## THE WALL STREET JOURNAL.

## Urban Villages: The Locational Lessons

By Christopher B. Leinberger

Although it has been largely unnoticed by the public and press, the shape of American cities is changing dramatically and rapidly. This new pattern of development will affect where millions of Americans live and work in the near future and. therefore, it will determine how businessmen and corporations select sites for office buildings and factories. The location of corporate facilities will be particularly important in the future due to its effect on a company's ability to attract the right employees.

Despite booming office-building construction that has transformed downtown skylines across the nation, American cities are not returning to the traditional urban pattern with dominant central office and retail cores, nor will our cities continue the familiar postwar pattern of suburban sprawl with offices, factories and shopping areas scattered along highways.

Instead, our cities are coalescing into collections of "urban villages," which are office, industrial, retail and housing focal points amidst the low-density cityscape. With urban villages, many people will work, live, shop and play in close proxim ity, thereby enjoying many advantages of urban density but avoiding many of its high costs and problems.

Often a trend setter for how Americans live and think, Los Angeles is the first city to experience the urban village phenomenon. Although the reviving downtown Los Angeles recently has experienced an un-

precedented office-building boom, 16 smaller urban villages have simultaneously grown or just emerged throughout the metropolitan area, such as Century City, Costa Mesa, Encino, Glendale, the Airport, Newport Beach, Pasadena, Universal City-Burbank and Westwood. Because of the new constructions in these urban villages, downtown Los Angeles' share of the metropolitan area's office space has actually dropped from 44% in 1962 to 36% in 1972 to 33 l- in 1983.

Many of Los Angeles' urban villages are gaining their own identities. Aerospace is concentrating at the Airport and Torrance. The entertainment industry, traditionally located at Hollywood, is now moving over the Hollywood Hills to Universal City-Burbank.

The same urban-village pattern is appearing in most American cities. For example, in Atlanta, the lure of two urban villages known as Buckhead and Dunwoody-Perimeter Center is so strong that major developers are buying up entire residential subdivisions so that they can demelish 10- to 20-year-old single-family houses and construct high-rise office buildmgs and hotels in their place.

Even New York City is showing signs of this urban phenomenon. Manhattan may be enjoying an unprecedented building boom, but its share of the metropolitan region's office space has dropped from 75% in 1982 to 67% in 1984. This surprising drop is due to the continued emergence of urban villages in Westchester County, southern Connecticut and particularly northern New Jersey.

Why has this new development trend emerged? And why has it spread across the nation so quickly? The reasons include the shift from a manufacturing to a service economy, the change from rail to truck for business shipments, Americans' preference for automobile commuting over mass transit, and recent telecommunications ad-

But these four factors might have encouraged more postwar-style suburban sprawl if it weren't for another circumstance: increasing congestion on eight- and 10-lane highways that cannot be relieved without paying over most of our cities and using money we no longer have.

As more of our metropolitan areas evolve into collections of urban villages, many Americans will live a 10- or 20-minute drive from work rather than a 40- or 50-minute freeway commute. With the last of the baby boomers entering the labor force, most demographers are forecasting an era of increased competition for skilled employees. Unless corporations properly locate their offices and industrial operations, taking into account the current and future character of the surrounding urban villages, they may someday discover that they are ill-equipped to compete for the necessary talent. They will find their buildings are obsolete before they are even completed.



ROBERT CHARLES LESSER & CO REAL ESTATE ADVISORS