into the downtown fabric. Student-oriented retail and housing districts tend to pioneer the restoration of urban areas. Because they often view themselves as somewhat "bullet-proof," students are willing to visit parts of town that most older folks might avoid.

Natural Attractions and Parks

The six stable downtowns mentioned earlier all celebrate the natural attractions that caused the cities to exist in the first place. San Francisco Bay, the rivers surrounding Manhattan, and Chicago's Lake Michigan were the original reasons for locating their downtown districts. After years of turning their backs on these natural amenities, the stable downtowns now embrace them, and this is not true of the downtowns in moderate and severe decline. It is nearly impossible to get to the Delaware or Schuylkill Rivers in downtown Philadelphia; Los Angeles has put its river into a concrete ditch.

It is heartening that a natural amenity is not always a prerequisite for downtown revival. Downtown Denver was built as a rail center, and the city is not reliant on a body of water. Even without a water-related attraction, Denver's downtown has made a healthy recovery. This is good news for other downtowns such as Dallas and Atlanta arbitrarily located by rail companies.

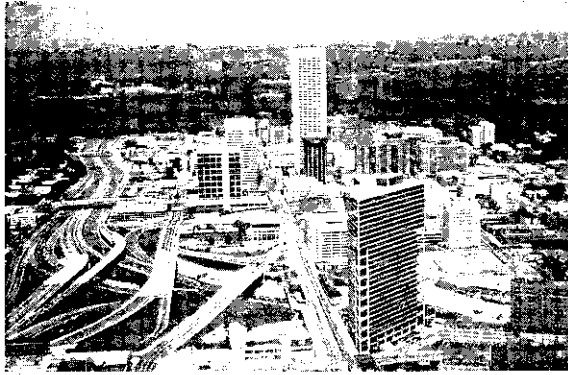
Stable downtowns also require sufficient park and open space. Although impossible to quantify, who can question the importance of Central Park to Midtown, Lincoln Park to Chicago, and Union Square to San Francisco? Long-term investment in these amenities is crucial to a downtown's success. The value of Olympic Park to Atlanta's struggling downtown will be obvious in the future, and the park will prove to be the true legacy of the Games.

Non-Profit Development Corporation to Manage Downtown

One of the keys to downtown revival is the nonprofit development corporation, a relatively new creature. Also taking the form of a Business Improvement District (BID), this type of organization combines the best of the private sector (the ability to get a job done and done quickly), with the best of the public sector (taking a long-term perspective on the entire downtown mixed-use area). The Denver and Chattanooga success stories would not have happened were it not for the efforts of the Downtown Denver Partnership and RiverValley Partners, respectively. Each organization focused the attention of the public, private, and civic sectors on the vision of what downtown could be, raised the funds for the new infrastructure and attractions, and created the programs and festivals necessary to bring people to the streets. The old redevelopment agencies usually need to be supplemented, if not replaced, by this exciting new form of governance for a downtown to succeed.

A Partial Cure for Sprawl?

The sprawling American metropolitan area has fulfilled the American dream for most of us, vastly improving our lives compared



city roads to downtown Atlanta

to those of our grandparents, but it has left in its wake huge unintended social, environmental, and economic problems. Isolation of the poor, particularly minorities, has led to an underclass cut off from mainstream society, with criminal and municipal budgetary consequences well beyond the worst case scenarios of a generation ago. Environmental damage caused by the American addiction to a single, oil-dependent transportation system has local, national, and global consequences. We have never calculated the economic costs associated with stretching infrastructure geometrically, while inadequately maintaining what is already in place. Finally, we must consider the cost of constructing new houses, office buildings, and retail centers 30, 50, and 70 miles from downtown, coupled with the destruction in value of twenty-year-old inner-suburban regional malls and apartments that are now in the wrong location. The result is the waste of trillions of dollars that could be employed far more effectively.

The result of this sprawl has been to increase the size of our metropolitan areas. Between 1970 and 1990, the Chicago metropolitan area added 4 percent to its population base, but grew physically by almost 50 percent. Metropolitan Los Angeles added

45 percent to its population, but grew physically by nearly 300 percent. It now covers 5,000 square miles, the size of Connecticut. During these twenty years, every 1 percent increase in population resulted in the consumption of between 6 and 12 percent of additional land. The 1990s have seen a further increase in this trend. It is estimated that every 1 percent growth in population is responsible for a 10- to 20-percent

increase in land use. Atlanta was approximately 65 miles from north to south in 1990. Because it is the fastest growing region in the country economically, and because of the accelerated flight to the fringe in the mid-1990s boom, Atlanta today measures about 110 miles from north to south. In terms of land consumption, Atlanta is probably the fastest-growing human settlement in history.

The coming revival of our downtowns, providing a dense, efficient development pattern, will require a conscious awareness of the features that ensure success. This revival will require that elected officials understand real estate economics, that developers comprehend how real estate projects fit into the urban fabric, and that private-public partnerships free of short-term political pressure make a deeper commitment to downtown management. Consumers appear to want a new American dream that includes the revival of our downtowns. It is time for those who provide the built product to catch up. ■

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