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## THE MYTH OF THE BACK-TO-THE-CITY MIGRATION

by [Joel Kotkin](#) 07/06/2010

Pundits, planners and urban visionaries—citing everything from changing demographics, soaring energy prices, the rise of the so-called "creative class," and the need to battle global warming—have been predicting for years that America's love affair with the suburbs will soon be over. Their voices have grown louder since the onset of the housing crisis. Suburban neighborhoods, as the Atlantic magazine put it in March 2008, would morph into "the new slums" as people trek back to dense urban spaces.

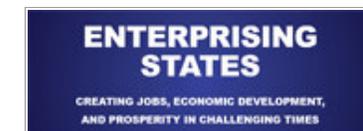
But the great migration back to the city hasn't occurred. Over the past decade the percentage of Americans living in suburbs and single-family homes has increased. Meanwhile, demographer Wendell Cox's analysis of census figures show that a much-celebrated rise in the percentage of multifamily housing peaked at 40% of all new housing permits in 2008, and it has since fallen to below 20% of the total, slightly lower than in 2000.

Housing prices in and around the nation's urban cores is clear evidence that the back-to-the-city movement is wishful thinking. Despite cheerleading from individuals such as University of Toronto Professor Richard Florida, and Carole Coletta, president of CEOs for Cities and the Urban Land Institute, this movement has crashed in ways that match—and in some cases exceed—the losses suffered in suburban and even exurban locations. Condos in particular are a bellwether: Downtown areas, stuffed with new condos, have suffered some of the worst housing busts in the nation.

Take Miami, once a poster child for urban revitalization. According to National Association of Realtors data, the median condominium price in the Miami metropolitan area has dropped 75% from its 2007 peak, far worse than 50% decline suffered in the market for single family homes.

Then there's Los Angeles. Over the last year, according to the real estate website Zillow.com, single-family home prices in the Los Angeles region have rebounded by a modest 10%. But the downtown condo market has lost over 18% of its value. Many ambitious new projects, like Eli Broad's grandiose Grand Avenue Development, remain on long-term hold.

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The story in downtown Las Vegas is massive overbuilding and vacancies. The Review Journal recently reported a nearly 21-year supply of unsold condominium units. MGM City Center developer Larry Murren stated this spring that he wished he had built half as many units. Mr. Murren cites a seminar on mixed-use development—a commonplace event in many cities over the past few years—as sparking his overenthusiasm. He's not the only developer who has admitted being misled.

Behind the condo bust is a simple error: people's stated preferences. Virtually every survey of opinion, including a 2004 poll co-sponsored by Smart Growth America, a group dedicated to promoting urban density, found that roughly 13% of Americans prefer to live in an urban environment while 33% prefer suburbs, and another 18% like exurbs. These patterns have been fairly consistent over the last several decades.

Demographic trends, including an oft-predicted tsunami of Baby Boom "empty nesters" to urban cores, have been misread. True, some wealthy individuals have moved to downtown lofts. But roughly three quarters of retirees in the first bloc of retiring baby boomers are sticking pretty close to the suburbs, where the vast majority now reside. Those that do migrate, notes University of Arizona Urban Planning Professor Sandi Rosenbloom, tend to head further out into the suburban periphery. "Everybody in this business wants to talk about the odd person who moves downtown, but it's basically a 'man bites dog story,'" she says. "Most retire in place."

Historically, immigrants have helped prop up urban markets. But since 1980 the percentage who settle in urban areas has dropped to 34% from 41%. Some 52% are now living in suburbs, up from 44% 30 years ago. This has turned places such as Bergen County, N.J., Fort Bend County, Texas, and the San Gabriel Valley east of Los Angeles into the ultimate exemplars of multicultural America.

What about the "millennials"—the generation born after 1983? Research by analysts Morley Winograd and Mike Hais, authors of the ground-breaking "Millennial Makeover," indicates this group is even more suburban-centric than their boomer parents. Urban areas do exercise great allure to well-educated younger people, particularly in their 20s and early 30s. But what about when they marry and have families, as four in five intend? A recent survey of millennials by Frank Magid and Associates, a major survey research firm, found that although roughly 18% consider the city "an ideal place to live," some 43% envision the suburbs as their preferred long-term destination.

Urban centers will continue to represent an important, if comparatively small, part of the rapidly evolving American landscape. With as many as 100 million more Americans by 2050, they could enjoy a growth of somewhere between 10 million and 20 million more people. And in the short run, the collapse of the high-end condo market could provide opportunity for young and unmarried people to move into luxurious urban housing at bargain rates.

But lower prices, or a shift to rentals, could prove financially devastating for urban developers and their investors, who now may be slow to re-enter the market. And for many cities, the bust could represent a punishing fiscal blow, given the subsidies lavished on many projects during the era of urbanist frenzy.

The condo bust should provide a cautionary tale for developers, planners and the urban political class, particularly those political "progressives" who favor using regulatory and fiscal tools to promote urban densification. It is simply delusional to try forcing a market beyond proven demand.

Rather than ignore consumer choice, cities and suburbs need to focus on basic tasks like creating jobs, improving schools, developing cultural amenities and promoting public safety. It is these more mundane steps—not utopian theory or regulatory diktats—that ultimately make successful communities.

*This article originally appeared in the Wall Street Journal.*

*Joel Kotkin is executive editor of NewGeography.com and is a distinguished presidential fellow in urban futures at Chapman University. He is author of [The City: A Global History](#). His newest book is [The Next Hundred Million: America in 2050](#), released in Febuary, 2010.*

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