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Can suburbs succeed in a 24/7 world? - by Hugh Kelly

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For more than 20 years, the revitalization of America's cities has spurred a conversation about the urban live-work-play environment that has come to be known as "the 24-hour city." As long ago as 1995, the widely-read Emerging Trends in Real Estate proclaimed that such cities would produce superior returns for commercial property investors and thus become magnets for capital. Research over the past decade has strongly validated that claim, especially for office buildings that are key real estate used for our white-collar, knowledge-based economy. The preferences of the Millennial generation for cool, hip residential neighborhoods, such as Brooklyn's Williamsburg, Washington D.C.'s Adams Morgan, San Francisco's Dogpatch and even Dallas' Deep Ellum, have only reinforced what was originally an argument directed toward the institutional investment world.

As the downtown districts and nearby neighborhoods in America's 24-hour cities prosper, so too do they become increasingly expensive. Critics have decried them as playgrounds for the elite and have, correctly, noted that widening income inequality has been increasing social stresses that may compromise the recent urban revival. The last couple of years have seen a growing interest in America's suburban areas, including those serviced by commuter rail, with historical Main Streets of their own, and with housing opportunities that now compete effectively with prices in the high-density core cities.

The discussion is, unfortunately, often framed in the competitive terms of either/or, zero-sum options, as though cities grow at the expense of suburbs or vice versa. One of the striking results of research into 24-hour cities is that such places support a greater number of successful suburban nodes than do urban centers with a more 9-to-5 orientation, such as Atlanta, Tampa, Phoenix, or Minneapolis. A vibrant downtown energizes an entire region, and suburban nodes complement a thriving central business district.

The days when suburbs prosper primarily through residential and business flight from the core are long gone. Over the last 10 years (through May 2018), job growth in the New York metropolitan region (New York City, plus Westchester, Rockland, and Orange Counties in New York, and six suburban counties in New Jersey) has registered a robust 807,400 gain. Of these new jobs, however, 85% (688,000) have been created within the city's five boroughs. It is time for suburban areas to capture a greater share of that economic expansion.

Westchester County is home to several "suburban cities" that appear well-poised to gain in an era of more balanced regional growth. Several statistical criteria correlate with the live-work-play features that define 24-hour places. Westchester enjoys high marks on several of those attributes. A significant level of residential density is a threshold requirement for supporting retail, restaurant and entertainment amenities characterizing a 24/7 urban center.

Yonkers, White Plains and Port Chester have densities exceeding 10,000 per square mile, and New Rochelle is right on the cusp of this critical mass of population.

Safety and security are a key to bringing activity to a downtown area. New York City has quite successfully brought crime down to a level where it proclaims itself (accurately) as the safest large city in America. Crime rates in the aforementioned Westchester communities are even lower – and are much lower still in places like Harrison, Mamaroneck and Peekskill – according to the FBI's Uniform Crime Statistics reports.

Highway congestion is one negative that has resulted from previous suburban growth, and the Census Bureau's journey-to-work statistics puts New York City among the nation's worst in commute time. This means that mass transit becomes a particularly important variable in maintaining live-work-play vitality. Fortunately (and despite the admitted shortcomings of the MTA), Metro North ridership has been trending upward for the past three decades. Even more significantly, while ridership to and from Manhattan is up about 50 percent since 1986, intermediate commutes (i.e., from suburb to suburb) has tripled over the same period. Therefore, Westchester cities where a rail station anchors the Main Street are well positioned to capture that commute surge.

Finally, the proximity of jobs and shopping to residences – especially multifamily mid-and high-rise apartments – is a key to walkability. A high "walk score" is a powerful and widely employed analytical tool for real estate investors and developers. New York City is rated a "walkers paradise" on this measure. On a national scale of zero to 100, New Rochelle downtown rates a 96, Yonkers a 92 and White Plains a 91.

Conditions are favorable for Westchester County to participate more actively in the urban resurgence of selected cities across the United States. The key is to focus on this part of the real estate community and for public officials to capitalize on the present opportunity and trend. Suburban nodes can ill afford to let this opportunity slip by.

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