

# Wall Street Journal

## Suburbs a Mile Too Far for Some

Demographic Changes, High Gasoline Prices  
May Hasten Demand for Urban Living

By JONATHAN KARP  
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*Pasadena, Calif.*

Abandoning grueling freeway commutes and the ennui of San Fernando Valley suburbs, Mike Boseman recently found residential refuge in this Southern California city. His apartment building straddles a light-rail line, which the 25-year-old insurance broker rides to and from work in Los Angeles.



Archstone

**Next Stop?** For residents at Pasadena's Archstone Del Mar Station on Southern California's Metro Line transit system, downtown Los Angeles is a 26-minute ride away.

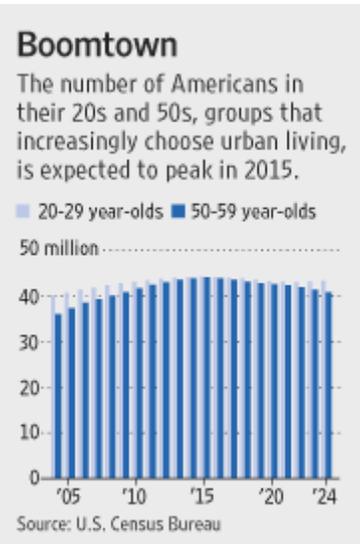
Richard Wells is more than a generation older but was similarly attracted to the Pasadena apartment building. The British-born scientist retains what he calls a European preference for public transportation despite his nearly 30 years in California. Plus, he said, the building's location means, "I can walk to a hundred restaurants, the Pasadena symphony and movie theaters."

Messrs. Boseman and Wells embody trends that are dovetailing to potentially reshape a half-century-long pattern of how and where

Americans live: The driveable suburb -- that bedrock of post-World War II society -- is for many a mile too far.

In recent years, a generation of young people, called the millennials, born between the late 1970s and mid-1990s, has combined with baby boomers to rekindle demand for urban living. Today, the subprime-mortgage crisis and \$4-a-gallon gasoline are delivering further gut punches by blighting remote subdivisions nationwide and rendering long commutes untenable for middle-class Americans.

Just as low interest rates and aggressive mortgage financing accelerated expansion of the suburban fringe to the point of oversupply, "the spike in gasoline prices, layered with demographic changes, may accelerate the trend toward closer-in living," said Arthur C. Nelson, director of Virginia Tech's Metropolitan Institute in Alexandria, Va. "All these things are piling up, and there are fundamental changes occurring in demand for housing in most parts of the country."



Christopher Leinberger, a visiting fellow at the Brookings Institution and a developer of walkable areas that combine housing and commercial space, describes the structural shift as the "beginning of the end of sprawl."

### Recipe for Reurbanization

Todd Zimmerman, a housing consultant and an early advocate of pedestrian-friendly community planning known as New Urbanism, said demographic and cultural factors explain a big part of the trend. Baby boomers and millennials are the country's two biggest generations, with some 82 million and 78 million people born during their respective eras. Both flocks are leaving their nests and finding that higher-density urban housing fits their lifestyles.

"Millennials and baby boomers are in perfect sync. They are at a stage where they both want the same thing," said Mr. Zimmerman, a co-managing director at Zimmerman/Volk Associates Inc. in Clinton, N.J. He said the populations of Americans in their 20s and in their 50s are rising and will add eight million potential housing consumers by the time their numbers peak in 2015. "You've got a recipe for reurbanization on a dramatic scale," he said.

While baby boomers may be looking to downsize their homes and simplify their lives in urban condominiums, millennials often look to cities as a way of rebelling against the suburban cul-de-sac culture that pervaded their youth, Mr. Zimmerman said. That is no different than past generations of twentysomethings, but the numbers of millennials are larger.

Even families who sought the suburbs or were priced out of cities now have an economic imperative to find their way back closer to town. Transportation is the second-biggest household expense, after housing, and suburban families face a relatively greater gas burden. At the same time, distant suburbs, or exurbs, where housing growth was predicated on cheap gas, have experienced the biggest declines in home values in the past year, according to a May report by CEOs for Cities, a nonprofit group of public- and private-sector officials that seeks to promote urban areas. "The gas-price spike popped the housing bubble," said Joe Cortright, the report's author.

The demand for housing near urban centers isn't going to snuff out suburbs overnight. Several satellite towns around cities continue to lure jobs and are reinventing themselves with their own city centers. About half of the walkable urban areas that Brookings's Mr. Leinberger identified in a recent survey are located in suburbs, though generally close to major cities.

### A Challenge for Cities

While high gas prices are a boon to New Urbanism and other "smart-growth" planning concepts, in practice such mixed-use projects often are harder to execute -- from acquiring local approval to securing Wall Street financing -- than the traditional suburban

tract-housing model. The challenges for cities are considerable, from investing in public-transportation systems to creating incentives for developers to accommodate the new urban housing demand.

Cities such as Denver, Charlotte, N.C., and Portland, Ore., are making investments in public transportation and spurring the construction of symbols of the new housing era: multifamily residential and retail complexes at or next to transit stations. Reconnecting America, a nonprofit group committed to transit-oriented development, estimates that the number of households near transit stations will soar to 15 million by 2030, from six million now.

Even in the auto mecca of Southern California, attitudes are changing, and transit-oriented development is gaining traction along subway, light-rail and commuter-train lines serving Los Angeles. In Pasadena, an apartment and retail complex built around the Del Mar light-rail station is doing brisk business. Some 95% of the 347 units are rented, the highest occupancy rate since the building opened two years ago, said Dave Brackett, executive vice president of Archstone, which owns the building.

### **Fuel-Efficient Fun**

Mr. Boseman, the insurance salesman, found his way to Archstone Del Mar Station from Encino, to the west in the San Fernando Valley. The 75-minute commute from Encino to downtown Los Angeles tried his patience and lightened his wallet. "I'd go through a tank of gas every four days," he said.

After a year, he and his girlfriend decided to move to downtown Los Angeles. They rented a renovated loft, and dumped one of their two cars to avoid the expense and parking hassle. But the area wasn't lively enough at night, so they looked along public-transportation lines for their next apartment.

Pasadena, home to the Rose Bowl, is a leafy city with stately houses and a thriving shopping area in a reinvigorated old downtown. Archstone Del Mar Station is near the commercial center, and a 26-minute ride on one of Los Angeles's metro lines. With a train change, Mr. Boseman is at work within 35 minutes from his doorstep. He also takes the light rail into Los Angeles on weekends for entertainment events. With his car use limited to Saturday and Sunday at most, he said, "I'm filling it up once a month."

Mr. Wells, too, got rid of one of his cars after moving into Archstone Del Mar Station 10 months ago, and "my aim is never to use the car I kept," he said. The 71-year-old scientist reckons he has saved 500 gallons. Last week, he moved out of the apartment building -- but not far. For the same rationale, he bought a condo at the next light-rail station along the metro line.

In Los Angeles's central Koreatown neighborhood, developer Urban Partners LLC last year opened a 449-unit apartment building with 36,000 square feet of retail space atop a subway station. Twenty percent of the units are rented at below-market rates in an effort

to provide affordable housing without an "hour or two commute," said Dan Rosenfeld, an Urban Partners principal.

With more than 30 U.S. cities that have or are developing commuter-rail systems, demand for mixed-used, mixed-income projects is bound to increase, said Mr. Rosenfeld. But even with an emphasis on public transport and walkable urban neighborhoods, one staple of American culture is so entrenched that it is bound to take years to reverse.

"We never reduce the amount of parking at our developments. People still want their cars," he said. "Nothing would make us happier than to reduce the expensive underground parking."

**Write to** Jonathan Karp at [jonathan.karp@wsj.com](mailto:jonathan.karp@wsj.com)<sup>1</sup>