Chapter 12

Key Issue Four: Why do services cluster downtown?
Key Issue 4: Clustering of Services

- Central business district (CBD)
  - Retail services in the CBD
  - High land costs in the CBD
  - Activities excluded from the CBD
  - European CBDs

- Suburbanization of businesses
  - Suburbanization of retailing
  - Suburbanization of factories and offices
Charlotte’s CBD is dominated by retail and office buildings. Public and semipublic buildings are also in the downtown area.
Charlotte, North Carolina
Retail Services in the CBD

- Three types of retail services concentrate in the center, because they require accessibility to everyone in the region—shops with a high threshold, shops with a long range, and shops that serve people who work in the center.
Faneuil Hall Marketplace was originally built in 1742 and was renovated in the 1970s into a popular retail center.
Retail Services with a High Threshold

- High-threshold shops, such as department stores, traditionally preferred a central location to be accessible to many people.
- Rents were highest there because this location had the highest accessibility for the most customers.
- In recent years many high-threshold shops such as large department stores have closed their downtown branches.
- The customers for downtown department stores now consist of downtown office workers, inner-city residents, and tourists.
Retail Services with a High Range

• The second type of shop in the center has a high range.
• Generally, a high-range shop is very specialized, with customers who patronize it infrequently.
• Many high-range shops have moved with department stores to suburban shopping malls.
• These shops can still thrive in some CBDs if they combine retailing with recreational activities.
• Entirely new large shopping malls have been built in several downtown areas in North America in recent years.
• These downtown malls attract suburban shoppers as well as out-of-town tourists because in addition to shops they offer unique recreation and entertainment experiences.
• A number of cities have preserved their old downtown markets.
• They may have a high range because they attract customers who willingly travel far to find more exotic or higher-quality products.
• At the same time, inner-city residents may use these markets for their weekly grocery shopping.
Retail Services Serving Downtown Workers

- A third type of retail activity in the center serves the many people who work in the center and shop during lunch or working hours.

- These businesses sell office supplies, computers, and clothing, or offer shoe repair, rapid photocopying, dry cleaning, and so on.

- The CBDs in cities outside North America are more likely to contain supermarkets, bakeries, butchers, and other food stores.

- In contrast to the other two types of retailers, shops that appeal to nearby office workers are expanding in the CBD, in part because the number of downtown office workers has increased and in part because downtown offices require more services.

- Many cities have attempted to revitalize retailing in the CBD and older neighborhoods.

- One popular method is to ban motor vehicles from busy shopping streets.

- Shopping streets reserved for pedestrians are widespread in Northern Europe, including the Netherlands, Germany, and Scandinavia.
Producer Services

- Offices cluster in the center for accessibility.
- Despite the diffusion of modern telecommunications, many professionals still exchange information with colleagues primarily through face-to-face contact.
- People in such business services as advertising, banking, finance, journalism, and law particularly depend on proximity to professional colleagues.
- Services such as temporary secretarial agencies and instant printers locate downtown to be near lawyers, forming a chain of interdependency that continues to draw offices to the center city.
- A central location also helps businesses that employ workers from a variety of neighborhoods.
- Firms that need highly specialized employees are more likely to find them in the central area, perhaps currently working for another company downtown.
High Land Costs in the CBD

- The center’s accessibility produces extreme competition for the limited sites available.
- As a result, land value in the center is very high. Tokyo’s CBD probably contains Earth’s most expensive land.
- Tokyo’s high prices result from a severe shortage of buildable land.
- Buildings in most areas are legally restricted to less than 10 meters in height (normally three stories) for fear of earthquakes.
- Further, Japanese tax laws favor retention of agricultural land.
- Tokyo contains 36,000 hectares (90,000 acres) of farmland.
- Two distinctive characteristics of the central city follow from the high land cost.
  - First, land is used more intensively in the center.
  - Second, some activities are excluded because of the high cost of space.
Intensive Land Use

- The intensive demand for space has given the central city a three-dimensional character, pushing it vertically.
- A vast underground network exists beneath most central cities.
- The typical “underground city” includes multistory parking garages, loading docks, and utility lines.
- Subways run beneath the streets of larger central cities.
- Cities such as Minneapolis, Montreal, and Toronto have built extensive pedestrian passages and shops beneath the center.
- These underground areas segregate pedestrians from motor vehicles and shield them from harsh winter weather.
Skyscrapers

• Demand for space in the central city has also made high-rise structures economically feasible.

• Suburban houses, shopping malls, and factories look much the same from one city to another, but each city has a unique downtown skyline.

• The first skyscrapers were built in Chicago in the 1880s, made possible by two inventions: the elevator and iron-frame building construction.

• The first high-rises caused great inconvenience to neighboring structures because they blocked light and air movement.

• Artificial lighting, ventilation, central heating, and air-conditioning have helped solve these problems.

• A recent building boom in CBDs of many North American cities is generating problems again; . . . high winds, . . . traffic congestion. . . (and) skyscrapers may prevent sunlight from penetrating to the sidewalks and small parcels of open space.
Activities Excluded from the CBD

- As the Sun and natural air movement are increasingly relied upon again for light and ventilation, the old complaints about high-rises may return.
- Skyscrapers are an interesting example of “vertical geography.”
- The nature of an activity influences which floor it occupies in a typical high-rise.
- High rents and land shortage discourage two principal activities in the central area: manufacturing and residence.
Declining Manufacturing in the CBD

• The typical modern industry requires a large parcel of land to spread operations among one-story buildings.

• Suitable land is generally available in suburbs.

• Port cities in North America and Europe have transformed their waterfronts from industry to commercial and recreational activities.

• Today’s large oceangoing vessels are unable to maneuver in the tight, shallow waters of the old inner-city harbors.

• Once rotting downtown waterfronts have become major tourist attractions in a number of North American cities, including Boston, Toronto, Baltimore, and San Francisco, as well as in European cities such as Barcelona and London.
Lack of Residents in CBDs

- Few people live in U.S. CBDs, because offices and shops can afford to pay higher rents for the scarce space.
- The shortage of affordable space is especially critical in Europe, because Europeans prefer living near the center city more than Americans do.
- Abandoned warehouses have been converted into residences in a number of CBDs.
- Many people used to live downtown.
- People have migrated from central areas for a combination of pull and push factors.
- First, people have been lured to suburbs, which offer larger homes with private yards and modern schools.
- Second, people have sought to escape from the dirt, crime, congestion, and poverty of the central city.
European CBDs

• The central area is less dominated by commercial considerations in Europe than in the United States.
• In addition to retail and office functions, many European cities display a legacy of low-rise structures and narrow streets, built as long ago as medieval times.
• Some European cities have tried to preserve their historic core by limiting high-rise buildings and the number of cars.
• The central area of Warsaw, Poland, represents an extreme example of preservation.
• The Nazis completely destroyed Warsaw’s medieval core during World War II, but Poland rebuilt the area exactly as it had appeared, working from old photographs and drawings.
• Although constructing large new buildings is difficult, many shops and offices still wish to be in the center of European cities.
• The alternative to new construction is renovation of older buildings.
• Rents are much higher in the center of European cities than in U.S. cities of comparable size.
London, England

St. Paul’s Cathedral, designed in 1673, dominates the skyline of central London.
Dublin, Ireland

Retail services in Grafton Street, Dublin. European cities have retained consumer services in the CBD.
Suburbanization of Businesses

- Businesses have moved to suburbs:
  - manufacturers because land costs are lower,
  - service providers because most of their customers are there.
Most shopping malls in Atlanta and other cities are in the suburbs. The ideal location is near an interchange on an interstate highway beltway circling the city.
Suburban shopping mall in Syracuse, N.Y. Retail services in most American cities have moved to suburban malls. I am so Beautiful!!
Suburbanization of Factories and Offices

- Factories and warehouses have migrated to suburbia for more space, cheaper land, and better truck access.
- Modern factories and warehouses... are spread over a single level.
- Industries increasingly receive inputs and distribute products by truck.
- Offices that do not require face-to-face contact increasingly are moving to suburbs where rents are much lower than in the CBD.
The Commerce Department divided the U.S. into “daily urban systems” with functional ties, especially commuting to the nearest metropolitan area.
Chapter 12

Services

The End