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EMILY BADGER OCTOBER 29, 2011

## How suburban storage units and big box food stores brought down the economy

Among his favorite examples of all the standard real-estate products built ad nauseum across the country over the last half-century, Christopher Leinberger likes to point to the Grocery Anchored Neighborhood Center. This creation is generally about 12 to 15 acres in size on a plot of land that's 80 percent covered in asphalt. It's located on the going-home side of a major four-to-eight lane arterial road, where it catches people when they're most likely to be thinking about what to buy for dinner.

It has a major, 50,000 to 70,000 square-foot supermarket on one end and a drug store with drive-through on the other, with national and regional chain stores, maybe a Hallmark and a Starbucks in between. The parking lot contains four or five spaces per thousand square-feet of retail. There is, in theory, a sidewalk, although no one is expected to use it. Every shop is designed to be seen by potential customers passing by at 45 mph. And – with the exception of a few last-minute regionally specific touches for art-deco paint schemes or Mediterranean roof tiles – this L-shaped shopping center looks the same whether you're pulling into it from Denver or Orlando.

“Everything is about that micro-second that you're trying to catch the driver's eye,” Leinberger says, “and say ‘hey, I'm a Supermarket! Pull in here!’”

Leinberger, an urban land-use strategist and professor at the University of Michigan, includes the Grocery Anchored Neighborhood Center on his list of the 19 standard real estate product types dominant in post-war America. Also on the list: suburban detached starter homes, big-box anchored power centers, multi-tenant bulk warehousing and self-storage facilities. All of these products are designed for drivable suburban communities. They reflect almost exclusively what investors have been willing to finance for the last 50 years. And as construction picks back up following the recession, Leinberger says we'll need to get away from every single one of them.

“Financiers like to finance commodities,” Leinberger says. “Financiers don't like to finance one-of-a-kind pioneering, never-seen-before kind of things, whether it be real estate or whether it be Apple computers.”

These real estate models all coalesced around suburban growth, and the Grocery Anchored Neighborhood Center reflects one of the odder side effects: it helped push the storage of food and goods from retail shelves into our basement freezers and walk-in pantries. “This is no conspiracy,” Leinberger says. “People love big boxes.” And he means both big-box stores and all the things we like to bring home from them.

But we overbuilt these 19 models, he says.

“We built the wrong product in the wrong location, and nobody wants it any more,” he says. “That's the reason for the housing crisis, and therefore the mortgage crisis, and therefore the Great Recession.”

Most people get that the housing collapse precipitated the recession. But Leinberger laments that we haven't been talking about *which* housing, or *which* real estate products. Now the downturn – and the accompanying construction hiatus – may give developers and their backers time to think about this.

“A number of things are positive about recessions – and this is for all recessions – and one is that it gives businesses a chance to rethink their strategy, they're *forced* to rethink their strategy,” he says. “That's a very positive thing. Now will those old dogs learn new tricks? Some have, some won't. And those that don't will go bankrupt after their federal stimulus money runs out.”

In Washington, D.C., one of the few U.S. cities largely immune to the real estate downturn, construction has continued, and Leinberger estimates that a good 90 percent of new development in the area has lately been planned for walkable, high-density living (see the [makeover of Tyson's Corner](#) and the new [Navy Yard development](#) around the Nationals' ballpark). These are the real estate products Leinberger believes we'll need going forward: ground-floor retail with rental apartments on top, hotel/convention centers with condos above and a subway corridor below. These models may very well become standardized, too.

"To a certain extent, we've always had standard product types," Leinberger says. "When you take a look at 1920s walkable urban places, they look pretty much the same. Main Street USA, it didn't look that much different whether you were in California or in New England."

And we should accept some standardization, he says, because that process will make it easier (and cheaper) for financiers and developers to build these new products on the scale that will be needed to meet demand. "Now ideally," Leinberger says of the final architectural touches, "these things would be more organic." But when the Grocery Anchored Transit-Oriented Mixed-Use High-Rise becomes a nationally replicable commodity, that'll be a good sign.

*Photo courtesy of Flickr user [time anchor](#)*

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