

# LET'S TALK BUSINESS

Ideas for Expanding Retail and Services in Your Community

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## Low-Density Growth in the Retail Sector

### Arguments For and Against Commercial "Sprawl"

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Throughout our state, the debate over low-density suburban growth (or "sprawl") continues to intensify. While much of the discussion has focused on traffic congestion, loss of open space, pollution, crowded schools and higher taxes, less has been said about the impact on the retail community. Specifically, from a community economic growth perspective, what are some of the arguments for and against the development of new strip malls and freestanding businesses on the edge of town.

#### What is Sprawl?

Ask anyone this question and you will likely receive many different answers. Some define sprawl as low-density growth that is scattered and leapfrog in nature. Others talk more broadly in terms of poor accessibility and a failure to concentrate development and/or mix land uses. In general, sprawl entails the geographic location of rapid, unplanned or uncontrolled, growth. This growth can take the form of residential, industrial, or retail activity. Because of the visual attributes of retail growth, (large warehouse-type stores surrounded with expansive parking lots, roadside signage and increased traffic), this type of growth is often viewed as the worst aspect of sprawl.

#### Arguments against Retail Sprawl

The war on sprawl is inspired by the "New Urbanism" or "Smart Growth"

movements that are based on better planning to achieve livable or sustainable communities. The following perspectives are drawn from the anti-sprawl side and can be used as a starting point for discussing the reasons to manage retail sprawl.

- ✓ Traditional downtown retailers cannot compete with "edge of town" malls and chain stores. As a result, sprawl-type growth often results in less competition.
- ✓ The relocation of traditional downtown economic activity causes the waste or abandonment of previous public and private investment in existing buildings, streets, parks and other community assets.
- ✓ Because sprawl is by definition on the edge of town, many local residents without cars, including low income families and the elderly, are isolated from convenience and essential services.
- ✓ Strip shopping centers, malls and chain stores lack a sense of community and distinct local identity. They promote a shallow "drive-by culture" where people spend more time driving and less time with their families. Traditional downtowns serve as a meeting place and habitat for community functions within walking distance to many resi-



- dents.
- ✓ Some argue that the costs of public services, such as road improvements, water and sewer, fire, police and other public services, needed to service the new locations may exceed the tax revenues generated by the new retail on the edge of town.
- ✓ Absentee owners of chain stores are far more mobile and are more likely to abandon a location if profit margins do not meet their expectations. Profits flow to distant corporate offices and do not circulate in the local economy.
- ✓ Small town personalized service is not provided by the large chain stores. Some argue that superstore sprawl replaces personal interaction with aggressive corporate economics.

### Arguments for Commercial Sprawl

Despite the arguments against the sprawling growth of retail, there are strong market forces at play. Some maintain that changes in consumer preferences are changing the face of retail. In other words, retail sprawl is a legitimate response to market forces. To balance the community discussion the following issues should be considered.

- ✓ The retailing world is changing and people like new stores. By trying to stop new retail expansion on the edge of town, spontaneous developments that arise from consumer demand are squelched. These interfere with the principle of consumer sovereignty and free markets that have played an important role in increasing America's wealth and welfare.
- ✓ Prices are often lower at the large chain stores due to efficiencies in distribution and management. As costs fall, people are able to afford more and improve their standard of living. Shoppers today prefer a large selection and store name and reputation they know.
- ✓ As Americans become more dependent on the automobile, highway access and parking have become important advantages of sprawl development. Further, consumers dislike the congestion generated by concentrated development.
- ✓ More Americans have moved to homes outside or surrounding their communities. People want convenient retail opportunities near their residence.
- ✓ Communities that stifle these retailers will lose consumer spending to competing retail centers in other towns.
- ✓ Many existing downtown retailers have become better merchants because the level of competition has increased.
- ✓ New businesses on the edge of town make a major investment in the community, in their merchandise and personnel. In addition, there are lower cost location options for small start-up or existing businesses on the

edge of town.

- ✓ Maintaining the status quo of an idealized version of the past ignores evolving consumer preferences, products and technologies. Sprawl is actually a way to keep communities alive.

### Conclusion

As a community grows, the geographic location of that growth can have a significant impact on the character of the community. The location of retail growth on the edge of a community has been described as part of a natural economic process: retailers are reacting to the changing preferences of their customers. Others maintain that the market process is distorted and overshadows other dimensions of the community. If such distortions exist, there is a legitimate role for more active government involvement.

In the final analysis the real indicator of whether commercial sprawl negatively impacts a community, resides with the community itself. If local residents indicate that retail sprawl development is a concern then there are several things that can be done to shape development and reinforce the local community. Specifically, new store development can be encouraged that meets certain criteria in terms of location, size, and attractiveness, while minimizing negative environmental, cultural, scenic, fiscal and economic effects.

The better informed the public is concerning the advantages and disadvantages of sprawl development the better choices they can make when determining how they want their community to be. Addressing sprawl is a complicated task that asks many people, including business leaders to challenge their ways of thinking.

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