

Wall Street Journal

Suburban Home Prices May Fall As Demand for Urban Living Grows

by Lauren Baier Kim
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McMansion neighborhoods -- slums of the future?

Are Americans becoming disenchanted with car-based suburban life and McMansions out in the middle of nowhere? That's the premise of an article by Christopher B. Leinberger in the [Atlantic](#). Mr. Leinberger points to research by Arthur C. Nelson, director of the Metropolitan Institute at Virginia Tech, who forecasts a surplus of homes built on a sixth of an acre or more by 2025.

Developers have responded to this trend, Mr. Leinberger says, by building mixed-use developments with faux town centers -- like Virginia's Reston Town Center and Belmar in Lakewood, Colo. -- and condo and loft complexes in major cities.

Mr. Leinberger points to recent research that found that one in three homeowners said they would prefer to reside in a community with a walkable urban center. The article also notes that urban residential space tends to sell for a 40% to 200% premium over traditional suburban houses, and that in places like Windy Ridge in Charlotte, N.C.; Florida's Lee County; and Franklin Reserve in Elk Grove, Calif., a rash of vacant houses has resulted in a rise in suburban crime.

As more wealthy families opt for a more-urban lifestyle, there will be trouble ahead for the suburbs, Mr. Leinberger says. Dwindling tax bases can result in a decline in safety and school quality, he adds