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The Graduate School

REGIONAL SHOPPING MALLS AS CATALYSTS OF SATELLITE COMMERCIAL REAL ESTATE DEVELOPMENT: URBAN PLANNING IMPLICATIONS

A Thesis

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Master of Science in Planning

Degree

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Linda Marlene Logan

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1. Brian J.L. Berry, Commercial Structure and Commercial Blight (Chicago: University of Chicago Press, Department of Geography Research Paper No. 85, 1963), p. 20, table 2.

2. Brian J.L. Berry, "Ribbon Developments in the Urban Business Pattern," in Annals of the American Association of Geographers, Volume 49, June 1959, p. 147 (two tables).

3. Cobb County Planning Department, Cobb County Data Report 1979 (Marietta, Georgia: Cobb County Planning Department, 1979), p. 54, Figure 4-1.

4. Borden D. Dent, Trade Area Analysis of Atlanta's Regional Shopping Centers (Atlanta: Georgia State University, Department of Geography Research Series No. 1, 1978), p. 35 (table).

5. J. Ross McKeever, Shopping Center Zoning (Washington, D.C.: Urban Land Institute, ULI Technical Bulletin 69, 1973, p. 12 (table).

6. Shirley F. Weiss, John E. Smith, Edward J. Kaiser, and Kenneth B. Kenney, Residential Developer Decisions: A Focused View of the Urban Growth Process (Chapel Hill, North Carolina: University of North Carolina at Chapel Hill, Center for Urban and Regional Studies, Institute for Research in Social Science, April 1966), pp. 13, 15, and 18, Tables 1, 2, and 3).

7. Robert E. Witherspoon, Jon P. Abbett, and Robert M. Gladstone, Mixed-Use Developments: New Ways of Land Use (Washington, D.C.: Urban Land Institute, 1976), p. 78, Table 4-7.

ABSTRACT

The development of commercial real estate enterprises within the peripheries of new regional shopping malls is a common occurrence. Although this phenomenon has been widely recognized, few studies have attempted to establish a relationship between the construction of new regional shopping malls and subsequent commercial development around them. This thesis examines the extent to which new regional shopping malls act as catalysts to satellite commercial development. It investigates the tendencies of regional shopping malls to induce or accelerate satellite commercial enterprise construction, particularly when located in pioneer areas, and identifies the reasons why entrepreneurs may perceive regional shopping mall peripheries as attractive for the development of their commercial enterprises.

The literature is reviewed in order to delineate the nature of the framework under which commercial real estate location, site selection, and development decisions are made. It suggests that these decisions are based on certain priming actions of urban areas, the characteristics and locational requirements of various types of commercial enterprises, and entrepreneurial strategies. The roles of regional shopping malls in the processes of suburbanization and retail decentralization are described, and the primary and secondary impacts they may have are identified.

The focus of the thesis is an empirical study which examines the development of a regional shopping mall located in metropolitan Atlanta--Cumberland Mall--and its influence over the ensuing

construction of commercial enterprises within the periphery. Prior to its development in 1973, the study area was of pioneer market status. Fieldwork revealed that, by March 1981, a total of 84 commercial enterprises existed in the adjacent corridor. This included seven shopping centers, four office parks, one mixed-use development, five large, freestanding retail enterprises, 63 strip commercial establishments, and four other commercial enterprises. Associated with this new development was a rise in the land values of properties surrounding Cumberland Mall, as well as a boom in the numbers of property sales transacted, commercial rezonings granted, and building permits issued since the 1972 announcement of plans for the mall.

Survey research was used to trace the history of locational decisions that were made regarding the development of commercial enterprises within the Cumberland Mall periphery. Personal interviews were conducted between November 1980 and March 1981 with the local public officials who were involved in these decisions, as well as with a sample of the entrepreneurs whose firms had developed commercial enterprises in the study area. The opinions of the interviewees pertaining to the development of the Cumberland Mall corridor as a whole as well as particular commercial enterprises are analyzed.

The local public officials who were interviewed indicated that they had expected the study area to eventually become a very strong commercial center due to the proximity of growing residential areas and the availability of excellent accessiibility resulting from the presence of two Interstate freeways and one U.S. highway. They were pleased but surprised at the rapidity with which such development

occurred. Cumberland Mall was credited with being the catalyst in this phenomenon.

According to the responses of the entrepreneurs who were interviewed, the decisions to develop individual commercial enterprises in the study area were based on the policies and practices of the respective firms, the locational requirements and operational characteristics of the proposed enterprises, and the various features of the study area as well as the vicinity. Of particular importance was the shared versus generative nature of the business of each enterprise. The commercial complexes (including shopping centers, office parks, and a mixed-use development) tended to be more generative-oriented, while the smaller retail outlets were characterized by shared business, thereby exhibiting a greater dependency on the prior existence of a well-established market area. This dependency resulted in a need to be located near other commercial enterprises in order to take advantage of agglomeration and external economies by drawing upon their customer traffic for potential business. Cumberland Mall represented a major source of such traffic. The office parks were noted as deriving fewer benefits from the presence of the mall than the retail enterprises due to the nature of their operations.

The subject entrepreneurs felt that the announcement of plans for the mall or its presence (according to the time when each enterprise was built) was a significant factor in the locational, site selection, and development decisions for their commercial enterprises; and further, that the mall continued to be beneficial. Specifically, Cumberland Mall was influential because of the following: 1) the fact

that it opened up the study area to commercial development by reducing the market uncertainties there; 2) its role as an economic anchor for the vicinity; 3) its luring of similar commercial enterprises, which provided the opportunity to reap agglomeration economies; 4) the identity and prestige it conveyed upon the study area; 5) the high volume of traffic that it generated; 6) its perception as a "bonus" in an already-good area; 7) its role as a nucleus of a growing commercial corridor; and 8) the amenities it offered. In reflection, virtually all of the entrepreneurs were extremely satisifed with the locations and success of their enterprises (although they observed that traffic congestion was getting out-of-hand). The interviewees contended, however, that the influence of Cumberland Mall (and other regional shopping malls in general) must be assessed in the perspective of the existing geographic, economic, demographic, temporal, and real estate market setting. Metropolitan Atlanta was regarded as superior in these aspects during the study period.

The research findings have several urban planning implications. An awareness by planners and other local policymakers of the major secondary (as well as primary) impacts that a new regional shopping mall can have in terms of its ability and tendency to stimulate and accelerate satellite commercial development within its periphery should prompt actions to encourage (or discourage), plan for, and accommodate such development. In addition, a comprehension of the factors considered by entrepreneurs in the locational, site selection, and development decisions made with respect to commercial enterprises, as well as the reasons why regional shopping mall peripheries may be

perceived as desirable for these enterprises, should provide indicators concerning the nature and timing of peripheral commercial development. Plans may then be prepared and policies enacted regarding the following: growth management strategies; impact assessment; phasing of development; land use planning; transportation improvements; the provision of adequate and appropriate community facilities and services; zoning and building regulations; taxation measures; signage and curb cut controls; and performance standards.

PREFACE

The author had a personal interest in the research topic. While living in Kennesaw, Georgia, she witnessed the transformation of a nearby pioneer area of Cobb County into a busy commercial corridor. This phenomenon began with the development of Cumberland Mall in 1973, which was a large regional shopping mall where the author later frequently shopped. It continued with the subsequent construction of various types of commercial enterprises within the periphery. The author was then motivated to attempt to determine the extent to which Cumberland Mall was responsible for influencing these entrepreneurial decisions. This thesis was initiated, therefore, for the purpose of establishing a direct correlation between the development of a new regional shopping mall and entrepreneurial decisions made with respect to the location of satellite commercial enterprises. Although the research represented a lengthy investigation, the author never lost her enthusiasm for the subject.

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VOLUME I

CHAPTER I

INTRODUCTION

A. NATURE OF THE STUDY

The construction of new regional shopping malls in an urban area may often set the stage for the subsequent development of commercial enterprises in their peripheries. This thesis researched the process through which regional shopping malls may accelerate commercial development on peripheral properties. It also examined the motives that entrepreneurs may have for locating commercial real estate enterprises within the vicinity of a regional shopping mall.

The principal method utilized in this research was an empirical study of the progression of commercial real estate development in the periphery of Cumberland Mall, which is a regional shopping mall located in the Atlanta, Georgia, metropolitan area. The mall was constructed in 1972-1973 in the northwest Atlanta area, at the junction of three major highways in southeast Cobb County. Since that time, the periphery has experienced a mushrooming of commercial real estate growth. This growth included several types of commercial real estate enterprises: satellite shopping centers, office parks, a mixed-use development, large, freestanding retail enterprises, and strip commercial establishments. The research traced the history of the development decisions made for these enterprises. It then focused on the viewpoints of the commercial entrepreneurs who were responsible for the location of these enterprises--how and why such development

decisions were made. The latter was determined through personal interviews conducted with a sample of these entrepreneurs.

B. EXPLANATION OF THE PROBLEM

Urban growth occurs through the process of land development. Major land development projects often have substantial primary impacts on the community in terms of social, economic, land use, and environmental ramifications. A real estate venture may also have secondary impacts, in which it acts as a growth inducement stimulus to further development around it, resulting in spillover effects. For these reasons, the proper location of major land development projects is imperative.

Regional shopping malls have played an important role in the urban scene. They may initiate suburban growth by "opening up" areas for development, making real estate investment on peripheral properties attractive. Therefore, regional shopping malls may be regarded as pioneers in their locales, representing springboards for the construction of satellite enterprises around them. When located on infill sites, regional shopping malls may be instrumental in inducing reuse development decisions in their peripheries.

Commercial entrepreneurs may perceive an area as being considerably more desirable for development as a result of the construction of a new regional shopping mall there. The attraction of a tremendous number of people to a mall provides an excellent opportunity for retail establishments located along major routes leading to the mall to capture much "impulse" business from passing motorists (Nelson,

1958, p. 52). Such establishments are known as suscipient businesses, meaning that their existence and success are almost completely dependent upon their location near a large generator such as a regional shopping mall (Claus and Hardwick, 1972, p. 59). The resulting spatial concentration of commercial enterprises, which may take the form of ribbon zones, in turn may benefit each establishment due to agglomeration economies (Mills, 1972, p. 16).

Office parks and mixed-use developments may also benefit from locations proximate to a regional shopping mall. They may capitalize on the good accessibility of their sites and on the prestigious identity which the mall brings to the area.

Local public officials need to be aware of the likelihood of commercial development occurring around new regional shopping malls. Recognition of such a cause-and-effect relationship should foster anticipation of and preparation for such commercial development. An assessment of the growth inducement propensities of proposed new regional shopping malls should help determine whether such projects would be beneficial to the community or whether they should be discouraged or restricted.

An understanding of how and why entrepreneurs react to changes in the urban environment should shed light on the actions they take. A study of the factors which must be considered in the commercial real estate site selection process should foster a comprehension of the reasons why commercial investors might perceive regional shopping mall peripheries as ripe and desirable for commercial development.

C. OBJECTIVES AND RESEARCH QUESTIONS

The primary objective of this thesis was the determination of the influence of the Cumberland Mall regional shopping mall on decisions to develop commercial real estate enterprises in its periphery. The secondary objective, which hopefully would be aided by the realization of the primary objective as well as future research efforts, was the enhancement of the consciousness of planners and local public officials regarding the propensity of regional shopping malls to induce and/or accelerate subsequent commercial real estate development in their peripheries, so that the public sector can be more perceptive of commercial development decisions and their implications for public policy.

The underlying assumption of this research was that regional shopping malls are to some extent responsible for stimulating and accelerating commercial real estate development in their peripheries due to the traffic generated by the malls, as well as the economic anchors they represent to their vicinities, which in turn cause property values of peripheral properties to rise.

The specific research questions which this thesis attempted to address are listed below. The background to the research, as cited in the literature, included a discussion of the roles of regional shopping malls in urban growth and the consequent need to assess their impacts; an identification of the structure, locational requirements, and development of various types of commercial real estate enterprises; and a discussion of the commercial real estate development

process in general. The most important research question, and the focus of this thesis, was Research Question #1, while Research Question #2 acted as a corollary focus of the research. The other research questions are listed in decreasing order of importance. Although both the literature and the empirical study touched on each research question to some extent, some of the research questions were derived or extrapolated from the available literature, while the other research questions were better addressed through the empirical study, as indicated below.

Primary research question:

1. To what extent do regional shopping malls induce or accelerate satellite commercial real estate development in their peripheries? (Primarily from the empirical study.)

Corollary research question:

2. To what extent do commercial entrepreneurs perceive regional shopping mall peripheries as attractive for investment and development of commercial real estate enterprises? (Primarily from the empirical study.)

Secondary research questions:

3. What is the role of local public officials in influencing commercial real estate development decisions in regional shopping mall peripheries? (Primarily from the empirical study.)
4. What implications do commercial real estate enterprises located in regional shopping mall peripheries have on local

public policy, once they are constructed? (Primarily from the empirical study.)

5. What factors are considered by entrepreneurs in the locational, site selection, and development decisions for commercial real estate enterprises which are located in regional shopping mall peripheries? (Empirical study and literature review.)
6. To what extent is traffic that is generated by regional shopping malls beneficial to the profitability of commercial real estate enterprises that are located within their peripheries? (Empirical study and literature review.)
7. To what extent do regional shopping malls affect the land values of peripheral properties? (Empirical study and literature review.)
8. What relationships exist between regional shopping malls and peripheral commercial land use patterns? (Empirical study and literature review.)
9. What factors are considered in regional shopping mall location, site selection, and development? (Empirical study and literature review.)

D. METHODOLOGY

A review of literature relevant to the research subject was conducted. This review served two purposes: 1) it investigated the findings of related studies; and 2) it provided a foundation for analyzing the empirical study.

Areas of research included an identification of the factors which influence commercial real estate development; discussions regarding the structure, locational requirements, and development of various types of commercial real estate enterprises; a description of the development of regional shopping malls and their influence on peripheral commercial development; and an identification of the strategies and procedures utilized by entrepreneurs in the commercial real estate development process.

The purposes of the empirical study were the determination of what commercial development has occurred around Cumberland Mall since its construction, what factors led to these development decisions, and how local public officials were involved. The empirical study was achieved by investigating the history of development decisions made within the study area, and by interviewing some of the persons involved in these decisions in order to determine their reasons for locating commercial enterprises within the periphery of the mall. In addition, the decision-making process for the development of Cumberland Mall itself was researched, and local public officials' involvement in and attitudes toward commercial real estate development activities occurring within the study area were ascertained.

E. CONTRIBUTIONS OF THE STUDY

It is hoped that this study will make a valuable contribution to the existing body of literature on growth-inducement impacts of major land development projects; and that it will provide much-needed research in such areas as impact assessment, the land development

process, regional shopping malls as catalysts of commercial real estate investment decisions, and the influence of local public officials on commercial real estate locational and development decisions.

The findings of this thesis could aid planners and public decision-makers in anticipating the amount, type, and timing of commercial development likely to accompany a new regional shopping mall. This knowledge may help local public officials to be better equipped to assess the impacts of regional shopping malls and the growth potential of their community. Appropriate policies regarding such development may then be formulated and adopted.

It is not to be implied that the findings of this thesis are universally applicable. Rather, it is hoped that this research is one of the first in a series of studies on the subject. Only after such additional studies of other regional shopping mall peripheries are made will it be possible to make any generalizations. Planners and local public officials in a community must decide whether their local conditions are similar to those precipitating the Cumberland Mall area experience, and regard that sequence of events as possible, as opposed to inevitable, in their own community.

Although it is recognized that regional shopping malls also may encourage residential and industrial development within their peripheries, this thesis focused on commercial development. These would be appropriate topics for additional research, however.

F. ORGANIZATION OF THE STUDY

Nine chapters follow this Introduction, of which five are devoted to the literature review. Chapter II identifies the factors which may influence commercial real estate development in general. The structure, locational requirements, and development actions which are characteristic of retail enterprises are identified in Chapter III, while those characteristic of commercial complexes (shopping centers, office parks, and mixed-use developments) are identified in Chapter IV. Regional shopping malls are discussed in Chapter V, including their development and their influence on the construction of satellite commercial enterprises. The last chapter in the literature review is Chapter VI, which describes the strategies and procedures utilized by entrepreneurs in developing commercial real estate enterprises.

The empirical study comprises three chapters. Chapter VII first gives an introduction to the empirical study, then furnishes background socioeconomic information about the study area, which provides a setting for the ensuing discussion of the commercial real estate development that occurred within the Cumberland Mall corridor during the study period. Historical and statistical reviews are made in Chapter VIII of the commercial development activities that took place within the study area just prior to as well as since the opening of the mall in 1973. The results obtained through the interviews conducted with a sample of entrepreneurs who have built commercial

real estate enterprises within the Cumberland Mall periphery are presented and analyzed in Chapter IX.

Finally, Chapter X summarizes the research findings, compares the findings of the empirical study with those of the literature review, identifies the implications of these findings, and offers suggestions for further research.

CHAPTER II

FACTORS WHICH INFLUENCE COMMERCIAL REAL ESTATE DEVELOPMENT

In order to comprehend the rationale behind commercial real estate development decisions, it is necessary to gain an insight into the various factors which influence them--what they are, how they operate, and how they set the stage for commercial real estate development activity. Interrelationships between urban economics, site accessibility, land values, location, and land use provide a good general framework for the analysis of commercial real estate development decisions, and have been studied in detail by many authors (Alonso, 1964; Barlowe, 1978; Brown, Applebaum, and Salmon, 1970; and Isard, 1956). Eight types of factors which contribute to commercial real estate development have been identified and are discussed in this chapter. They are: 1) the urban commercial land market; 2) accessibility and priming actions; 3) transportation and traffic; 4) land values and land rent; 5) location and land use; 6) urbanization and suburbanization processes; 7) commercial decentralization; and 8) decision-makers in commercial development.

A. THE URBAN COMMERCIAL LAND MARKET

Several factors exist which may cause raw urban land to become economically desirable. Raleigh Barlowe has written in this regard:

> Land resources become a matter of economic significance whenever man shows sufficient interest in them to actually use

> them and whenever he exhibits a demand for their use, places a value upon them, or indicates willingness to undertake the costs involved in their development. The economic supply of land resources is responsive to price and demand factors, and it reflects the scarcity or abundance of physical land resources, their relative accessibility, and their general use-capacity (Barlowe, 1978, p. 22).

The urban land market is shaped by a series of land development decisions. These decisions represent actions based on personal and group-held values, attitudes, and behaviors. F. Stuart Chapin explained:

> Looking at the complex result, the mass impact on the land of the actions that grow out of these values of many individuals and groups, we may think of these actions in two categories, what we shall call "priming actions" and "secondary actions." We may conceive of land development as a consequence of certain priming actions which pre-condition and establish the broad framework for the mass of secondary actions that follow and make up the bulk of the pattern observed (Chapin and Weiss, 1962, p. 431).

The supply of land for economic use is dependent upon both site quality and site situation. An individual site is the smallest operating unit of potential real estate, and the arrangement of sites forms the urban land use pattern. A site is regarded in purely physical terms until some economic attributes are ascribed to it. Site quality is "the ability of a retail site to perform the function for which it was designed, measured in terms of facilities and layout of the site itself." Site situation, on the other hand, usually refers to the potential ability of a site to meet some human social or economic needs. It may refer to a defined parcel of lot, including any existing structures as a part of the site (Claus and Hardwick,

1972, pp. 55, 58). Both buyers and sellers of real estate property usually attach some economic importance to a site before they enter the market to negotiate transfer of such property.

In addition to entrepreneurial perceptions of site quality and site situation, the demand for land for economic use is generally recognized as being determined by several other factors. These include regional economic trends and forecasts, the willingness and abilities of potential real estate buyers to purchase land, the influence of competitors, and the extent of the local population's need for and capacity to consume the land use proposed for a specific site.

B. ACCESSIBILITY AND PRIMING ACTIONS

Accessibility is often regarded as a major determinant of land development, and is an important criterion used by firms in locating sites for new enterprises. In general, accessibility "is a function of the amount of time and inconvenience involved in reaching a particular destination. . . ." (Claus and Hardwick, 1972, p. 7).

Other more explicit definitions have been given:

> Accessibility involves the location of a land resource, its position with respect to markets and transportation facilities, and its site in relation to other land resources. It involves transportation and communication costs and time-distance considerations (Barlowe, 1978, p. 15).

> Accessibility . . . reflects lines of least resistance in overcoming the frictions of distance separating buyer from seller. Hence, the special pattern assumed by the hierarchy obviously relates to the pattern of movement and traffic flow within a city (Garner, 1966, p. 17).

Land may be perceived as being more accessible as a result of certain priming actions, or growth shapers, which pave the way for further development. Land values of newly-accessible sites tend to rise considerably as land becomes more desirable. A thorough discussion of growth shapers of land development was presented by Urban Systems Research and Engineering, Inc. in The Growth Shapers (Urban Systems Research and Engineering, Inc., 1976).

One type of priming action is infrastructure investments, including those made for transportation, water lines, sewerage, airports, mass transit, drainage, fire protection, and other public facilities. They may have profound influences on development:

> . . . growth seems to be created by the installation of new infrastructure; actually, the infrastructure merely concentrates growth which might otherwise have been located elsewhere in the region. . . .
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> . . . . . .
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> Infrastructure investments can lead to local increases in demand for development or reductions in development costs, and thus create a strong incentive for developers to locate their projects nearby. . . .
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> . . . . . .
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> Infrastructure affects demand for development by changing the attactiveness of a specific area for a particular kind of development, or by changing its access. . . .

The installation of sewer lines in an area affects land use by increasing the supply of developable land (Urban Systems Research and Engineering, Inc., 1976, pp. 5, 18, 20, 52; quotes from pp. 5, 18, 20 respectively).

Other types of priming actions besides infrastructure investments may improve site accessibility. Population growth in suburban areas could cause entrepreneurs to regard certain sites as being more

accessible to potential markets than they were previously. The construction of such enterprises as large entertainment establishments, industrial parks, or regional shopping malls might be considered as secondary actions, or as priming actions themselves for subsidiary development. Some commercial enterprises need to be accessible or proximate to specific markets, to similar enterprises (agglomeration economies), or to the presence of a large volume of traffic already in the area (Wingo, 1961, p. 24).

C. TRANSPORTATION AND TRAFFIC

Transportation and the presence of traffic play major roles in determining the distribution of economic activities and the range of land values. Resistances to movements in space, referred to as the friction of space, may be reduced by some means of transportation (Haig, "Toward and Understanding of the Metropolis," 1926, p. 185).

Highway improvements may precede or follow land development and population movement toward an area:

> If the potential for growth is low, highways will not change it. If large amounts of growth are occurring already, building a highway will make little difference. The important case is where a highway makes an area with high growth potential significantly more accessible to potential tenants and residents (Urban Systems Research and Engineering, Inc., 1976, p. 35).

Accessibility of property to highways and transit routes may have a profound effect on their land values. William C. Pendleton explained:

> Highway improvements have value because they increase the accessibility of the land they serve, . . . Because land buyers are willing to pay for savings in vehicle-operating costs, time, and other components of accessibility, the value of these expected future benefits is capitalized into land prices. Thus, changes in land values over time or differences in land values at a point in time can be expected to reflect differences in accessibility, . . . (Pendleton, 1963, p. 14).

Commercial development is likely to occur at the juncture, or zone of conflux, of two major traffic-bearing arteries. This is because accessibility to traffic at such a location is optimum, and only commercial and industrial uses can afford to pay the economic rent which those sites command (Claus and Hardwick, 1972, p. 9). A circumferential freeway is often one of the arteries in a zone of conflux. Instead of by-passing a city, a circumferential then acts, ironically, as an inducement to a leapfrogging of development, resulting in suburban sprawl. The demand for land for commercial uses usually occurs at interchanges, where the excellent accessibility makes such property highly desirable for the location of regional shopping malls.

Traffic is ". . . the movement of vehicles transporting persons and objects whose movement is required for the interaction of establishments and individuals" (Mitchell and Rapkin, 1954, p. 16). According to W.R. Blunden:

> ". . . traffic is the joint consequences of land-use potential and transport capability. . . . neither land-use nor transport on its own can cause or generate traffic and traffic is, in fact, the medium in which both find expression. . . . (Blunden, 1971, pp. 1-2).

Strip urban development, or ribbon zones, and commercial clustering are likely to form as land along major highways becomes more accessible. This seems to be particularly true at cross streets and access roads to interchanges (Urban Systems Research and Engineering, Inc., 1976, pp. 28, 30-31):

> Strip urban development is the phenomenon in which the use of some artery of transportation results in rural land use along the route being gradually converted to non-agricultural uses in a linear pattern. . . .
>
> . . . . . .
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> It is a well known fact that the increasing number of automobiles has had the tendency of increasing the number of businesses along highways (Gould, 1969, pp. 7-8).

Thus far, it has been difficult to study strip urban development because the areas are very long and narrow; because they do not usually conform to census divisions; and because they are partially urban and partially rural (Gould, 1969, pp. 7-8).

Both land values and the degree of commercial development that occurs are contingent upon the traffic intensity on the traffic arteries, as well as on the extent of accessibility available (Garner, 1966, p. 21). Potential commercial development, however, requires not only the presence of a large volume of tafffic, but also a proximity to residential areas which support the commercial market (Urban Systems Research and Engineering, Inc., 1976, p. 32).

The type of transportation charactertistics available in a locality may cause a particular site to be considered ideal for a certain type of retail establishment. These characteristics include traffic volumes, speeds, and patterns; type of transportation artery;

intersection characteristics; street position and site frontage; and potential site access. Coupled with a proximity to a ready market of potential customers, the presence of desirable transportation characteristics at a site may enable it to be regarded as being in the precise position for capturing the maximum amount of available business potential. Such a position is often referred to as a trapping point, which is defined as "that place at which the obstacles to entrance to a particular site are minimized and the inducements to enter the site are maximized" (Claus and Hardwick, 1972, pp. 143-144).

D. LAND VALUES AND LAND RENT

The land values of real estate properties and the subsequent land rents they are able to command reflect locational attributes. James A. Quinn stated: "Land values . . . affect, as well as reflect, the struggle for location within the metropolis" (Quinn, 1950, p. 449). Land uses then occur according to their rent-paying abilities.

Land values are traditionally thought to be determined by such things as accessibility, general location, proximate land uses, and the current market situation. However, economic value, and by extension land value, is really a function of a property's utility, or its use to its owner, its scarcity in supply; and the degree to which it is appropriable, or capable of possession and transfer (Ring, 1970, p. 10). In addition, Raleigh Barlowe stated in Land Resource Economics:

> Far from being something that is fixed for each type of property, economic value is really a subjective concept that is dependent on the desires of people to possess and use property objects and upon their ability and willingness to offer money or other considerations in exchange for the privilege of ownership or possession (Barlowe, 1978, pp. 323-324).

The most valuable sites in an urban area have traditionally been located in the Central Business District and around important transportation intersections or interchanges.

Major positive changes in the land value of a site are likely to occur as a result of one or more actions: its access is upgraded; utilities are extended to it; it is rezoned; it is subdivided; it is annexed; and/or development occurs nearby (Real Estate Research Corporation, 1974, p. 189). In general, it may be said that land "has value because of the revenue which may be expected from structures built on the land now or in the future" (Darin-Drabkin, 1977, p. 241).

Land rent may be defined as "the price of the services yielded by land during a specific time period, . . ." (Mills, 1972, p. 38). Raleigh Barlowe believed that it is "the economic return that accrues or should accrue to land for its use in production." Land and real estate resources, he said, "have a current market value equal to the present value of their expected future land rents." This can be measured by their use capacities, which are functions of land quality and relative site accessibility. Sites usually produce high land rents if they are located in areas of high land quality and high accessibility (Barlowe, 1978, pp. 162, 180, 185; quotes from pp. 162, 180 respectively).

Many volumes have been devoted to theories of land values, land

rent, and the economics of urban land. The earliest theories, such as those advanced by J.H. von Thünen, involved agricultural land (von Thünen, 1826, third volume and new edition 1863). Alfred Marshall identified situation value and site value. Situation value, he said, is the total of the monetary values of the situation advantages of a site; while site value represents the price a piece of property could receive in a free market without any improvements erected on it, and is the sum of the property's situation value plus its agricultural rent (Marshall, 1916, pp. 445-450).

Other notable theories of land values and land rent have been presented. Robert M. Haig defined land rent as "the charge which the owner of a relatively accessible site can impose because of the saving in transport costs which the use of his site makes possible" (Haig, "Understanding the Metropolis, Part II," 1926, pp. 421-423). Richard M. Hurd summarized:

> Since value depends on economic rent, and rent on location, and location on convenience, and convenience on nearness, we may eliminate the intermediate steps and say that value depends on nearness (Hurd, 1903, p. 11).

E. LOCATION AND LAND USE

Locational attributes of sites, along with social, economic, and institutional influences, determine the types of land uses for which they will be utilized, which in turn determine the urban development pattern. William Alonso's Location and Land Use was an extensive study in this vein, focusing on residential development (Alonso, 1964, p. 5). In many cases, said Haim Darin-Drabkin, there

is stiff competition for the most desirable land, especially where available land for development is scarce. This is reflected by a bidding process for the acquisition and use of these sites and a corresponding rise in their land values (Darin-Drabkin, 1977, pp. 1-2).

The transportation characteristics of a site may affect land use as well a land values, according to Mitchell and Rapkin in Urban Traffic: A Function of Land Use:

> . . . a change in the amount of daily movement or in the facilities for it, or an expected change in the traffic at a particular site, has a considerable effect on the locational pattern of the land uses (Mitchell and Rapkin, 1954, p. 3).

Lowdon Wingo, Jr., in Transportation and Urban Land, said that accessibility as a quality of location determines not only the types of land uses to occur, but also their intensities (Wingo, 1961, p. 26). Relationships between transportation and land use have also been explored by W.R. Blunden in The Land Use/Transport System, Paul F. Wendt in Forecasting Transportation Impacts Upon Land Use, and many others (Blunden, 1971; and Wendt, 1976).

Location with respect to markets and the proximity of certain beneficial establishments also help dictate land use patterns, as discussed in Chapters III and IV.

Prospective land uses bid for available sites based on their locational advantages, according to Alfred Marshall. That use which is likely to realize the most profitable outcome usually makes the highest bid and will secure an individual site (Marshall, 1916, p. 4).

This bidding process occurs in somewhat of a trial-and-error fashion, since adjustments are continually made in line with market vagrancies and as uses compete for the control of certain sites. The concept of highest and best use is pertinent here:

> Land resources are at their highest and best use when they are used in such a manner as to provide the optimum return to their operators or to society. . . . Real estate is ordinarily considered at its highest and best use when it is used for that purpose or that combination of purposes for which it has the highest comparable advantage or least comparable disadvantage relative to other uses (Barlowe, 1978, pp. 16, 89, 313, quote from p. 16).

Closely related is the term, 100 percent spot. This is regarded as the site which supposedly offers the greatest potential for profitable use. It is usually accompanied by the highest site value and highest rent in the urban area. For commercial establishments, this would probably be the spot having the greatest flow of prospective customers. Until recently this was thought to be the Central Business District, but sites near major transportation junctions have assumed that identity in some urban areas (Barlowe, 1978, pp. 311, 313).

The future use of an undeveloped parcel of land is dependent upon its land-use capacity, which is the "relative ability of a given unit of land resource to produce a surplus of returns and/or satisfactions above cost of utilization." Land-use capacity consists of accessibility and resource quality. The latter represents "the relative ability of a land resource to produce desired products, returns, or satisfactions." The land-use intensity of a real estate

site is "the relative amounts of capital and labor combined with units of land in the productive process" (Barlowe, 1978, p. 155).

Establishments act as bases of operation for activities, and may be regarded as units of land use. They represent "individuals or groups occupying recognizable places of business, residence, government, or assembly within or upon units of land." Locational requirements of establishments vary according to the types of activities they represent (Mitchell and Rapkin, 1954, p. 14).

Land economists generally believe that economic forces mold the most efficient land use pattern. Richard U. Ratcliffe theorized that land uses possess rent-paying abilities for particular sites, which determine the efficiency of land utilization (Simmons, 1964, p. 18). According to William Alonso:

> . . . the market will be in equilibrium when (1) no user of land can increase his profits or satisfaciton by moving to some other location or by buying more or less land and (2) no landlord can increase his revenue by changing the price of his land (Alonso, 1964, p. 11).

Several theories of the layout of specific land uses in an urban area have been advanced. The most notable of these included the concentric zone theory, the sector theory, and the multiple nuclei theory (Hall, 1966; Burgess, 1929, p. 19; Fisher and Fisher, 1954, p. 311; and Harris and Ullman, 1945, pp. 14-15).

F. URBANIZATION AND SUBURBANIZATION PROCESSES

Urbanization and suburbanization processes are more than just a summation of individual development decisions. Several overall forces

and patterns are at work, which are both instigators and results of these individual decisions. Many different theories and models of regional growth have been presented, and were reviewed by Harry W. Richardson in Regional Growth Theory (Richardson, 1973, pp. 14-50 p-passim).

Perloff and Wingo identified five basic elements which largely determine the rate and direction of development. These are human resources, natural resources, private capital, public capital, and organization tools available in a community at any point in time (Perloff and Wingo, 1970, pp. 276-279). Infrastructure investments may act as priming actions, as discussed earlier. The influence of the automobile on urban development and form is well-known. Changes in lifestyles and social values may precipitate new development trends and directions. Environmental factors often present constraints to development at particular sites. Perceptions and actions by individuals, institutions, and government have far-reaching consequences in many cases. The economic climate of an urban area, as well as that of the nation, may promote or repress new development. Businesses and industries may gravitate toward labor, supplies, or markets. In the latter case, establishments will appear in the market trade area or hinterland.

Two important studies examined urbanization and suburbanization trends over extended periods of time. In their article, "Land Development Patterns and Growth Alternatives," Chapin and Weiss reviewed land development patterns occurring in the Five Cities Cluster of North Carolina, and identified certain evident priming and

secondary actions which took place there (Chapin and Weiss, 1962, pp. 430-431). Grace Milgram traced the development of a rapidly-growing area in Northeast Philadelphia which occurred over an 18-year period. She concluded that an area is "ripe" for development whenever certain population and economic forces are present, and that high land prices are a predictable prelude to urban sprawl, since "the greatest increase in value was produced by the possibility of more intensive use, . . ." (Milgram, 1967, pp. 1-2, 7; quote from p. 7).

Suburbanization may occur as a result of many things: economic and population growth in urban areas; construction of expressways; new building forms; new retailing and marketing techniques; the formation of new households; the shift in emphasis of the Central Business District from a retailing center to a professional office center; the lack of vacant land in the central city; and a desire for the environmental amenities of outlying areas.

Consequently, the compact city may transform into a looser urban region, in which freeways often provide the only links between areas. Fewer trips are made downtown as newer patterns of movement to and within suburban areas emerge (Simmons, 1964, p. 1). Specialized foci of activity are created, and they generate trips for specific purposes rather than multi-purpose trips (Simmons, 1964, p. 150).

An extensive study of the suburbanization process was performed by Marion Clawson in his Suburban Land Conversion in the United States, in which he examined the changing pattern of land uses on the suburban fringe. He found that:

> The nature of the suburban land conversion process in any metropolitan area depends upon its speed. Rapid population and economic growth of a metropolitan area, with a consequent rapid suburban land conversion, leads to frantic activity in the land market, to steeply rising land prices, to a much more active speculation in land, and to a more evident inadequacy of public processes involved in suburban expansion. Slow population and economic growth leads to quite different processes. . . .
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> . . . . . .
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> Externalities and interdependencies in land use affect the use and value of each tract of land more than do actions within each tract (Clawson, Suburban Land Conversion in the United States, 1971, p. 6).

G. COMMERCIAL DECENTRALIZATION

Commercial decentralization has played an important role in the suburbanization process. In Marketing Geography, Ross L. Davies identified four basic causes of retail decentralization:

1. Changes in the spatial composition of consumers--Urban population growth caused shifts in the locational patterns of different socioeconomic groups. The movement of middle- and upper-income groups to the suburbs made such locations desirable for businesses also.
2. Changes in shopping habits and consumer tasks--Weekly shopping trips replaced daily shopping trips, giving rise to larger shopping centers.
3. Changes in the scale economies of businesses--Larger store size required different locations in order to serve wider trade areas, including better accessibility and more land. Suburban sites offered these advantages, plus carried lower land rent prices.

4. Changes in the channels of business interaction and distribution--Retail establishments no longer were as dependent on wholesaling facilities, due to better delivery methods. The result has been a weakening of the business linkages which created inner city business clusters (Allpass, 1965, pp. 170-173).

Similar reasons were discussed by Cox and Erickson in Retail Decentralization, and by Brian J.L. Berry, who studied changes in commercial structure in Chicago in his Commercial Structure and Commercial Blight (Cox and Erickson, 1967, pp. 41-49; and Berry, 1963).

New urban expressways have produced desirable commercial sites for small retailers; and for larger retailing ventures such as shopping centers and discount houses, office parks, and mixed-use complexes most recently. Strip commercial establishments require good visibility and high traffic areas, and tend to cluster in ribbon zones. Shopping centers and discount houses are often seen at major transportation junctions, where they can draw from a wide trade area. Office parks are prominent in suburban areas at freeway interchanges, due to a scarcity in available land downtown and a desire of business executives living in the suburbs to be near their places of employment. In recent years, mixed-use developments have also been constructed at suburban freeway interchanges, where they have regionwide access.

Much retailing has been oriented to the automobile, producing linear retailing patterns and specialized retailing modes at major intersections. This includes establishments such as convenience

stores, gasoline stations, motels, car washes, banks, and fast food restaurants. These establishments depend to a large extent on impulse business, and require high traffic volume locations for survival. The size of their market areas are determined by the range for each type of good or service. Claus and Hardwick analyzed automobile-oriented retailing in detail in The Mobile Consumer (Claus and Hardwick, 1972, p. 7).

Retail outlets have tended to form clusters in numbers proportionate to urban size. Both the number and size of multiple retail centers, which are concentrations of retail stores having at least one major generator, have been correlated with SMSA size, as measured by sales volume (Noble, Bush, and Hair, 1976, pp. 143-144).

Cohen described the rise in importance of planned shopping centers:

> . . . by the mid-1930's, the concept of planned shopping center, as a concentration of a number of businesses under one management and with convenient parking facilities, was well known and was thought to be the suitable means of serving the growing market of mobile consumers. Furthermore, it became universal knowledge that in order to capture the new suburban markets, entrepreneurs have to locate in the suburbs (Cohen, 1972, p. 28).

One source claimed, however, that suburban shopping malls did not really become important in the United States until after 1948 (Scott, 1970, pp. 17-20).

More recently, regional shopping malls have appeared as major elements of suburban land use. Michael S. Noble et al. believed that the "shopping trip is second only to the journey to work as a crucial

determinant in structuring the pattern of spatial activity of contemporary urbanites" (Noble et al., 1976, p. 143).

All suburban commercial development is one of two types, according to Bart J. Epstein--consequent catalytic sprawl, or catalytic commercial sprawl. He described consequent commercial sprawl as consisting of enterprises which make locational decisions in response to an established market, which are relatively small both in size and in sales impact, and which may either cluster in small shopping centers or spread individually along highways. Catalytic commercial sprawl, on the other hand, consists of enterprises that are larger in size and locate where market potential is perceived rather than already established. They may locate where sizable residential growth has recently occurred, or may be pioneers in an area, around which consequent-type enterprises spring up (Epstein, 1967, pp. 94-95, 97). John McMahan has provided some good definitions of the types of retail goods and services, the types of potential retail demand, and the types of retail facilities (McMahan, 1976, pp. 153-157). These subjects are discussed more fully in Chapters III and IV.

H. REAL ESTATE DEVELOPMENT DECISION-MAKING ACTIVITY

Real estate development decision-making activity determines if and when development will occur, who is involved and how, what factors dictate the final form of development, how successful the project will be, and what impacts will result. This section will stress the importance of real estate development decisions, describe the decision-making environment, identify the actors involved in real estate

development, and discuss various public policies which may influence commercial development. The actual decision-making process used by entrepreneurs is discussed in Chapter VI.

Importance of Real Estate Development Decisions

The construction of a real estate development project may have profound social, economic, and governmental implications. A large project may alter lifestyles, generate tax revenues, and/or require governmental investments to accommodate it. Even when individual projects are relatively small in size, Roscoe C. Martin et al., in Decisions in Syracuse, emphasized the importance of the aggregation of such developments:

> . . . the sum total of their impact clearly determines many of the basic conditions of urban existence. The aggregation of decisions concerning residential, commercial, and industrial development both reflect public and private policy and in turn influence patterns of growth and change, thus shaping the entire social, political, and economic environment (Martin et al., 1968, pp. 294-295).

The implications of land development decisions are great because they "often freeze the uses made of the land areas . . . for periods up to and beyond the expected economic life of the development" (Barlowe, 1978, p. 192). However, if the initial use proves to be unprofitable or is no longer in demand, the property will be put to a new use by the highest bidder, in absence of any intervening forces. A succession in land use is then said to have occurred (Barlowe, 1978, p. 193).

Martin et al. also pointed out the vast potential of real

estate projects to present benefits and losses to "third parties." A real estate project may preserve or change the character of a neighborhood, alter surrounding property values (Martin et al., 1965, p. 297), cause a shift in traffic patterns, require governmental action, or act as an inducement to further development. The latter may be regarded as a secondary impact.

Decision-Making Environment

The environment in which decision-making occurs helps determine the nature and frequency of decisions ultimately made. William Wheaton, in his article, "Public and Private Agents of Change in Urban Expansion," provided a good summary of the environment in which decision-making regarding urban development takes place:

> Metropolitan areas grow and take their peculiar form as the result of decisions to invest by public, private, and nonprofit agencies of widely varying types . . .
>
> The controlling criteria for these decisions are market facts or their absence, professional standards, and value judgments sometimes of political nature. . . . In addition, current decisions are influenced by past decisions . . . Neither private or public systems of power can alter investment decision processes substantially, except under crisis conditions. . . . the modification or guidance of growth to achieve planned development patterns depends upon the provision of market data to those who decide, and the achievement of agreed-upon standards between the operative professions and bureaucracies (Wheaton, 1964, pp. 154-155).

It should be remembered that the free enterprise system prevails in the United States. Herein lies the reason why no centralized or uniform control over metropolitan real estate development is vested in any public authority, said Martin et al. They elaborated:

> Ours is an economic system in which the great bulk of activity is conducted in the private sector, with public authority providing a framework of regulations. This is the case with urban real estate development. Business firms initiate the action; public authority, reacting to the needs or desires of private interests, responds to restrain, modify, or implement private decisions. With notably few exceptions, in real estate development the private firm provides the initiative to which public agencies respond (Martin et al., 1968, p. 295).

Three major types of decision factors provide the framework within which decision-making concerning real estate development occurs in a specified urban area. These include contextual factors, decision agent characteristics, and site characteristics (see Figure II-1). Socioeconomic factors and public policies are the two components of contextual factors. Decision agent characteristics include characteristics of developers, landowners, and consumers. Site characteristics can be broken down into headings of physical, locational, and institutional characteristics (Barlowe, 1978, p. 192).

Actors in Real Estate Development

Many types of actors--both private and public--are involved in the real estate development process, and each makes an important contribution to the final project. A decision chain among the parties involved in a real estate development project was recognized by Wheaton. He believed that a failure of just one link will mean the downfall of the entire development system (Wheaton, 1964, pp. 154-155, 171).

Classifications systems of actors involved in real estate development were offered by Clawson and by Martin et al. (compiled in part by material drawn from Clawson, Suburban Land Conversion in the

CONTEXTUAL FACTORS

Socioeconomic Factors

- Geographic location
- Economic structure and growth prospects
- Community leadership
- Local housing market
- Local development industry
  - Concentration
  - Competition
- Psychology of the times

Public Policies

- Federal
- State
- Local
  - Investment and service
    - Transportation
    - Water and sewer
    - Schools
    - Community maintenance
  - Regulatory
    - Subdivision regulations
    - Zoning
    - Land use plan
    - Annexation
  - Tax

DECISION AGENT CHARACTERISTICS

Developer Characteristics

- Type of firm
- Scale of operation
- Entrepreneurial approach
- Life cycle of firm

Landowner Characteristics

- Place of residence
- Type of landowner
- Financial position
- Reason for holding land

Consumer Characteristics

- Life cycle
- Family status
- Education
- Income

SITE CHARACTERISTICS

Physical Characteristics

- Tract size
- Topography
- Soil conditions
- Ground cover

Locational Characteristics

- Social location
- Accessibility to urban activity places
- Proximity to existing development
- Visual quality of approach
- Proximity to incompatible uses

Institutional Characteristics

- Governmentally imposed boundaries
  - Water and sewer service
  - Zoning regulation
  - Subdivision regulation
  - School district
- Land ownership patterns
  - Size of parcels under individual ownership
  - Market availability of parcels
  - Terms of availability

Figure II-1. Development Decision Factors.

Source: Shirley F. Weiss et al., Residential Developer Decisions: A Focused View of the Urban Growth Process (Chapel Hill, N.C.: University of North Carolina, Center for Urban and Regional Studies, Institute for Research in Social Science, April 1966), pp. 13, 15, 18, tables 1-3. Used with written permission from the author.

United States, 1971, pp. 101-104, and Martin et al., 1965, pp. 301-311). Drawing upon these two sources, a new classification system can be devised which better suits the purposes of this thesis, as listed below. A brief discussion describing the role of each actor follows.

Private actors

1. Pre-Development Landowners.
2. Land Speculators.
3. Developers.
4. Development Consultants (law firms, real estate firms, market analysts, site planners, engineers, architects, financial institutions, etc.).
5. Builders.
6. Management Firms.
7. Consumers of the Finished Project (property owners, residents, tenants, organizations, the general public, etc.).
8. Secondarily Impacted Parties (citizen groups, adjacent property owners, nearby enterprises, other entrepreneurs, etc.).

Public actors

1. Elected Governmental Officials (federal, state, local).
2. Non-elected Governmental Officials (local and regional planning commissions, chamber of commerce, advisory grups, etc.) (Clawson, Suburban Land Conversion in the United States, 1971, pp. 101-103).

Private actors.

Pre-development landowners. Astute landowners continually evaluate the changing market conditions so that they can sell their property at the highest possible price (unless they develop the property themselves). Market demands, prevailing market prices, and surrounding development all determine the price a piece of property can command.

Land speculators. Individuals or firms may invest in land and hold it until the market indicates that it is ripe for development, thus making it profitable to sell or develop the land. Speculators must determine the type of prospective land use which would make the highest bid for the property. Meanwhile, the land appreciates in value, especially where land is scarce, demand is high, or development activity is strong. A high price can then be acquired for the property.

Developers. The developer of a particular project may be a single firm, a franchise, or a cooperative effort by many firms and agencies. In the latter case, one party usually oversees the entire project. Large development projects are usually undertaken by well-established real estate firms. The individuals involved may be of diverse backgrounds. While large real estate projects may serve many community needs and provide many benefits, it should be kept in mind that, from a developer's point of view, real estate development "for a private market is first, last, and all the time a business operation, conducted for profit, and the merit of decisions is always

judged by their effect upon profit" (Clawson, Suburban Land Conversion in the United States, 1971, pp. 58-59; quote from p. 59).

Martin et al. pointed out that some developers, known as speculative builders, are unfavorably regarded:

> The relatively free entry into the construction game invites developers who are known as "speculative builders," a phrase that carries a sense of opprobrium in the minds of many local government officials. The speculative builder, moving into and out of the industry in response to changing market conditions, is often regarded as the villain of the piece. He competes with established firms which are both more permanent and more responsible. Operating on a thin financial margin, he is held to be the natural enemy of building codes and zoning regulations. He makes life miserable for local officials, lacks a sense of social responsibility, and occasionally defrauds purchasers (Martin et al., 1968, p. 296).

Larger firms having established reputations also can be regarded unfavorably. Martin et al. continued:

> The large, established firms are also thought by some to be enemies of orderly development. Here the popular image is that of a manipulator, an operator, one who can persuade local government officials to overlook the regulations (Martin et al., 1968, pp. 296-297).

Development consultants. While the developer oversees a real estate project, many consultants may need to be called upon to handle various aspects of the project. This may include law firms, real estate firms, market analysts, site planners, engineers, architects, financial institutions, and others. They are thus advisors to the developer.

Builders. Although builders have a relatively small role in the development decision-making process, they are responsible

for meeting construction deadlines and ensuring that quality structures are built.

Management firms. Once a real estate project is completed, a management firm may be hired temporarily or permanently to promote the project, seek tenants, and maintain the property.

Consumers of the finished project. Depending on the nature of the project, the consumers may be property owners, residents, tenants, organizations, the general public, and others. The developer's goal is to meet their needs and desires.

Secondarily affected parties. The impacts of real estate development projects on secondary parties is often not anticipated, much less understood. Such parties may include citizen and neighborhood groups, adjacent property owners, nearby establishments, other entrepreneurs, and others.

Citizen and neighborhood groups may be concerned over the impacts of a project on the character of a neighborhood, while adjacent property owners likely will be concerned with noise and the impacts of the project on their property values. Such concerns may become fierce, as Martin et al. contended:

> In suburban America it is possible to arouse overnight a more intense interest among citizens in the proposed location of an arterial highway or the threatened construction of an apartment building than over issues of war and peace (Martin et al., 1968, p. 306).

However, they usually do not become vocal until some specific issue of concern is at stake.

Nearby business might experience a rise or decline in their

sales due to a new real estate development project. Other entrepreneurs, observing the success of a new project, may be motivated to construct one of their own in the same area. The latter two phenomena are the focus of this thesis.

Martin et al. emphasized the secondary impacts-producing potentials of real estate projects: "The pervasive character of real estate development that marks it off from many other types of private activity is the overriding presence of benefits and losses to third parties" (Martin et al., 1968, p. 297).

Public actors.

Elected governmental officials. Policies, laws, regulations, and investment actions originating at federal, state, and local levels all may have potential effects on a real estate development project. At the local level, three prevalent characteristics of government as they relate to private development were recognized by Martin et al.: 1) its jurisdictional fragmentation, 2) its fiscal inadequacy, and 3) the existing pattern of "commingled" public and private interests. Local government may welcome commercial and industrial developments with open arms due to the tax revenues they will generate, but may require some coaxing to provide community services to new residential development projects (Martin et al., 1968, pp. 297-299).

Nonelected governmental officials. Many nonelected governmental officials can have great influence on prospective development. Members of the local planning commission and zoning

board have much say in where and when development will be permitted, and regional planning agencies may also be influential. Chamber of commerce officials often expend considerable efforts to attract new industrial development and stimulate downtown reinvestment. Advisory groups and others may also be influential.

Local Governmental Actions Which Influence Commercial Development

Governmental decision-makers at the local level make many decisions which may affect potential real estate development projects. Actions taken generally relate either to capital investments, regulation measures, or taxation policies. Local government can influence development in many ways. Some of its actions and policies indirectly influence development, while others are enacted specifically to affect development--to control, regulate, encourage, or discourage it.

A list of land policy measures available to local public officials, grouped by three basic types, have been identified and described by Haim Darin-Drabkin, as listed below (Darin-Drabkin, 1977, pp. 186-188).

1. Legal measures influencing private land decisions
   --Land use planning.
   --Zoning controls.
   --Subdivision regulations.
   --Allocation of land for different urban uses by fixing standards for collective needs according to population. Development schemes for specific time periods, using zoning measures.

--Concentrating public infrastructure investments in some areas to encourage development, while placing a "freeze" on land transactions in areas designated for future development.

--Obtaining the first right of refusal to purchase land from certain landowners.

--Expropriation and compensation actions.

2. Taxation methods

--Property taxes.

--Imposing a special tax on vacant land planned for urban use but held for speculative reasons by the landowner.

--Evaluation methods and procedures.

3. Land acquisition by public authorities

--Infrastructure works to increase the supply of land ripe for development.

--Land acquisition to carry out planned development schemes, both short-range and long-range.

--Land acquisition to reserve land for future urban development (Darin-Drabkin, 1977, pp. 186-188).

Raleigh Barlowe has devised a list similar to Darin-Drabkin's for improving urban land-tenure and land use conditions. He stated that successful land policies and practices must operate within a threefold framework: 1) physical and biological practicability; 2) economic feasibility; and 3) institutional acceptability. The latter condition means that policies must be legal; they must be

politically, culturally, and socially acceptable; and they must be administratively workable (Barlowe, 1978, pp. 6, 550-551 passim).

Capital investments. The effects of infrastructure investments in inducing development was discussed earlier in this chapter. Public officials often are not aware of the propensity of such investments to bring about land use changes--changes which may prove to be deleterious in the long run. The secondary impacts produced may take the form of development occurring at an undesirable time and place, which forces a hasty provision of public facilities and services to those areas.

Public officials need to foresee the probable consequences of these decisions before they are made, instead of having to resort to corrective measures after undesirable development has occurred: "the direct local benefits provided by infrastructure may be seriously reduced or even outweighed by indirect impacts resulting from changes in local land use." An estimation of development likely to take place in an area where infrastructure investments are considered may be made by examining past growth in the designated impact area, land supply and land prices, available services and amenities, physical features, and any legal restrictions on development (Urban Systems Research and Engineering, Inc., 1976, pp. 8, 22-23 passim; quote from p. 8).

Regarding transportation improvements, Mitchell and Rapkin, in Urban Traffic: A Function of Land Use, stated:

> The design of any new facility must take into account the land use changes that the additional or altered channel can be

> expected to bring about (as well as the additional traffic that the new facility will generate). . . .
> . . . . . .
> A changing land use pattern will generate the need for additional physical channels of movement and new or changed traffic facilities will in turn encourage change in the existing distribution of establishments (Mitchell and Rapkin, 1954, pp. 132-133).

Regulatory measures. Current land use controls have often been criticized as being inadequate in controlling or shaping suburban growth, since they do not relate to overall community development goals or patterns. As one authority has put it, zoning is not really much of a control; rather, it is "but a thermometer that measures the amount of heat on a piece of property at a given moment. As the heat goes up, sooner or later the zoning will respond" (Doeble, 1963, p. 12). Zoning has traditionally been thought of as a tool to prevent undesirable development, or to protect properties from undesirable external effects (diseconomies). However, one positive use of zoning is the fairly recent innovation of large-scale development ordinances, which are tailor-made to such enterprises as planned unit developments, industrial parks, and mixed-use complexes. Provisions are made for development on a cluster basis around a central concept (Davis, 1972, pp. 21, 41 passim).

Existing zoning regulations play an important role in determining the location of shopping centers and other retail establishments. Many cities do not have special zoning classifications for shopping centers, but instead rely on their comprehensive plans for recommending appropriate shopping center locations. Sites large enough for shopping centers usually must be assembled by developers and rezoning

applied for. The creation of special shopping center zones has been advocated by J. Ross McKeever in Shopping Center Zoning to eliminate these problems. He advocated a planned unit shopping center concept, which would permit retail uses that are compatible with the trade area, and would provide for commensurate on-site parking. Special use districts in the form of floating zones are another type of zone proposed by McKeever for shopping centers. They would have built-in site controls and specifications for the zoning envelope; in short, this type of shopping center zone "incorporates the fundamentals of the shopping center as a land use and building type" (McKeever, 1973, pp. 22, 31 passim).

In approving a rezoning or site plan for a potential shopping center, both the governing authorities and the developer have committed themselves to a specified land use and site plan. As representatives of the public interest, public officials often view developers as exploiters of land for their own profits. However, it should be pointed out:

> The private developer is often thought of, and referred to, as a promoter to be victimized if possible--particularly if he is from out-of-town. The developer is neither a devil nor an angel. He is a businessman. He pursues legitimate investment opportunities. . . . A developer is always open to criticism and exposure to economic risks not dreamed of by any other type of industry (McKeever, 1973, p. 34).

The adversities of strip commercial areas could be reduced with the designation of highway commercial districts, stated McKeever. This type of zone would have a one-lot depth along arterial streets, and would permit both impulse/convenience businesses and specialized

generative retail functions. Stipulations are imposed regarding lot size, traffic conditions, curb cuts, buffering, on-site parking, building setbacks, and signage (McKeever, 1973, p. 22).

Other types of regulation measures affecting real estate development exist, such as building codes, business licenses, flood regulations, and airport hazard zones.

Land development policies. Darin-Drabkin described the nature of urban land policy:

> Urban land policy is a part of urban-development policy and must be viewed within the framework of general development policies. . . . The basic goal of urban land policy is to achieve the socio-economic maximization of land use. . . .

Land policies are thus limited in their effectiveness according to the institutional, socio-economic, and political structures within which they are applied. Public officials have the difficult task of determining the proper timing of the allocation of land for specific uses. Reservation of land for future needs must be weighed against the meeting of current demands (Darin-Drabkin, 1977, pp. 183, 185, 397 passim; quote from p. 183). One solution to this dilemma has been utilized effectively in Denmark. It involves the establishment of areas of immediate and deferred development, made legally possible by compensating landowners for any losses in property values from having to wait to develop their land (Strong, 1964).

A similar idea is governmental acquisition, ownership, and sale of land, through the process of land banking. Government would acquire land that is likely to be suitable for development in the near

future, then sell or lease it to developers at an appropriate time. Developers would thus benefit from lower land costs, while growth would occur according to a predetermined plan (Milgram, 1967, pp. 130-131, 136-138).

Taxation policies. Local taxation policies may have a substantial effect on development decisions. High property taxes can make it expensive for a landowner to continue to hold land sheerly for investment purposes, thereby inducing its development. The supply of land to the market is thus increased, which aids in the reduction of land prices. Other taxation policies include a tax on land profits created as a result of urban growth, a differential assessment of tax rates on land and buildings, and an imposition of different tax rates to different parts of a metropolitan area (Darin-Drabkin, 1977, pp. 246, 252, 273 passim).

A popular method used by local government in attracting new commercial and industrial development is special tax incentives and concessions. The effects of taxation policies on land development activity were studied at length by Jerome Pickard and by William Beeman (Pickard, 1962; and Beeman, 1969).

Nature of the governmental decision-making process. Perhaps the most effective actions regarding urban real estate development would be ones which combine all the various options available to local governmental officials for channeling urban growth--capital investments, regulatory measures, land development policies, and taxation policies. Their effectiveness would be enhanced if combined into some

type of package that could be implemented in communities where substantial new growth is anticipated or desired.

Fragmented decision-making is prevalent today. This is due to the existence of a multiplicity of governmental bodies, plus the attempt of local public officials to simultaneously cater to the whims of every special interest group.

Land use planning has been attacked both for not being tied to any long-range plans, and, conversely, for being so utopian in nature that present applications of conprehensive plans have been difficult to determine. In the latter vein, Marion Clawson stated that land use planning lacks any "growth process"--indicators of how to move from the present situation to the future specified goals (Clawson, Suburban Land Conversion in the United States, 1971, p. 70).

One of four possible methods are usually used by local public officials in resolving land development controversies, according to William Wheaton. These include: 1) they act upon convictions of what is best for the community; 2) they authorize experts or other governmental officials to make the decision; 3) they refer the matter to local organizations and citizens' groups for action; and 4) they postpone the decision until it becomes imperative, or make no decision at all (Wheaton, 1964, pp. 178-179).

Darin-Drabkin described the relationships between public and private parties in land development decisions:

> All of the capital gains which result from changes in land use are only made possible by the decisions of public authorities to allow development. It is the aggregate increase in value of land in newly developed areas but it is the planning

> decisions which determine the distribution of those windfall gains to particular individuals. . . . Therefore, there is great pressure for landowners to try to influence planning decisions, sometimes through illegal means. . . . (Darin-Drabkin, 1977, pp. 175-176).

Clawson perceived governmental control as somewhat of a power struggle:

> There are serious political problems in applying available governmental powers and techniques to control or strongly influence suburban growth. Governing boards . . . may appear to be nominally independent of special interests, but frequently they lack the political courage and/or political muscle to take a truly independent line. . . . many individuals and groups have strong financial incentive to move contrary to any general plan for suburban development. . . . the governing body or board is heavily infiltrated with the very interests it would have to control if any control over suburban growth were to be effective. Land speculators and developers have major advantages to gain by being on the governing boards . . . (Clawson, Suburban Land Conversion in the United States, 1971, p. 165).

This chapter has sought to review the major factors that are involved in commercial real estate development--the urban commercial land market, accessibility and priming actions, transportation and traffic, land values and land rent, location and land use, urbanization and suburanization processes, commercial decentralization, and real estate development decision-making activity. The next chapter examines retail structure and locational requirements.

CHAPTER III

RETAIL STRUCTURE AND LOCATIONAL REQUIREMENTS

The structural pattern of retail establishments is determined by the locational requirements of individual businesses, and the reverse may also be true. Certain economic and spatial relationships existing among retail establishments help dictate the locational sites selected by retail firms for their businesses, and the composite of these locational decisions results in various retail land use patterns.

This chapter discusses the nature of retail structure and identifies retail locational requirements. Retail structure is discussed in terms of the economic and spatial relationships that comprise it and the types of retail land use patterns that may emerge. The discussion of retail locational requirements includes an overview of retail locational requirements which are of general application, followed by an investigation of the particular locational factors required by specific types of retail establishments. Market analysis procedures used in retail site selection are described in Chapter VI.

A. RETAIL STRUCTURE

Retail structure encompasses prevailing economic and spatial relationships in an urban area which influence retail locational decisions, as well as the actual land use pattern that develops. Retail structure has been defined as "a system of regular interaction of

customers and stores determined by economic and cultural value, . . ." (Ratcliff, 1949, p. 368). James Simmons maintained that retail structure apparently exists, as shown by "the observed regularities in the locations and groupings of retail businesses" (Simmons, 1964, p. 3). Internal economic characteristics of a retail establishment as well as external economic relationships with other retail establishments help determine the location of a new retail establishment and the nature of its operations.

This section examines economic and spatial relationships which comprise retail structure and types of retail land use patterns which may emerge.

Economic and Spatial Relationships

Various economic and spatial relationships are observable among the retail land use patterns in an urban area. After some basic definitions are given, an identification is made of types of retail goods and services and types of business demand. Then several economic principles are discussed--linkage relationships, Nelson's rule of retail compatibility, externalities among retail establishments, the theory of cumulative attraction, and noncomplementary retail establishments. An explanation of land values and freeway development as they relate to retail location follows. Future trends in retail development are then explored.

Basic definitions. A few terms should be clarified. An establishment is "a single retail or service store, with one manager and one location" (Simmons, 1964, p. 9). Richard L. Nelson believed that

a retail location is a "specific and unique site," which could vary in size from a shopping center site, a store within a shopping center, or a hot dog stand inside an airport (Nelson, 1958, p. 44). The trade area or market area of a retail establishment is the geographical area from which its customers are drawn. Its size depends on the nature of the firm and on shifting traffic patterns and customer preferences. Trade areas of two or more retail establishments can overlap (Claus and Hardwick, 1972, p. 138). The threshold of the goods or services to be offered by a retail establishment is "the minimum sales volume or number of customers required for the initial operation or the entry into the market of any retail business," while the range of a good or service is "the distance that a customer will travel in order to purchase a good at a retail outlet . . ." Standards exist pertaining to the ranges of specific goods and services (Claus and Hardwick, 1972, p. 60).

Types of retail goods and services. A retail firm may sell convenience or shoppers' goods. Convenience goods, such as groceries and gasoline, are needed relatively frequently, thus customers do not desire to travel very far to obtain them. In addition, little or no comparison shopping is done for these items. The opposite is true of shoppers' goods. These items, including such things as shoes, clothing, furniture, new and used cars, and large appliances, are sought less often, thus customers are willing to travel farther to obtain them. The longer life and greater expense of these items justify longer and more time-consuming shopping trips (Claus and Hardwick, 1972, p. 60).

Retail outlets may also offer personal services and specialized services. Personal services, such as beauty and barber shops, laundromats, and dry cleaners, are needed relatively frequently and do not generally require comparison shopping, thus customers seek the most convenient locations. On the other hand, specialized services, such as insurance, real estate, and travel agencies, are less frequently needed so that customers are willing to travel farther to obtain them (McMahan, 1976, pp. 154-155).

Types of business demand. A firm's business demand may be generative, shared, or suscipient. These terms describe the relative ability of a firm to locate independently of other firms. Generative business, such as that of a large department store, "is business activity generated by a retail operation through its own efforts, historical reputation, heavy advertising, or promotional gimmicks." These firms desire highly accessible locations from which they are visible and can attract clientele directly from their homes. Shared business, on the other hand, "reflects customers who are attracted by the pulling power of a nearby generative business operation." Firms having shared business can be described as "satellite," "auxiliary," or "spinoff" enterprises, since their business is dependent upon a spillover of business from a nearby generative business. The third type of business is suscipient business, such as that found at airport newsstands and downtown stores serving local office workers. Customers at these establishments are "people coming for a purpose other than shopping" (McMahan, 1976, p. 155). These establishments thus

feed off the traffic received by generative establishments, drawing customers by coincidence or impulse (Claus and Hardwick, 1972, p. 59). Shoppers usually plan ahead of time to visit generative stores, while shared and suscipient businesses are largely visited by impulse (Mitchell and Rapkin, 1954, p. 46). It can thus be said that the economic viability of both shared business and suscipient business are dependent upon a proximity to and interception of the traffic produced by generative commercial enterprises.

Linkage relationships. Most retail establishments have some amount of economic ties with other retail establishments. These ties, or linkage, may take a number of forms. Linkage has been defined as "a relationship between establishments characterized by continuing or frequently recurring interaction." Such establishments are said to be complementary to each other. In addition, said Mitchell and Rapkin, linkage "is associated with the movement of persons and goods between the linked establishments and generates a tendency on the part of linked establishments to seek proximate locations" (Mitchell and Rapkin, 1954, p. 11).

Mitchell and Rapkin cited three types of conditions under which linkage may exist: 1) when a subordinate use has direct transactions with a dominant use; 2) when an ancillary use serves employees of another establishment; or 3) when satellite uses serve common customers received from traffic by generative establishments, or in which two codominant uses have equal drawing power upon customers (Mitchell and Rapkin, 1954, pp. 111-112). The authors elaborated on these definitions:

> Satellite uses are, as a rule, incidental stops for round trips destined to the dominant use. Codominant establishments may both be of equal importance as a destination for a particular trip, but in many instances one becomes an incidental stop for trips that have the other as their primary destination (Mitchell and Rapkin, 1954, pp. 111-112).

Relationships between linkage, traffic, and retail location have been identified. As a result of linkages between retail establishments, Mitchell and Rapkin contended that these businesses will tend to locate near each other in order to take mutual advantage of customer traffic flowing between them. They explained:

> The spatial arrangement of establishments emerges from the character of their mutual relationships and their relative positions and functions in the urban organizational structure.
> There will be an attempt on the part of a given establishment to achieve maximum accessibility to others with which it interacts . . . This can be done by locating proximately, or along physical channels of movement that provide ready accessibility. The locational choice of an establishment is governed (among other things) by the location of other establishments and by the existing channels of movement. . . .
> . . . . . .
> Linked establishments will be characterized by movements among each other, while non-linked but proximate establishments will not. . . . (Mitchell and Rapkin, 1954, pp. 104-105, 114).

Brian J.L. Berry, in his Commercial Structure and Commercial Blight, described the spatial characteristics which are exhibited by retail centers (nucleations) when retail firms which congregate there are able to strengthen their attraction to prospective customers due to their combined presence:

> Centers display spatial patterns that conform to the geographic distribution of customers. Each is located centrally with respect to the maximum number of consumers it can serve, . . . The stores which cluster in . . . centers . . . require

> similar trade areas for their support, and experience mutual benefits from congregation at a central place where surrounding consumers can assemble easily. There is a pressure for stores to group, . . . Functions . . . are thus "linked" into nucleation by consumers' desires to visit several of them on a single trip (Berry, Commercial Structure and Commercial Blight, 1963, p. 21).

Establishments which sell big-ticket items such as furniture, appliances, and automobiles seem more likely to congregate to facilitate comparison shopping than do convenience stores.

Several forms of economic relationships which are related to linkage are discussed below:

Nelson's rule of retail compatibility. Linked establishments are said to be compatible with each other if it is economically beneficial for them to be located within close proximity. Retail compatibility postulates relationships between a retail establishment's location and its sales volume. Nelson's rule of retail compatibility holds that:

> Two compatible businesses located in close proximity will show an increase in business volume directly proportionate to the incidence of total customer interchange between them, inversely proportionate to the ratio of the business volume of the larger store to that of the smaller store, and directly proporitonate to the sum of the ratios of purposeful purchasing* to total purchasing in each of the two stores. . . .
> . . . . . .
> *A purposeful purchase is one made by a shopper who when interviewed, states that a visit to the store was a major purpose of the shopping trip. Total purchases, of course, include incidental and impulse purchases as well (Nelson, 1958, p. 66).

Richard L. Nelson further discussed the degree to which two retail businesses might or might not be compatible:

> Some businesses are compatible, others are not. The measure of their compatibility lies in the answer to the questions: "Does Business A next door help Business B? Does it harm Business B, or does it apparently have no effect on Business B?" Sometimes the answer may be the single most important locational factor in the success of a retail business. . . .
>
> A high degree of compatibility exists between two businesses which, because of their adjacency, do more volume together than they would if separated. This high compatibilty may come about because the businesses are complementary in nature or because, though competitive, they carry goods of diffferent styles, lines and prices, thereby increasing total patronage through cumulative attraction in locations that have a trade area adequate to support two stores. The measure of compatibility is the degree to which the two businesses interchange customers. . . . there is a direct relationship between the rate of interchange in two establishments and their business volume (Nelson, 1958, p. 66).

Nelson believed that compatibility "requires that there be no interruption in shopper traffic and that customer interchange be at a maximum" (Nelson, 1958, p. 55). An establishment which interferes in some way with the operations of another establishment is incompatible with it, thus linkage does not exist between them (Mitchell and Rapkin, 1954, p. 113).

Externalities among retail establishments. Whenever the actions of one entrepreneur bring unintended benefits or adversities to another entrepreneur, externalities are said to accrue to the latter. As Marion Clawson defined:

> An externality in economic values arises when the action of one person or group bring[s] costs or values to another, costs which the person initiating the actions does not have to bear or values which he is unable to capture (Clawson, Suburban Land Conversion in the United States, 1971, p. 166).

In Geography and Retailing, Peter Scott used the terminology of special accessibility in reference to externalities:

> . . . in addition to general accessibility there is what have [sic] been called "special accessibility" . . . or proximity to particular complementary facilities. . . . [one] type of complementary involves proximity to outlets similar in trade type. . . .
>
> Special accessibility in this sense confers economies on both the entrepreneur and the customer. Shops retailing certain goods varying in style and price but unable to compete successfully when located in close proximity. The specialization thereby made possible provides a higher class of service or a greater variety of merchandise at lower prices (Scott, 1970, pp. 26-27).

Otto A. Davis observed that external economies may enhance property values, while the presence or mere threat of external diseconomies in an area will reduce property values. In the latter case, new capital outlets on "marginally productive" lots will be postponed. He explained:

> Any given property feature may create an external economy, an external diseconomy, or be neutral in its effects upon other property. . . . If properties mutually create external economies upon each other, they will be attracted to each other. As an example, witness the development of shopping centers or clusters of retail stores so that customers may "spill over" from one shop into another. . . . properties which mutually create external diseconomies upon each other jointly repel and will not be motivated to locate on adjacent lots. If properties are neutral in their effects upon each other then neither attraction or repulsion exists between them (Davis, 1972, pp. 41-42).

The economic advantages of large-scale activities are known as scale economies, and the concomitant economic advantage of spatial concentration in an urban area resulting from scale economies are referred to as agglomeration economies (Mills, 1972, pp. 13, 16).

In Urban Geography, Ray M. Northam described the relationship between agglomeration economies and location:

> The location of a specific firm in a specific setting . . . may be explained by agglomeration economies as much as by any other factor. The presence of a given establishment in a given urban center may stimulate the coming of other firms that provide some or all of the input to the first or consume some or all of the output of the first (Northam, 1979, p. 401).

Theory of cumulative attraction. While other forms of linkage feature one establishment which serves another or in which a smaller establishment benefits from the presence of a larger one, cumulatively attracted establishments are those which are of comparable size and sell similar merchandise. In this case, there may not be a large generator in the vicinity to draw customer traffic; instead the establishments must depend upon the strength of their combined forces to attract shoppers. The theory of cumulative attraction states: "A given number of stores dealing in the same merchandise will do more business if they are located adjacent or in proximity to each other than if they are widely scattered" (Nelson, 1958, p. 66). These establishments must band together since they do not individually have sufficient generative powers of their own to justify isolated locations. Cumulatively attracted retail establishments are said to enjoy agglomeration economies when they congregate at one location.

Noncomplementary retail establishments. Retail establishments which are located near each other but which possess no linkage are described as being noncomplementary. Some establishments may be

compatible even though no linkage is present, while others are clearly incompatible with each other. Several explanations have been offered to account for the proximity of such establishments:

1. Establishments may be attracted to the same street or general vicinity because it is a prestigious place to be located.
2. Their requirements regarding land, space, rent or physical site characteristics may be similar.
3. They coincidentally must be in the same location for some reason.
4. Their proximity is due to pure chance (Mitchell and Rapkin, 1954, pp. 112-114).

Retail land values and location. In a typical urban area, retail uses occupy a relatively small amount of land. However, retail properties are one of the most valuable types of land due to their intensity of use and their high rent-paying capacities (Barlowe, 1978, pp. 115-116, 311 passim). (The use of land can be intensified by increasing the amounts of capital and labor inputs per unit of land in order to raise production or output levels.) Retail property often experiences changes in land value as a result of locational decisions made by firms on nearby properties. James Simmons implied these findings in The Changing Pattern of Retail Location, which was a study of retail trends in Chicago during the period 1930-1960:

> Although the existing pattern of land values may help to determine individual location decisions, from the macroscopic point of view this same pattern is the result of all location decisions summed together (Simmons, 1964, p. 117).

Commercial land varies considerably in its value according to its location, site characteristics, types of land uses nearby, and traffic patterns. Simmons summarized:

> There is a variation in the value of commercial land . . . There are long ridges of high land values along major thoroughfares and peaks of high value at important intersections. These variations are due in part to shape of land parcel, size, topography, and services, but essentially they are created by the location of the land--location with respect to nearby land use, existing traffic patterns, and potential customers. . . .
> . . . . . .
> They are extremely important in understanding the pattern of retail structure. . . . (Simmons, 1964, pp. 16, 18).

Raleigh Barlowe described sites located near the 100 percent spot as being the most desirable, while sites located farther away are less desirable and are of lower value. In many cases, sites which are just a few blocks away may have only a fraction of the value of a site located at a strategic point. This tendency accounts for the fierce bidding process which may ensue for the acquisition of choice properties. As a result of this bidding process, retail land uses are "allocated in accordance with the rent-paying capacities of the various operators." The possibilities of some establishments folding or new developmental decisions altering the location of the 100 percent spot mean that the existing retail pattern is seldom stable (Barlowe, 1978, p. 313).

Relationships between land values, threshold levels, and retail locations were acknowledged by Barry J. Garner in The Internal Structure of Retail Nucleations. He maintained that business centers exhibit a "logical ordering of functions" according to land values and

a firm's rent-paying ability. High-threshold or high-order functions, such as department stores, have high-rent paying abilities, enabling them to be located on choice properties of high value at the center of a retail cluster, while low-threshold or low-order retail functions, such as convenience stores, will locate farther away from the center. (Garner, 1966, p. xv).

Simmons recognized a relationship between the land value of a retail function and its relative amount of freedom in location, or ubiquity:

> Low-rent paying ability and high frequency of occurrence characterize the lowest order functions . . . , which may be found on any street corner. As rent paying ability increases and ubiquity decreases we proceed through the sequence of neighborhood, community, shopping goods and regional business types (Simmons, 1964, p. 131).

Freeway development and retail location. The strong influence of a new freeway on ensuing commercial construction was described by Northam. He cited the occurrence of spinoff effects at transportation intersections:

> . . . development of a transportation route . . . will be accompanied by repercussions and "spin-off effects." One of the spin-off effects has to do with freeway development and subsequent emergence of modes of development at points where the freeway is intersected by feeder highways or rural roads. . . . desirability of land parcels in close proximity to points of entrance or exist from freeways . . . is stimulated greatly.
>
> Highway interchanges could be studied in the context of sequent occupance, which is to say the order in which land use conversions come about in proximity to freeway interchanges. In an urban setting, such land normally is developed prior to establishment of the freeway. On completion of the route some turnover of users of specific land parcels may occur, but within a broad land use class that already exists (Northam, 1979, p. 463).

Future trends in retail development. The interplay of the various economic and spatial relationships just discussed is responsible for continuing change in retail structure. Simmons described the types of changes occurring:

> . . . the pressures of increasing standards of living, technological change, and urban growth are affecting the retail structure in two ways. First, the amount and type of retail facilities required to serve a given population are changing. Average store size has doubled, which, coupled with the dispersion to the suburbs of population and income, has led to the decline in the number of stores in the central areas of cities. Second, and in part a result of the above changes, the grouping and location of shopping areas has been altered. Pedestrian-oriented neighborhood and ribbon establishments have been particularly hard-hit and are being replaced by larger units on major arteries. Other business centers are shrinking, concentrating the competition for space at the peak land value intersections. Competition between stores of the same type is declining in the fact of increased scale and increased product differentiation due to specialization. Planned centers carry these trends even further, presenting a radically different merchandising unit, which dominates all new retail facilities (Simmons, 1964, p. 9).

Retail Land Use Patterns

Retail establishments may exist at isolated locations or they may group together spatially in various manners, as explained previously. When grouped together in some fashion, retail establishments often form a rather easily-recognizable spatial pattern on the urban landscape. In general, "the larger the [retail] center, the larger is the area of its trade area, the greater the population resident in the area, and the greater the total center competition, both planned and unplanned" (Berry, "The Retail Component of the Urban Model," 1976, p. 191).

This section begins with some basic definitions as a prelude to

a discussion of types of retail land use patterns. The latter include: retail nucleations, downtowns, suburban shopping districts, convenience stores, neighborhood shopping centers, and specialized functional areas. Shopping centers and retailing functions existing within mixed-use developments will be discussed in Chapter IV.

Several basic types of retail areas were identified by Brian J.L. Berry, providing examples of each and illustrating a typical hierarchy of commercial use, in Table III-1 and Figure III-1.

Basic definitions. Several terms which pertain to retail land use patterns should be defined. A business type or function refers to a category of retail establishments selling similar goods or services, having similar production characteristics, and requiring similar locations. A retail conformation is "a group of establishments in proximity to one another; a grouping or clustering of stores." Further, a business center is "a conformation with internal structure or ordering of nodal form; a group of stores ordered around a point of peak accessibility." When conformations exist in a linear form, with its stores oriented toward a traffic artery, they are referred to as business ribbons (Berry, "The Retail Component of the Urban Model," 1976, p. 191).

Retail nucleations. A fairly regular hierarchy of retail nucleations can usually be identified within an urban area, Garner claimed. He defined and described their locational characteristics:

> Retail nucleations in the urban area consist of clusters of retail activities at important street intersections. They

TABLE III-1

TYPES, GROUPS, AND CONFORMATIONS OF BUSINESS

Nucleated Shopping Centers	
Neighborhood Shopping Center	Barber, Cleaners/Laundry, Drugs, Hardware, Beauty, Bakery, Real Estate, and Insurance
Community Shopping Center	Variety, Clothing, Dairy, Lawyer, Jewelry, Post Office
Regional Shopping Center	Department Store, Shoes, Sporting Goods, Bank, Professional Offices
Highway-Oriented Facilities	
Automobile Service Districts	Gas, Restaurant, Motel, Fruit and Produce Stands
Space-consuming Service Districts	Building Services and Supplies, Lumber Yard, Miscellaneous Repair including Plumbing, Radio/TV Sales and Service
Urban Arterial Districts	
Urban Arterial-Oriented	Auto Repair, Bars, Shoe Repair, Furniture, Auto Accessories, Appliances, Fuel, Gift and Novelty, Food Lockers, Florists
Arterials Close to CBD	Printing, Office Equipment and Supplies, Funeral Homes
"Skid-row"	Missions, Second-hand Stores
Automobile Row Functional Areas	
----------	New Car Sales, Used Auto Dealers

Source: Brian J.L. Berry, "Ribbon Developments in the Urban Business Pattern," Annals of the American Association of Geographers, Vol. 49, June 1959, p. 147; cited by American Society of Planning Officials, ASPO Planning Advisory Service: Information Report No. 177 (Chicago: American Society of Planning Officials, September 1963), p. 4. Used with written permission from the author.

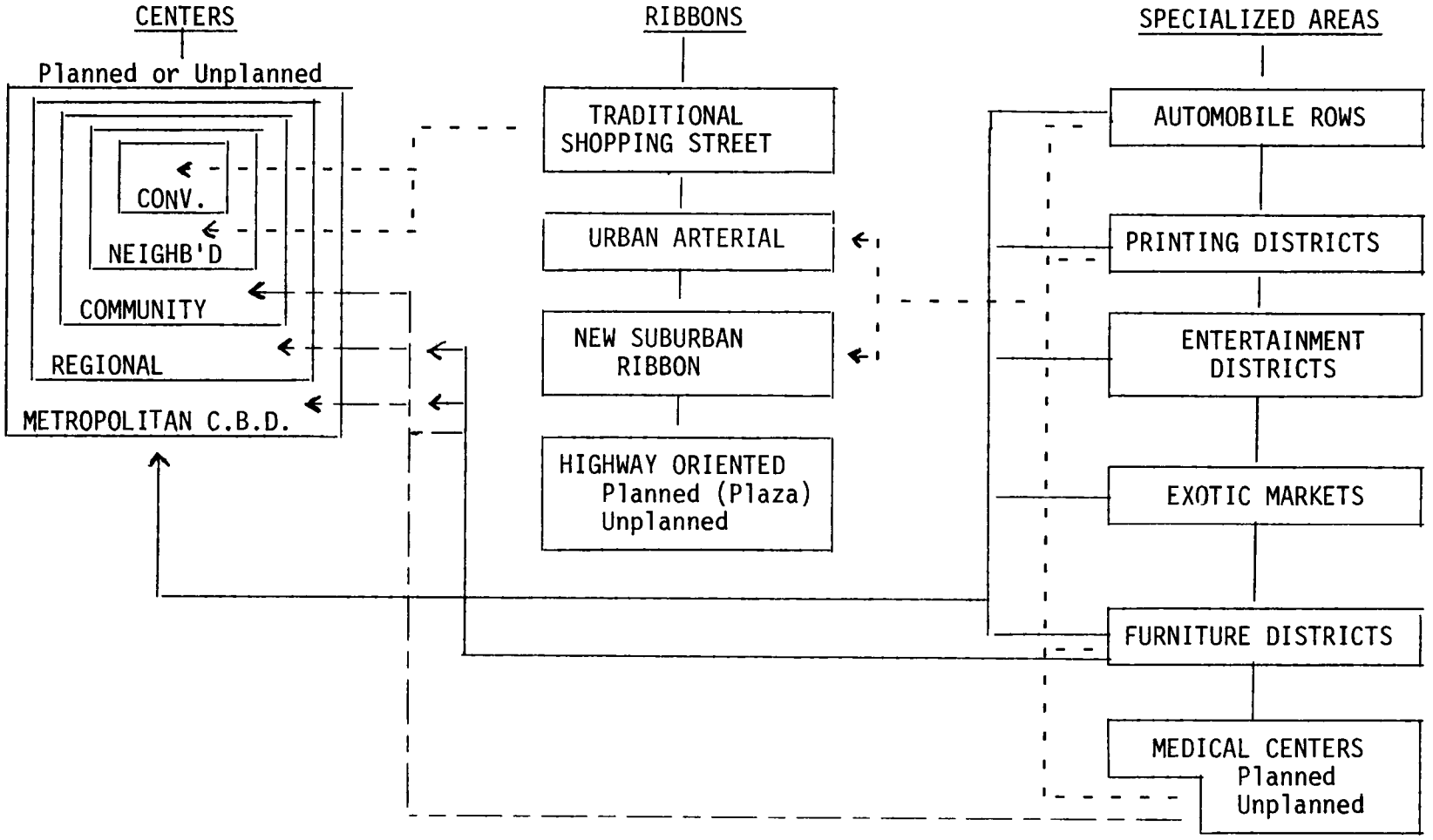


Figure III-1. The Structure of Business and Commerce.

Source: Brian J.L. Berry, Commercial Structure and Commercial Blight (Chicago: University of Chicago, Department of Geography, 1966), Research Paper No. 85, p. 20, Table 2. Used with written permission from the author.

> usually constitute foci at the intersection of two or more ribbon developments, where high vehicular and pedestrian traffic intensity provides the focus for growth. On primary streets they may arise at intervals within ribbon developments whilst in some cases, especially within small nucleations, they may string out at local shopping streets (Garner, 1966, p. 4).

An urban area having many retail nucleations is said to contain multiple-nuclei of linked or complementary retail facilities (Claus and Hardwick, 1972, p. 11). Retail nucleations may vary in size: small nucleations are those with two to eight retail establishments; medium nucleations have 9 to 33 retail establishments; large nucleations have 34 to 86 establishments; and sub-regional nucleations are those with more than 86 establishments. A retail establishment located more than 300 feet away from another retail establishment is said to be isolated (American Society of Planning Officials, 1963, p. 5).

Factors which Barry J. Garner believed affect the location of retail nucleations and determine their particular characteristics in an urban area include: accessibility, population distribution and density, disposable incomes, consumer tastes, and local zoning laws. The types and makeup of retail nucleations formed is dependent upon vagrancies in the urban market (Garner, 1966, pp. 16, 18). Retail nucleations can be distinguished from mere ribbon developments because their boundaries are usually found at a point where land values drop off sharply. Regional centers typically have the highest land values, followed by community centers and neighborhood centers (Garner, 1966, pp. 16, 18, 90 passim).

Several different types of businesses may exist within a retail nucleation, each offering different goods and services which dictate varying cost structures and hence varying threshold levels. These are illustrated by Berry in Figure III-2 (Berry, "The Retail Component of the Urban Model," 1976, p. 147). A hypothetical appearance of a retail nucleation based on a hierarchy of retail functions would show regional functions at the core, community functions in the next several rings outward from the core, and neighborhood functions existing in the outer layers. Firms within business types compete for locations within a retail nucleation, creating a range of threshold levels for each business type. This fact accounts for the possibility that a relatively high-order business type can be located at lower-level retail centers (i.e., a department store at a community shopping center) (Garner, 1966, pp. 116, 120-123).

Downtown retail districts. Downtown retail districts have traditionally been the mainstay of retail activity in an urban area. Today, however, their size and importance have been reduced largely due to suburbanization. Remaining retail functions tend to cater specifically to downtown office workers or inner city residents.

Suburban shopping districts. Suburban shopping districts are older shopping areas in the suburbs which evolved without planning. They may have grown around a suburban branch of a major department store; in strips along an arterial leading from downtown; or as the downtown of a small rural town which later became a part of a metropolitan area (McMahan, 1976, p. 156).

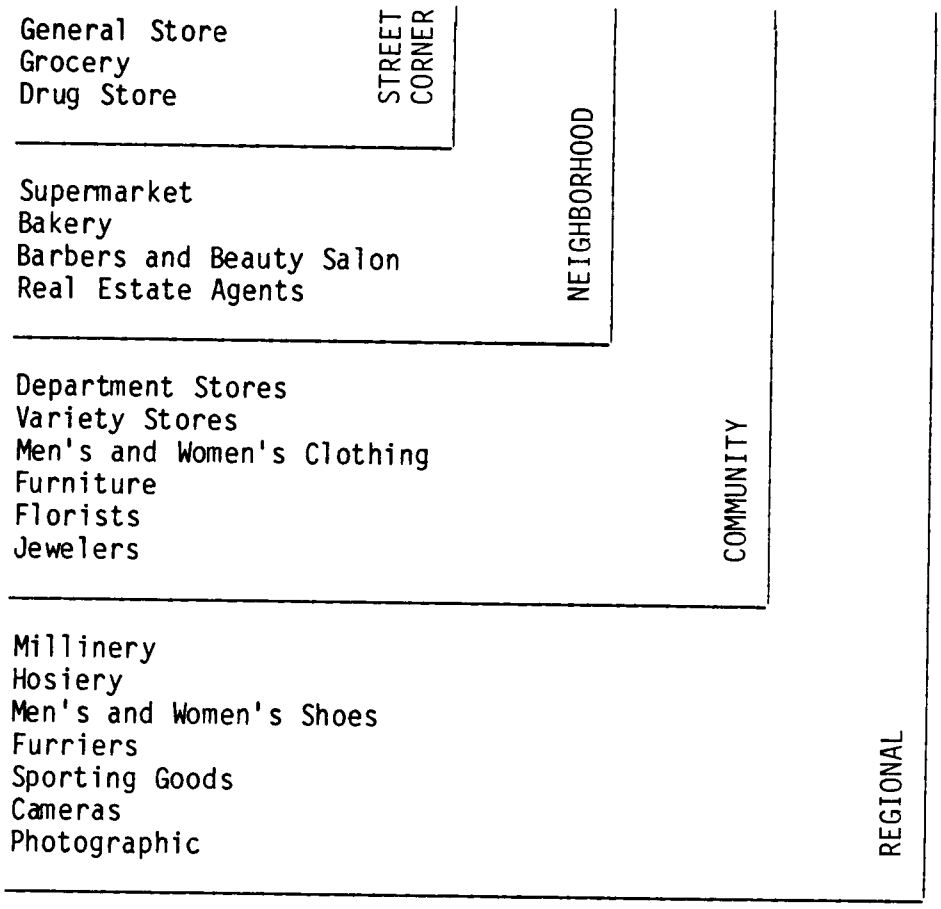


Figure III-2. A Representative Sample of Functions Typical of Outlying Retail Nucleations.

Source: Brian J.L. Berry, "Ribbon Developments in the Urban Business Pattern," Annals of the Association of American Geographers, Vol. 49 (1959), p. 147; cited by Barry J. Garner, The Internal Structure of Retail Nucleations (Evanston, Illinois: Northwestern University, Department of Geography, 1966), p. 7, Table 2. Used with written permission from the author.

Convenience stores. Convenience stores are usually small establishments which often exist in isolated locations (away from other retailing) for the purpose of meeting spur-of-the-moment needs for convenience items. Typically, they are either food stores or a combination of foods stores and self-service gasoline stations.

Neighborhood shopping centers. Neighborhood shopping centers are usually found in accessible spots near residential areas, and exist for the purpose of meeting weekly needs. Their main tenant is typically a grocery store of medium size, supported by a drug store, with other functions such as beauty and barber shops, shoe repair shops, laundromats, and florists. The average size in 1974 for 163 neighborhood shopping centers surveyed was 52,052 square feet (Urban Land Institute, The Dollars and Cents of Shopping Centers, 1975, p. 54).

Community shopping centers. Community shopping centers are generally much larger than neighborhood shopping centers. They are anchored by a variety store, a discount house, or a junior department store, and usually contain a supermarket and a drug store as well. In addition, they may feature such tenants as shoe stores, ice cream stores, book stores, pet shops, insurance offices, branch banks, health spas, dress shops, and camera shops. Their average size in 1974, as reported by 170 U.S. community shopping centers, was 153,560 square feet (Urban Land Institute, The Dollars and Cents of Shopping Centers, 1975, p. 54).

Regional shopping centers. Regional shopping centers are even larger than community shopping centers. They provide a variety of shopper goods, convenience goods, personalized services, and specialized services. They may exist in the form of large community shopping centers, minimalls, regional shopping malls, or superregional shopping malls. The former usually contain tenants comparable to those in a community shopping center, but the center is much larger, perhaps having grown as a result of several phased additions. Minimalls may contain one or more small department stores and/or a series of specialty shops, and may evolve as a result of the remodeling and enclosure of older shopping centers or downtown retail areas. Regional shopping malls were found to have an average size of 405,871 square feet in 1974, according to an Urban Land Institute survey of 109 such enterprises (Urban Land Institute, The Dollars and Cents of Shopping Centers, 1975, p. 54). The survey excluded superregional shopping malls, which are becoming more prevalent today, especially in suburban areas. They contain around one million square feet, consisting of at least three major department stores and perhaps one hundred smaller shops (Urban Land Institute, The Dollars and Cents of Shopping Centers, 1975, p. 54). In this thesis, the term "regional shopping malls" will refer to both the smaller regional shopping malls and the larger superregional shopping malls. More will be said about them in Chapter V.

Strip or ribbon development. Brian J.L. Berry has provided a good summary of the characteristics of strip or ribbon development, which he terms "highway-oriented ribbons":

> Highway-oriented ribbons are natural "strip" developments. They comprise such functions as gasoline and service stations, restaurants and drive-in eating places, ice cream parlors, motels and fruit, vegetable and produce stands. These functions serve demands originating on the highways, and in general, the greater the traffic volume, the greater the demands for and density of highway-oriented uses. However, they seldom are associated functionally; most shopping stops at them are single-purpose, so that use of their facilities is not combined on the same stop. Most high-way oriented developments are uncontrolled ribbons, but a few are now planned, for example the "service plazas" on the Illinois and other toll highways (Berry, Commercial Structure and Commercial Blight, 1963, p. 23).

Highway-oriented facilities exist either to accommodate consumer demands originating from the highway-traveling public, or because they require large sites and good access (Berry, "Ribbon Developments in the Urban Business Pattern," 1969, p. 148). Ribbon business may be found along low-rent extensions of the Central Business District, within inner urban zones of nodal and arterial retailing, or within outer urban zones of highway-oriented retailing (Foster and Nelson, 1958, p. 32). Retail nucleations often are formed at the junction of two ribbon developments (Garner, 1966, p. 29).

Freestanding stores. Freestanding stores are those retail establishments whose owners generally prefer that they not be located in a shopping center. They may be virtually any size or type of retail operation. Typical examples include discount houses, catalog showrooms, furniture stores, applicance stores, radio/TV stores, auto repair shops, office supply stores, and nurseries (McMahan, 1976, p. 157). Such establishments are also referred to as urban arterial businesses. Customers tend to patronize them on single-purpose trips

(Berry, Geography of Market Centers and Retail Distribution, 1967, p. 46), thus they may be thought of as generative firms, even though they are sometimes found near other commercial activity.

Space needs and the nature of their business require that these establishments seek urban arterial locations, in which the most important locational criterion is accessibility. They can afford to be located at "freestanding" sites because their customers will seek them out, and because there is no spatial association among them (Berry, Commercial Structure and Commercial Blight, 1963, p. 24). Sometimes smaller establishments, such as fast food restaurants and gasoline service stations, are also included in this category, but more often than not they are considered to be part of strip developments.

Specialized functional areas. Some retail establishments, such as automobile dealerships located in automobile rows, printing districts, entertainment districts, furniture districts, and exotic markets, tend to cluster together in order to benefit mutually from linkages between them. Such linkages may arise from referrals, advertising, or comparison shopping, which override any adversities otherwise experienced from competition. Although the possibility of linkage is a definite locational advantage, these establishments are primarily at their present sites due to their need to gain access to particular market segments. Specialized functional areas usually emerge in an unplanned fashion. Medical and other office complexes

are examples of nonretail specialized functional areas (Berry, Commercial Structure and Commercial Blight, 1963, pp. 20, 24).

B. RETAIL LOCATIONAL REQUIREMENTS

The previous discussion of retail structure should aid in the understanding of locational requirements of retail establishments. Some general requirements applying to all types of retail firms will be presented in this section, followed by an identification of locational requirements pertaining to specific types of retailing functions.

General Requirements

The location of a particular retail establishment is basically determined by the activities it carries out, the movement patterns associated with those activities, market conditions, actions of other retail firms, the existing land use pattern, and prevailing local public policy. Changes in locational requirements may arise due to an alteration of a firm's activities or movement patterns, new transportation improvements, actions by competitors or nearby establishments, changes in consumer tastes and shopping patterns, new development, or local governmental actions (Mitchell and Rapkin, 1954, pp. 117-118).

Claus and Hardwick categorized locational variables which are largely responsible for a retail establishment's success into internal and external site variables. Internal site variables, such as site topography, site layout, visibility, signage, street grades, and ingress and egress, are intrinsic to the site. On the other hand,

external site variables are those associated with the environs, and include such factors as accessibility, business potential, market conditions, actions of competitors, population and income of the trade area, and amenities (Claus and Hardwick, 1972, p. 89).

The location of a retail establishment is determined to a large extent by the threshold level for the type of retailing function it represents, in combination with its accessibility to the targeted market. These requirements were described by James Simmons:

> . . . each retail establishment has a minimum size, i.e., a minimum amount of sales, below which it cannot operate. Once given a sufficient amount of purchasing power . . . the important factor is accessibility to the particular set of customers who might be expected to buy at that particular store; location at the place most convenient to those people when they are in the mood to make a purchase. The ideal location may be accessible by foot or by car, near home or work, near similar stores or all alone (Simmons, 1964, p. 34).

As a summary of the general retail requirements, Nelson identified eight desirable locational characteristics for a retail site in his "eight principles of retail location": 1) adequacy of the present trading area potential; 2) accessibility of the site to the trading area; 3) growth potential for the business; 4) business interception; 5) cumulative attraction; 6) compatibility; 7) maximizing of competitive hazard; and 8) site economics. The most important factors which determine the potential value of a site for retail activity, he claimed, are: 1) its accessibility to residents in the trade are; 2) its accessibility to the traveling public; 3) its physical desirability; and 4) its reputation. Regarding the latter, he asked, "Is the location prominent or well known, or is it obscure? Is it

associated in people's minds with something pleasant or unpleasant?" (Nelson, 1958, p. 44).

Discussion of requirements. While some businesses are labor-oriented or supply-oriented, retail businesses "are virtually all market-oriented. . . . The retailer must be accessible to people, and it is this fact that governs site selection" (Nelson, 1958, p. 44). Accessibility of a potential retail site to its targeted trading area (geographical area from which potential customers are sought) is of utmost importance in order to ensure that the maximum possible market is captured. The trading area is sometimes referred to as an establishment's hinterland, which is determined by the ranges of the goods and services offered and by site accessibility (Claus and Hardwick, 1972, p. 6). Sites located at the center of market areas are keenly sought and typically command the highest land rents (Barlowe, 1978, p. 275). Small businessmen operating shoppers' goods-types of retail establishments usually require a location within an establishment market area as opposed to taking risks with mere indicators of market potential, since such establishments individually do not have sufficient strength to be generative (Epstein, 1967, p. 95). Establishments usually require sites that hold high promise of growth potential in order to command a steadily-increasing profit margin. Such sites are usually found in moderate-to-high-income areas, where population is increasing (Nelson, 1958, p. 54).

The accessibility of a retail establishment to nearby sources of generative, shared, and/or suscipient businesses is usually

desirable (Nelson, 1958, pp. 52-53). "Most stores seek out other stores or groups of stores and there is a regularity in the groupings of business types which result" (Simmons, 1964, p. 13). Any site which offers possible linkages or cumulative attraction would be considered highly desirable in most cases. Such a site is often regarded as a trapping point.

Some firms require an intercepting position or business interception to ensure survival. This involves locating an establishment between the market and competitors, so that potential customers are more likely to shop at the firm's place of business than at a competitor's establishment located a little farther away (Berry, Commercial Structure and Commercial Blight, 1963, p. 54). Nelson elaborated:

> In general it can be said, . . . , that, for convenience goods . . . , the intercepting position is to be preferred. Where the items sold involve a good deal of shopping for style, design, color, fit, and the like, the cluster position is preferable, especially if brand names are not a critical decision. Also, the lower the generative power of the individual establishment, the more important a cluster position becomes. . . . (Nelson, 1958, p. 58).

However, at the opposite extreme, the presence of excessive competition is likely to indicate a saturated market, which makes the outlook bleak for an additional retail establishment of similar character located in the same general area. A balance of the right amount, type, and location of competition is necessary. This is referred to as the minimizing of competitive hazard (Nelson, 1958, p. 55).

Certain site economics are required by each type of retail

operation. Site economics is an indication of the cost (monetary and otherwise) of a site compared to its prospective productivity. Factors comprising site economics, which may be either intrinsic to the site or produced by man, include: property size, shape, topography, soils, utilities, ingress and egress, street lighting, sidewalks, building characteristics, floor load-bearing capacities of structures, presence or absence of certain facilities or equipment, appearance, and property maintenance costs (Nelson, 1958, p. 55).

Sites may be located in several different positions relative to the street it is situated on, and the one selected is dependent upon the type of retail operation and on market characteristics. These locational factors of a site all determine its potential land value and land rent.

A zone of conflux, as discussed in Chapter II, denotes properties located at the junction of two or more major transportation routes. Establishments located at these sites enjoy high visibility and are extremely accessible. Because of these advantages, however, they also represent high land values, hence they are relatively expensive properties.

A linear site is one in which more than 75 percent of all traffic received by a retail establishment is derived from one street. It is sometimes located on a corner, and usually possesses a high degree of linkage with nearby businesses. R. James Claus and Walter G. Hardwick described the advantages of linear sites in The Mobile Consumer:

> For the motorists, . . . they are often conveniently accessible locations. . . . Successful linear sites afford the customer the convenience of a rapid entrance and exit. . . . Because they are plentiful and widely dispersed, these sites usually are much less expensive than sites of comparable size at zones of conflux. The lower rents often draw undercapitalized entrepreneurs who are more susceptible to failure (Claus and Hardwick, 1972, p. 70).

An inside property site is a noncorner site located between intersections, and it may also be a linear site. Such a site is likely to be selected because of its proximity to retail generators or to amenities. Its typical advantages include a good visibility in open areas and a relatively low land rent. A disadvantage may arise, however, if its visibility is blocked by a profusion of signs from adjacent businesses (Claus and Hardwick, 1972, p. 71).

Another type of site is a corner site, which may be either a near-corner site or a far-corner site. A near-corner site is located on the same side of the intersection from which it is approached, while a far-corner site is one located on the opposite side of the intersection from which it is approached (i.e., traffic must cross the intersection to reach it) (Claus and Hardwick, 1972, pp. 64-65).

The three most important requirements for establishments to be located in major outlying districts are, in order of priority: 1) to be near a major retail generator; 2) to be located in the direction of population growth; and 3) to be located on the correct side of the street relative to traffic flow. Regarding the latter, several factors may make one side of the street preferable to the other for businesses: 1) the presence of large retail establishments on one side of the street; 2) the proximity to population growth; 3) the

availability of on-street parking on one side; and 4) the presence of afternoon shade on one side. Whenever one side of the street is generally perceived as superior to the other side, a retail establishment would be better off at the end of a string of businesses on the superior side than to be located on the inferior side of the street (Nelson, 1958, p. 101).

Robert M. Haig believed that the "'theoretically perfect site for the activity is that which furnished the desired degree of accessibility at the lowest costs of friction.'" Site rents and transportation costs comprise the costs of friction, he said, which varies for each site (Haig, "Toward an Understanding of the Metropolis," 1925, p. 21).

Requirements for Specific Types of Retail Establishments

While many locational requirements are applicable to retail establishments in general, different types of retail establishments have their own specific locational requirements. These vary according to the size and nature of the retail operation, as well as the type of clientele sought. The discussion following is an identification of the retail requirements of various types of retail establishments.

Convenience goods and services establishments. Convenience goods and services include such things as dry cleaning establishments, tailor shops, beauty and barber shops, liquor stores, laundromats, shoe repair shops, bakeries, delicatessens, convenience foods stores, drug stores, truck stops, and hardware stores. They are patronized frequently, thus they must be located at highly visible and accessible

sites. Some establishments, such as drive-in dry cleaning businesses, prefer to be located on a particular side of the street. The size and amount of store frontage are often perceived by customers as indications of quality and reputation (Claus and Hardwick, 1972, p. 188). Convenience goods and services establishments are often located in neighborhood or community shopping centers. In addition, such establishments:

> . . . normally have a much higher incidence of neighbor-generated and suscipient business than food stores and also serve a somewhat larger trading area. An identifiable location near possible generators . . . is important (Nelson, 1958, p. 49).

Grocery stores. Grocery stores are generally visited on a weekly basis by shoppers living within a few miles of the store, thus proximity to residential areas is essential. Considered as generative establishments, location in a well-known area is not necessary, especially since grocery stores do heavy advertising. Convenience grocery stores require smaller sites that are more visible and accessible, since they do virtually no advertising (Nelson, 1958, pp. 48-49). On the other hand, large supermarkets tend to seek shopping center locations, and they may take business away from smaller "mom and pop" grocery stores (Epstein, 1967, p. 97).

Restaurants. Restaurants exist in a variety of forms, including traditional sit-down restaurants, fast food restaurants, drive-ins (a vanishing breed), home delivery establishments (i.e., pizza to go), and truck stops (Claus and Hardwick, 1972, pp. 188-190). Each has its own locational requirements:

> Some of them are entirely directed toward self-generative business and are located on outlying highways. . . . Others depend entirely upon business generated by compatible neighbors . . . , while a third kind depends entirely upon suscipient business. . . . (Nelson, 1958, p. 49).

At fast food restaurants, food is obtained quickly and customers eat either inside, in the car, or at home. In many cases, customers are already familiar with the firm, and it is just a matter of finding an establishment nearby. This means that site visibility is of the utmost importance (Claus and Hardwick, 1972, p. 189).

Gas stations. The potential success of a particular gas station is highly dependent upon its location in general as well as the specific site it occupies. The best types of locations, according to Claus and Hardwick, include those which are on a major artery near a shopping center, at a major intersection through which traffic generated by a shopping center flows, and at freeway interchanges. In the latter case, the closer the gas station is to the exit ramp, the better. A site located more than 1/4 mile from the exit ramp is no longer considered to be an interchange location. An excellent location is where an interstate or freeway intersects a major artery, so that a large volume of traffic maintains a regular movement through the intersection. A retail back-up area at freeway locations may be desirable as support. It may consist of residential, strip commercial areas, or shopping centers (Claus and Hardwick, 1972, pp. 80-82). Site ingress and egress are very important. Near-corner sites and far-corner sites both have advantages and disadvantages, and should be selected according to anticipated clientele preferences and site

characteristics occurring at a particular location (Claus and Hardwick, 1972, pp. 64-65).

Banks and savings and loan associations. Financial institutions once sought prestigious locations in order to give an image of wealth and security. However, financial services today are fairly standardized, and the emphasis is more on accessibility and a pleasant atmosphere. Intercepting positions are highly desirable. Steady incomes of the trade area population are a desirable locational attirubute (Nelson, 1958, pp. 111-113, 127).

Drive-in banks do not require proximity to other businesses, but operate best at locations where customer convenience can be maximized. This is often at a corner, where visibility and accessibility are good and traffic volume is relatively high. Savings institutions, on the other hand, do not stress convenience but do need to be located near other businesses so that customers may combine their visit with a shopping trip (Nelson, 1958, pp. 119-120).

Location of banks near shopping centers has been increasingly popular. Some banks, in fact, are located in shopping centers, where pedestrian traffic is optimal. However, such a location is not convenient for commercial account holders, who prefer quick-serve, drive-in banking. Thus, sites near shopping centers have proven to be the best of both worlds (Nelson, 1958, p. 120). Other mass traffic locations are sometimes considered by banks, including prime retail streets and near large employment centers.

Automobile sales dealerships. Automobile sales dealerships are often clustered together in automobile rows along major highways, as discussed earlier, in order to maximize visibility and take advantage of linkage. This type of location provides such an excellent opportunity for customer comparison shopping that Delbert J. Duncan and Charles F. Phillips contended that "in a few instances, competing dealers have even joined together to purchase or lease an outlying site and built their establishments upon it" (Duncan and Phillips, 1967, p. 105).

Apparel shops. Clothing is a shoppers' good which invites comparison shopping. The particular types of merchandise carried in an apparel shop is dependent upon characteristics of the target population: age, income, ethnicity, occupation, etc. Observations have been made regarding location of these establishments:

> Apparel stores typically have a lower proportion of self-generated business than department stores and, therefore, have greater need for a prime location (particularly with respect to other generators). Exceptions to this statement are the high-style, expensive ready-to-wear stores, which sometimes have a higher proportion of self-generated business than even the biggest department store.
>
> Another exception involves stores in suscipient locations with a captive or semicaptive market (Nelson, 1958, p. 48).

Department stores. Department stores have traditionally been heavy advertisers, thus they are thought to be chiefly generative business. In addition, they "will also secure business that is generated by compatible neighbors (shared business and business that is suscipient) . . ." (Nelson, 1958, p. 46). Duncan and Phillips provided further insight into department store location:

> . . . it has long been recognized that department stores . . . thrive best in groups: this fact is being increasingly acted upon by shopping center developers through their efforts to bring two or three department stores into a single center. When specialty goods are sold and customers are attracted on bases other than convenience and opportunity for shopping, the store proprietor has a greater degree of freedom in choosing a location. Accessibility remains important, however, with the result that stores handling goods of this type are commonly located in the chief shopping districts, either on the main thoroughfare or on a better class side street, or in shopping centers (Duncan and Phillips, 1967, p. 104).

Branches of department stores and departmentized specialty stores have sprung up in the suburbs in order to draw from the resident population there. Branches have proven beneficial to the overall well-being of the parent company (Duncan and Phillips, 1967, p. 116).

Discount houses. Discount houses have emerged as a retailing form fairly recently. They may include discount chain stores, factory outlets, budget stores of department stores, and catalog showrooms. These establishments may be found in shopping centers, but in many cases they are freestanding whenever they are unacceptable as tenants in shopping centers (Duncan and Phillips, 1967, p. 115). Suburban sites offer ample land at relatively low cost for freestanding discount establishments (Epstein, 1967, p. 98). Department stores and discount houses may benefit by being proximate to one another (Rachman, 1975, p. 339). Operational characteristics of discount houses determine their locational needs:

> Discount houses . . . operate on low markup and profit margins; and a very large proportion of their rent-advertising budget is spent for advertising. From 90-95 per cent of their business is generative (people make a special trip), and it is important only that the location be reasonably accessible to

> the trade area of the store and that the address be easily indentifiable (Nelson, 1958, p. 46).

Variety stores. Variety stores, such as F.W. Woolworth Company and T.G. & Y. stores, are vanishing, perhaps due to the rise in prominence of discount houses and the expanded role of drugstores. They sell general merchandise. Site location is very important, Nelson maintained, since variety stores "have the lowest proportion of self-generated business of any of the major mercantile types. . . ." (Nelson, 1958, p. 48).

Transient commercial establishments. Transient commercial establishments include such lodging facilities as motels, hotels, motor hotels, and resort hotels. They provide services to their guests as well as the community in which they are located. The success of these establishments is dependent upon a profitable room rental operation, which is determined by management characteristics, pricing policies, and occupancy rates. The latter are susceptible to seasonal changes as well as to vagrancies in business cycles, personal lifestyles, and the current local supply of available rooms. Sources of demand for transient commerical establishments include pleasure travelers, business travelers, conventioneers, and tour groups (McMahan, 1976, pp. 203-207).

The four types of transient commercial establishments vary in their locational requirements. Motels, which cater primarily to pleasure travelers whose stays are relatively short, should be located near major highways on high-visibility sites. Motor hotels usually

include a restaurant and bar, and serve both pleasure and business travelers. The best locations for them are near major highways, airports, and business and industrial areas. Hotels feature a full range of services which benefit business travelers and conventioneers, and are also utilized by the community. They require locations near major activity centers, such as downtown, near airports, near business centers, or near cultural centers. Existing mainly to serve pleasure travelers, resort hotels must be located near a natural or man-made source of attraction (McMahan, 1976, p. 217).

Transient commerical facilities might be considered generative, since a premeditated decision is usually made to find an overnight place to stay, although a guest may not know in advance which one he or she will stay at. Good accessibility and visibility are essential.

Specialty shops. Little information could be found on the locational needs of specialty shops. It seems that, in many cases, they receive business due to impulse visits from shoppers who are in the area for other reasons, thus they may be considered shared businesses. The most profitable locations, therefore, would appear to be in shopping centers, within retail strips, or at interstate exit ramps. The latter two types of locations would draw customers from the highway-traveling public as a result of good accessibility and visibility.

Retail entertainment establishments. Little or no research has been done on the locational requirements of retail entertainment establishments. Unless they are major regional attractions or tourist

sites, these businesses do not require highly visible or accessible locations. Instead, they rely on reputation and much repeat business from neighboring areas. This category includes such establishments as theaters, skating rinks, bowling alleys, bars and taverns, discotheques, water slides, and health spas.

This chapter has outlined the economic and spatial relationships and land use patterns comprising retail structure, and has presented a synopsis of locational requirements generally applicable to retail establishments as well as those pertaining to specific types of businesses. It has also included a brief discussion of transient commercial establishments. This framework should provide some clues as to why retail estalishments are located at certain types of sites. The next chapter will examine the characteristics and locational patterns of commercial complexes, including shopping centers, office parks, and mixed-use developments.

CHAPTER IV

DEVELOPMENT OF COMMERCIAL COMPLEXES

While the previous chapter examined the structure and locational requirements of retail establishments, various economic and locational principles are also applicable to commercial complexes, some of which are comprised of retailing activities. The term "commercial complexes" in this thesis will refer to shopping centers, office parks, and mixed-use developments.

This chapter will consist of a discussion of the characteristics, emergence, community role, locational requirements, development, and future trends for each type of commercial complex. These principles should aid in a comprehension of development decisions pertaining to commercial complexes. Although many statements made about shopping centers will also hold true for regional shopping malls, the latter will be discussed in greater detail in Chapter V.

A. SHOPPING CENTERS

The first type of commercial complex to be addressed is shopping centers.

Characteristics

A shopping center has been defined by the Urban Land Institute as follows:

> [A shopping center is] a group of architecturally unified commercial establishments built on a site which is planned,

> developed, owned, and managed as an operating unit related in its location, size, and type of shops to the trade area that the unit serves. The unit provides on-site parking in definite relationship to the types and total size of the stores (Urban Land Institute, Shopping Center Development Handbook, 1977, p. 1).

A shopping center represents a cohesive aggregation of retail businesses forming a preplanned unit constructed simultaneously or in phases by one developer. Its operations, management, and promotional efforts are conducted jointly. In addition, a shopping center is designed to accommodate intrinsic site characteristics as well as community needs and desires. Several things distinguish an ideal shopping center from mere retail ribbons or shopping districts: 1) a unified site which complies with market needs and accessibility requirements; 2) the presence of on-site parking so designed to maximize accessibility while reducing pedestrian walking distances; 3) provision of loading and unloading facilities for all tenants; 4) arrangement of tenants in a manner which maximizes pedestrian travel between stores; and 5) efforts made to control various environmental conditions, including weather, safety, design, convenience, landscaping, and the placement of signs and "street furniture" (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 1-2). It can thus be said that shopping centers today are recognized as a distinct land use type, which evolved as a result of development practices instead of in response to zoning regulations, as did office skyscrapers (McKeever, 1973, p. 8).

Shopping centers may be classified according to their location, size, function, tenants, or layout, although the classifications are

not mutually exclusive. General characteristics of neighborhood shopping centers and malls, superregional shopping malls, and mini-malls were discussed in Chapter III. Table IV-1 on the next page outlines these characteristics.

Several other forms of shopping centers exist, most of which are recent newcomers to the urban scene. Vertical centers are a multi-level version of regional shopping malls, which can be built on smaller sites and reduce horizontal pedestrian walking distances; however, their construction costs are considerably higher than those of conventional shopping centers. These shopping centers often exist as part of mixed-use developments. Small regional mall centers are ideal for development of small infill sites where zoning and environmental regulations are strictly enforced. They have about 300,000 square feet of gross leasable area (GLA) and are designed to serve small markets. Minimarts are similar in size and function to convenience grocery stores, except that they may also carry sundry items. Specialty or theme centers serve unusual market segments and are suitable for location in old rehabilitated structures. Fashion centers usually contain only stores selling apparel, boutique, or crafts-type merchandise which are of relatively high quality and relatively high price. These centers require location in high-income areas but may draw customers from an entire regional area. They may exist in conjunction with mixed-use developments (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 9-12).

Recent trends reveal a decline in importance of community shopping centers in urban areas due to their size, particularly in

TABLE IV-1

TABLE OF INDICATORS FOR TYPES AND SIZES IN SHOPPING CENTERS

Type of Center	Neighborhood	Community	Regional
Leading Tenant (basis for definition)	Supermarket or Drugstore	Variety, Discount, or Junior Department Store	One or more Full-Line Department Stores
Average Gross Leasable Area (GLA)	40,000 square feet	150,000 square feet	400,000 square feet
General Ranges in GLA	30,000 to 100,000 square feet	100,000 to 300,000 square feet	300,000 to over 1,000,000 square feet
Usual Minimum Site Area	4 acres	10 acres	30 to 50 acres or more
Minimum Support	5,000 to 40,000 people	40,000 to 150,000 people	150,000 or more people
Parking Standard	5.5 parking spaces per 1,000 square feet of GLA		

Source: J. Ross McKeever, Shopping Center Zoning, Technical Bulletin 69 (Washington: Urban Land Institute, 1973), p. 12. Used with written permission from the author.

large cities. This is because they are too large to derive enough support solely from the neighborhoods in which they are located, and too small to attract shoppers from the entire community, except in cities of 50,000 to 100,000 population. The presence of a strong regional shopping center compounds the demise of community shopping centers, intruding upon their trade areas. However, if the market area is strong, both can thrive in close proximity to one another if their tenantry sufficiently differs (Urban land Institute, Shopping Center Development Handbook, 1977, p. 5).

Emergence

Shopping centers as a retailing form arose in order to accommodate changing buyers' habits resulting from an alteration in travel patterns as well as consumer desires for one-stop shopping (McKeever, 1973, p. 8). Some authors viewed the rise in preeminence of the automobile, the suburbs, and the shopping center as components of one phenomenon. Increased mobility attributed to the automobile fostered suburban residential development, creating new concentrations of potential retail consumer markets which entrepreneurs sought to capture. The dependence upon automobiles for shopping necessitated the provision of parking next to retail facilities. Shopping centers were thus an innovation able to meet customer desires for one-stop shopping with ample free parking (Urban Land Institute, Shopping Center Development Handbook, 1977, p. 12). One author defined a planned shopping center as "an integrated retailing center, developed and managed as a single unit" (Simmons, 1964, p. 102).

Early shopping centers had Sears or Ward's stores as their major tenants, along with grocery outlets. Developers soon sought a more unified concept for shopping centers, adding smaller tenants and devoting attention to such things as display windows, site design, and management. The first shopping centers were Baltimore's Roland Park Shopping Center and Kansas City's Country Club Plaza in the early 1920s. Highland Park Village, opened in Dallas in 1931, was the first shopping center in which stores were faced inward away from the street (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 12-14).

A shopping center boom occurred after World War II. Neighborhood convenience shopping centers emerged, and the first suburban regional shopping center was born in 1950--Northgate in Seattle. Improved development and merchandising practices soon led to the recognition of shopping centers as a distinctive land use type, here to stay. In 1956, Southdale in Minneapolis was built as the first enclosed mall regional shopping center. Shopping centers continued their success in the 1960s as they were refined to comply with changing market conditions (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 15-16).

Community Role

Shopping centers today are an important presence in the community in terms of land use, community life, and the local economy. A substantial amount of land in large urban areas may be devoted to shopping centers. Rezonings often are required so that large enough

tracts of land may be assembled on which to build shopping centers. Increased traffic concentrations in one area are often attributed to shopping centers. Regional shopping malls in particular have become foci of urban leisure activity.

Economically, shopping centers are important to an urban area because of their direct provision of taxes and jobs, as well as their possible indirect role in stimulating other retail activity. The former reason usually causes public officials to welcome them with open arms, whereas the latter may or may not be recognized or favorably regarded. The profusion of shopping centers across the country--approximately 18,500 as reported by the Shopping Center Directory in 1976--precludes the dismissal of their community impacts (National Research Bureau, 1976). Other statistics on the economic role of shopping centers were reported by the International Council of Shopping Centers:

> On the basis of shopping goods, U.S. shopping centers capture an annual retail sales volume in excess of $140 billion, or 45 percent of the total for the general merchandise and apparel categories of the retail business. Shopping centers also include over 1.2 billion square feet of gross leasable area. Centers constructed since 1970 represent about 7 percent of all nonresidential construction volume (International Council of Shopping Centers, 1975).

A shopping center may have an economic impact on a community by setting trends and influencing other retail activity. In this role it is "vastly more than a real estate venture. It is a retail merchandising complex that generates supplementary land uses and influences community values" (Urban Land Institute, Shopping Center Development

Handbook, 1977, p. 21). In his article, "The New Economics of Shopping Center Location and Scale," Grady Tucker stated that a shopping center "is a highly localized phenomenon," being "intricately woven into the fabric of the community" (Tucker, 1981, pp. 41-47; both quotes from p. 42).

Locational Requirements

Shopping center locational requirements include those pertaining to market area, as well as site requirements.

Market area requirements. The location ultimately chosen for a new shopping center should be the best one for the community, tenants, and developer for the type of shopping center proposed (Tucker, 1981, p. 33). Tucker believed that the "ideal shopping center location optimizes access to the maximum market potential for the tenant merchants, or, conversely, access to merchandise for the shopping public." He regarded adequate market potential as:

> . . . a function of the number of people in a trade area that can logically be served by the facilities and the average annual per capita expenditure by that population for the types of merchandise which are presented in the center (Tucker, 1981, pp. 41-42, first quote from p. 41, second from p. 42).

The developer of a new shopping center usually directs his or her own staff or an outside consultant to conduct a market analysis in order to choose the best location for the shopping center. The market analysis should help determine whether a particular community or a particular area of a community can support the proposed shopping center. It also provides data which can be used as guidelines in

developing the appropriate type of shopping center, and in convincing prospective tenants that the community needs and can support the new shopping center (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 24-25).

The market analysis examines existing economic conditions in a locale to determine whether any of the market is currently unserved or underserved; to determine the buying power and shopping habits of the market area population; and to assess the strength of competitors in the area. Information on these issues will reveal whether or not the community is able to support the proposed shopping center. It is important to realize, stated officials at the Urban Land Institute, that:

> . . . a shopping center cannot generate new business or create new buying power; it can only attract customers from existing businesses, which may be absolute, or capture the increase in purchasing power that accrues with population growth. It can cause a redistribution of business outlets and consumer patronage, but it cannot create new customers (Urban Land Institute, Shopping Center Development Handbook, 1977, p. 24).

The actual procedures used in conducting a market analysis will be reviewed in Chapter VI.

The Urban Land Institute presented an overview of the considerations involved in shopping center location:

> Three principal factors are weighed heavily in evaluating a location: size of the market; key tenant availability for the selected site; and site characteristics, including access, size and shape, costs of land, site preparation, utilities, and drainage, and favorable zoning and environmental considerations. Characteristics and availability of adjacent vacant land for later compatible use are also factors that can sway the site selection.

> An accurate comparison of several alternative sites depends on an accurate economic appraisal of the project's income possibilities and potential, measured against the costs of site acquisition, building construction, parking areas, landscaping, maintenance, and operation (Urban Land Institute, Shopping Center Development Handbook, 1977, p. 48).

A few specific requirements pertaining to general shopping center location should be pointed out. The size of trade area required by a shopping center is determined by its projected size. Trade area boundaries are determined by shoppers' habits, the location and strength of competitors, tenants' potential drawing power, and transportation access. Primary, secondary, and tertiary trade areas may be designated, with a certain percentage of potential sales expected from each. The market area radii are generally considered to be 1-1/2 miles for neighborhood shopping centers, and 8 or more miles (within 20 minutes' driving time) for regional shopping malls (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 25, 27).

The purchasing power of the trade area population (as determined by such things as trade area population size, age, family and household unit size, migration tendencies, lifestyle, and income levels) must be sufficient to warrant an expectation that sales volume will maintain a satisfactory level (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 27, 29).

The competitive situation must be conducive to the profitable operation of the proposed new shopping center. That is, the retail market for shoppers' goods in the locale being considered should not already be saturated, and there must be some indication that the new

shopping center will be able to lure some business away from existing competitive shopping centers. Other sources of potential business include new population growth and patronage for tenants which have no competition in the trade area (Urban Land Institute, Shopping Center Development Handbook, 1977, p. 29). Factors which help determine the retail sales potential for a new shopping center thus include the total retail expenditures occurring within the trade area, total retail space, sales capacities for existing competitive outlets by merchandise type, and an estimation of the amount of available surplus sales capacity (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 31-32.

Site requirements. The particular site selected within the chosen market area should be characterized by the following description:

> From the standpoint of location, the site should represent an impregnable economic position. The site's superior access, greater convenience, better merchant array, and improved services should make it impractical for another project, similar in type, to later be introduced nearby (Urban Land Institute, Shopping Center Development Handbook, 1977, p. 34).

Mere possession of a piece of property by a developer does not necessarily mean that it is a good site for the proposed shopping center, one author warned:

> If a site is already owned, the problem is to evaluate it and to justify its use for the proposed shopping center. Too often a developer will plan to build a shopping center simply because he owns a tract of land with highway frontage. His decision to build must be based on proof that the site qualifies by reason of the market and site analyses. A shopping

> center should be developed on the owned site only if it is suitable for shopping center purposes. If the developer does not own the best site, he should acquire it--or forget the development. It is emphasized that any site, even if it is available and owned by the developer, should not be developed as a shopping center if it is not the best site. Otherwise, the best site will also be developed. The result will be overdevelopment, and the center on the less desirable site is likely to suffer from overcompetition (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 33-34).

A site considered by a shopping center developer may be good in every respect except that nearby land uses are undesirable and could hinder the success of the shopping center; or, conversely, the community might have the opinion that the proposed shopping center should not be built on the site being considered because of adverse impacts it is believed the shopping center will have on adjacent or nearby land uses. These are valid considerations. In the former case, the developer might be wise to purchase additional property adjacent to the site, as described below, so that undesirable land uses in the vicinity will not encroach upon the shopping center, and so that a competitor will not locate nearby to take advantage of the shopping center's success:

> Land purchased when the center is first conceived but not used at the outset is very likely to increase in value. This land can be planned for compatible uses. . . . However, developers are finding that, because of high interest rates, taxes, and other carrying costs, the practice of holding land for extended periods is not as feasible or as profitable is it once may have been (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 42-46, quote from p. 43).

A site located next to or across the street from an existing shopping center should not be excluded from consideration, however,

because the latter may offer different types of merchandise or cater to different markets than would the proposed shopping center (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 34-35). Eugene J. Kelley described the economic situation likely to be produced by two shopping centers located near each other:

> Each center is likely to emerge with weaker tenant relations because of the other's proximity. Both centers want approximately the same chains and leading local merchants as tenants. Prospective tenants are aware of this and they will not be averse to playing one developer against the other to secure the most favorable lease terms. . . .
>
> Retailing is built on competition and comparison shopping, but their proximity may provoke an unusual competitive situation. At least they will have to strive for volume. Higher advertising budgets will be necessary. Other service expenses may be higher because of the extreme competition, thereby reducing the net. On the other hand, it is possible that the competition of attractions close by regional centers may assure the success of both.
>
> As a third possibility the centers may create their own traffic problems.
>
> This situation underlies the need for developers to consider not only existing but planned retail facilities in an area and to relate the pulling power of new centers to the total picture (Kelley, 1956, p. 172).

A large site is generally required for a shopping center, with approximately four square feet of land required for each one foot of building area. A large site could be relatively expensive, especially if many parcels of property from different owners have to be purchased and assembled. However, a "higher land cost for a good location is preferable to a lower land cost for a less desirable property." If high land costs are not financially feasible to the developer, vertical construction might be considered (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 47-48, quote from p. 47).

Grady Tucker provided some guidelines for deciding on the appropriate size a particular new shopping center should be:

> A center is scaled to provide optimum profitable marketing impact, or customer attraction. The stores must be large enough to cover a significant sector of the merchandise spectrum and numerous enough to provide the choice which is an essential element in comparison shopping. The sales productivity of the stores must be high enough to provide profitable operation for the merchant and allow for enough rent within normal merchandising expense structure to cover the cost of producing the facility. . . . (Tucker, 1981, p. 41).

Specific site factors to be considered in shopping center location include access; property size and shape; topography, drainage, and utilities; and adjacent land uses. Access describes the relative degree of convenience with which a site can be reached, and is determined by the type of road used to reach the site, the amount of traffic congestion in the vicinity, ingress and egress conditions, and site visibility (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 34-36). General principles specify that a neighborhood shopping center should be located at the intersection of two collector roads; a community shopping center should be located at the junction of two major arterials, with possible access to a freeway; and a regional shopping mall should be located at or near interchange ramps with access to major arterials as well (McKeever, 1973, p. 16). The presence of heavy traffic can sometimes induce frustrated drivers to leave the road and visit the shopping center if time permits, but it may also cause drivers to try to avoid the area entirely. Ingress and egress should be designed in a manner which maximizes convenience and ease of flow and has the approval of state traffic engineering

officials. The importance of good site visibility has been stressed by William Applebaum: "Even though traffic flow attracts retail business, a site that fronts on a highway heavily built up with strings of competing distractions, including signs, has a decreased level of accessibility" (Applebaum, Guide to Store Location Research: With Emphasis on Supermarkets, 1968, p. 38). A site obstructed by trees or a drastic change in elevation relative to adjacent sites also has poor visibility.

Property size and shape affect the size shopping center that can be built, as well as the direction of its frontage. In general, 10,000 square feet of building area and 30,000 square feet of parking area are needed for each 40,000 square feet (about one acre) of site area. Traditionally, the most desirable sites for shopping centers have been large, relatively flat sites under single ownership and possessing a commercial zoning designation. Today, however, other sites may be considered due to innovations in building and site design. In addition, acquisition of large sites, especially in prime locations, may prove financially prohibitive and/or difficult to assemble if certain landowners are unwilling to sell their properties. "Innovative planning for development of multiple uses within a single project enables more intensive land use and a consequent savings of land." However, if future expansion is contemplated, extra land will most likely be needed. The site should have adequate street frontage, be of a fairly regular shape, and be unbisected by streets, railroads, utility easements, or waterways. A setback distance of at least 400 feet should be adequate to distinguish the shopping center from strip

commercial development (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 39-42, quote from p. 42).

Topography, drainage, and utilities features of a site influence site visibility, layout, and design, as well as building design. Level sites are generally considered ideal, but sloped sites offer unique design opportunities, i.e., by the design of a multi-level center, which may provide an added attraction to the shopping center if skillfully handled. Proper landscape design can usually overcome any deficiencies in the natural habitat. A site lying in a low area or otherwise possessing poor drainage conditions is undesirable. Stormwater runoff must be properly accommodated, since the coverage of most of the site by buildings and parking lots increases the amount of runoff produced. Utilities should be at or near the site and should be adequate to serve expected needs. If they are not present, special arrangements with the community can possibly be made to reduce developer costs for installing or extending them (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 44-45).

Development

Once the location and site for a proposed shopping center have been selected, actual development may proceed. This involves site acquisition, the securing of key tenant commitments, financing, site design, construction, selection of satellite tenants, and management organization (not necessarily in that order).

Site acquisition. A number of methods may be used to acquire a piece of property to be developed. These methods will be discussed in Chapter VI.

Key tenant commitment. In many cases, a developer will not proceed with plans for a new shopping center until commitments from one or more key tenants have been secured. The key tenant(s) typically is a supermarket or drug store for a neighborhood shopping center; a variety store, discount house, or junior department store for a community shopping center; and three or more major department stores for a regional shopping mall. The key tenant may perform its own market analysis in addition to one executed by the developer, or the developer may rely on one conducted by the key tenant for the entire shopping center. When such a commitment is obtained, the key tenant(s) is likely to dictate to the developer the location and site that are chosen, financial negotiations, building and site design specifications, the selection of satellite tenants, and management and operational policies. The particular key tenant(s) obtained also helps determine the type of shopping center that will be built as well as the image it will have. In addition:

> The key tenant commitment is a form of partnership between the major store and the developer; for this reason, the key tenant . . . should be tied in very closely with the developer in his land and building planning.

Definite requirements regarding the amount of GLA, or total rental floor area to be rented, and the parking index, which is the ratio of the number of customer parking spaces per square feet of GLA, will be specified by the key tenant (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 2, 49-50 passim, quote from p. 50).

Financing. Shopping center financing represents a long-range commitment and requires large initial investment by the developer. This means that it will usually be several years before any real profits can be realized. A loan package must be secured through several sources in most cases. Details of shopping center financing is extraneous to this thesis; however, a brief discusion pertaining to the financing of real estate ventures in general is found in Chapter VI.

Site design. Specific site design procedures will not be discussed except to say that the design of a shopping center, including site layout, building design, landscaping, and access, can have a direct influence in its success in terms of its attraction to customers and its acceptance by the community.

Construction. The amount of time needed for construction varies considerably according to the size of shopping center built, and is often lengthened by adverse weather conditions. In some cases, work proceeds as funding becomes available. Developers of larger shopping centers may elect to build in phases, reserving some portions of the property for future development as economic conditions improve or retail market demand increases.

Selection of satellite tenants. Promotional efforts may be launched by the developer or management agency to obtain commitments from smaller tenants to locate in the new shopping center. The types of tenants secured usually depends on market needs, the ability of prospective tenants to draw from the generative power of key tenants

and/or realize agglomeration economies (as discussed in Chapter III), and the size and location of available tenant spaces.

Management organization. Many developers prefer to hire a management agency to promote the shopping center, collect rents, and oversee day-to-day operations. Management practices and strategies may play a key role in determining the shopping center's success.

Future Trends

Shopping centers come into being and continue to exist in response to consumer demands for retail goods and services. Their development and continued success is dependent upon a number of factors relating to the trade area population, various economic and social changes, developer operating styles, local public policies, zoning and environmental regulations, financing trends, and traffic patterns (International Council of Shopping Centers, 1975, p. 249).

Various authors have expressed diverse viewpoints regarding the future of shopping centers. Claude Ballard described the continuing need for shopping centers because of their great convenience in terms of easy accessibility and superior sales efficiency. However, shopping centers having fewer than four department stores would struggle to survive because of increased competition from larger centers. He stated that "the opportunities for development in the suburbs will continue to be great in those areas where there are weak regional chains or where national chains are in pre-1960 type facilities" (Ballard, 1981, pp. 275-290, quote from p. 282).

Eric Peterson, holding a more pessimistic view, maintained that

fewer new shopping centers will be built in the suburbs after 1980 due to a decline in suburban growth rates. Those that are developed will be built in particularly advantageous locations, such as in a gap between trade areas of existing shopping centers; or in response to unusual market conditions favoring specialty shopping centers (the latter require a more in-depth market analysis effort). Other prohibitive factors to new shopping center development were cited by Peterson:

> Longer development times, higher construction costs, and greater restriction on land use by environmental regulations and local land use controls will tend to diminish the feasibility of new center development but will reinforce the position of existing centers (Peterson, 1976, p. 262).

George Sternlieb and James W. Hughes maintained that shopping centers as they exist today are in trouble, and their only saving grace in continuing to capture a large share of the retail market will be found in some type of recycling effort. They believed that shopping centers are commonplace on the urban scene and differ little among themselves, thus they have lost their excitement. The authors warned: "Passive shopping centers in the future will be losers. The 1980s must see the recycling of first- and second-generation regional shopping centers if they are to maintain their market position" (Sternlieb and Hughes, 1981, pp. 1-16, passage from p. 13).

Bruce P. Hayden anticipated the demise of community shopping centers. Smaller ones having a major discounter such as K-Mart would do fine, he said. However, those having 200,000 to 300,000 square feet would be too large to compete with neighborhood shopping centers

in providing everyday needs, but far too weak to compete effectively against regional shopping centers (Hayden, 1981, pp. 291-296, passage from p. 295).

Tucker and Peterson both foresaw a shift in emphasis from large regional malls to small regionals, which will be located in infill sites in large urban areas or in small- to medium-sized cities previously unserved by regional shopping facilities. Locations of the former type benefit from having needed infrastructure already in existence. Small regionals in the latter type of location will serve a less dense market but will draw customers from a relatively large area (Tucker, 1981, pp. 41-47, passage from p. 47; and Peterson, 1976, p. 263).

A few trends regarding the key tenantry of shopping centers should be pointed out. The demand for department store space is high, claimed Ballard, as major national chains are taking over existing regional department store chains in order to expand their marketability. There is a trend in constructing shopping centers around discount houses (Ballard, 1981, pp. 281-282). In addition, Sternlieb and Hughes foresaw the emergence of new retailing forms to replace the traditonal full-line department store, which "is in a struggle for distinctiveness":

> . . . there is room for "tigers," i.e., stores with a very rigorous cutting edge of character, with unique power, and "elephants," i.e., other stores that can survive in the very sense of carrying more of everything than anyone else. Institutions in between them are destined to fade.

However, traditional department stores may continue to thrive because of the increased flexibility with respect to location within an urban area (Sternlieb and Hughes, 1981, pp. 5-6, first quote from p. 5, second quote from pp. 5-6).

Shopping centers in the future will apparently be less restricted regarding intraurban location, Jack Gould believed, having no "single dominant geographic locus." More shopping centers are likely to be built, however, in the "twilight zone" (infill sites lying between the Central Business District and the first ring of suburban shopping centers) due to a return of middle-income and upper middle-income families to those areas, although land assembly may prove difficult (Gould, 1981, pp. 49-53, passage from pp. 49 and 52, quote from p. 49).

A succinct summary of the future prospects of shopping centers was provided by Gould. He declared:

> . . . retail development opportunities [for shopping centers] will not be restricted in terms of form, size, nor market--there will be a wide range of development opportunities. In terms of market age, opportunities are present in older markets as well as new ones. In terms of market size, development potential exists in very large markets and in relatively small ones. In terms of geography, both the Sunbelt and the Frostbelt have tremendous development opportunity. In terms of urbanized areas, downtown areas, in-city areas, and suburban areas, all possess considerable potential. In terms of development types, new suburban regional centers and in-city regional centers will still represent substantial opportunities, as does the expansion of older centers, theme centers of all types and downtown redevelopments (Gould, 1981, p. 52).

A final point regarding future trends of shopping centers is that they are likely to assume changing functions and a wider role in

the urban scene. Sternlieb and Hughes envisioned the shopping center as "a focal point for the creation of a true market place." As such, the shopping center as a "purely 'retail' center may prove to be a relatively transient phenomenon" (Sternlieb and Hughes, 1981, pp. 14, 16). Ballard predicted that well-located shopping centers would soon become nuclei for office, hotel, and residential development (Ballard, 1981, p. 283).

Some further observations regarding future trends for regional shopping malls will be made in Chapter V.

B. OFFICE PARKS

Office parks represent another type of commercial real estate development venture. Comprehension of the development of office parks will be facilitated by some discussion of the office industry in general.

Characteristics

One author provided the following definition of an office park:

> [An office park is] A development on a tract of land that contains a number of separate office buildings, supporting uses and open space designed, planned, constructed and managed on an integrated and coordinated basis (Moskowitz and Lindbloom, 1981, p. 135).

In the last two decades, office parks have tended to be located in the suburbs, due to the greater availability of land there and the opportunity to be proximate to executive residences.

Office markets are of three general types: headquarters office

markets, middle markets, and local markets. Headquarters offices are usually found in large cities only, where agglomeration economies can be realized and a prestigious address can be obtained. These offices are for giants in industry, finance, and services, which serve national and international markets. Middle market offices serve national, regional, and subregional markets. They are located in accordance with their headquarters and with national population distribution, and are usually found in central city locations where white collar labor is abundant. Local market offices include local government offices, branch banks, law and real estate offices, etc. They serve market areas having 150,000 or less population, and are located near their markets; thus, they generally do not cluster (Armstrong, 1972, pp. 18, 20).

Emergence

Office buildings were previously owned by financial institutions for reasons of prestige. They were located primarily in the Central Business District, which offered premium accessibility and the presence of various amenities and services (Daniels, 1974, p. 177).

Office parks emerged as a product of the process of office suburbanization. Gerald Manners cited six reasons for the latter phenomenon. They are: 1) the development of urban freeways, which provide convenience to executives from their suburban homes; 2) proximity to educated female labor; 3) perceptions of a more relaxed suburban atmosphere, away from central city problems; 4) ample room for expansion, necessitated by acquisition of additional equipment and

larger employee work areas; 5) lower land cost; and 6) management perceptions of suburban sites as superior due to qualitative amenities (Manners, 1974, pp. 96-99).

The suburbanization of offices generally proceeded in several steps, claimed Manners. The pioneers were the sales offices of manufacturing firms, followed by smaller research and service firms. Then large national companies located their regional offices on suburban sites. Soon major firms moved their corporate headquarters to the suburbs. Finally, various elitist office functions arrived (Manners, 1974, pp. 100-101).

Early suburban offices were located within industrial parks as a secondary use. Soon, however, suburban office parks were developed, which limited industrial uses. The first was the Mountain Brook Office Park near Birmingham, opened in 1952. Others quickly followed (McMahan, 1976, pp. 20-21).

Suburban arterial sites were viewed by developers as good locations for office parks because of the availability of ample land, the opportunity for swift access to the CBD and to other office parks, and their proximity to residential areas. Some developers have created "business parks," which contain retail or wholesale stores in addition to offices (Daniels, 1974, pp. 184-186).

Community Role

Office-type occupations as a percentage of all labor have increased dramatically in recent years, and office construction has increased commensurately. About 25 percent of the American population

was employed in office jobs in 1970, and this percentage continues to rise as a result of the mechanization and automation of labor and the shift toward service activities centered in white-collar professions. Over three billion gross square feet of office floor space existed in the United States in 1970, and "offices are growing three times as fast as population" (Armstrong, 1972, pp. 1-2, 6, 10, 14-15, quote from p. 2).

Regina Armstrong provided a good discussion of the rise in importance of offices in the urban economy. She explained:

> Functionally, the growth of the office industry has been essential to the continued growth of the cities themselves. . . . the office industry emerged as a superior way in which the city could export services instead of goods and thereby earn the dollars needed for economic survival . . . The superiority of office over predecessor industries stems from an incomparable growth in demand for office jobs . . .
> . . . . . .
> Scale economies and the advantages of specialization also encouraged the separation of the place of decision-making from the place of production (Armstrong, 1972, pp. 15, 18).

Armstrong went on to cite the more specific importance of office park development to urban economies:

> Office park development in recent years . . . is typified by suburban Atlanta which grew from one facility in 1964 to 40 office parks employing nearly 25,000 workers in 1974. . . .
> . . . . . .
> As office parks multiply and grow ever larger, they enhance the position of the suburbs as a site for complete white-collar business concentrations. . . . suburban moves by major office firms are now beginning to affect the location decisions of others. More than one corporation has recently shifted to the suburbs because its competitors have found it advantageous to do so (Muller, 1976, p. 38).

Locational Requirements

Concentrations of offices have several locational requirements. Foremost is probably the need for good access to a large white-collar labor force. A site adjacent to a freeway or served by public transportation would thus be ideal in most cases. Reliable communications networks are desirable. Employee preferences for job locations near shopping, eating, and entertainment facilities makes locations proximate to such establishments highly sought-after (Regional Plan Association, 1968, p. 2).

Within an urban area, offices may be located downtown, uptown along arterial streets, near shopping centers, in office parks, and within special nodes centered around various institutional functions. The typical office park tenant serves the local market and is geared toward manufacturing or research and development activities, although corporate headquarters sometimes are found in office parks. An office park proximate to a manufacturing district should be attractive to the office functions of the nearby industrial firms, while an office park located within a mixed-use development or minicity should be able to attract office tenants from sister land uses. Other office parks may be built for specific types of office functions having special locational requirements (McMahan, 1976, pp. 181-183, 190).

In general, office developers have tended to prefer suburban locations adjacent to perimeter highways, which offer good access and proximity to upper middle- and high-income residential areas (Hartshorn, 1973, pp. 33-45). Sites located adjacent to large

shopping centers have proven to be particularly attractive for office parks, contended Manners (Manners, 1976, p. 96).

The size of a firm has much to do with its locational requirements. Manners advanced this idea:

> As a broad generalization, very large and very small firms, and especially those playing the role of head office, continue to prefer the central city, where they can take advantage of the metropolitan area labor force and the CBD's external economies. In contrast, medium sized and rapidly growing offices, particularly when they are separated from their headquarters activities, exhibit a growing preference for suburban sites (Manners, 1976, p. 100).

Development

Great fluctuations may occur in the supply of office space within an urban area. Whenever a shortage exists, the construction of just a few new high-rise office buildings can easily accommodate the excess demand in most cases and sometimes even creates a temporary surplus of office space until total occupancy is achieved. However, office buildings require a sizable investment and have long construction periods, meaning that an existing shortage of space may be lengthy. Demand for office space is thus cyclic. "The high proportions of vacant office space in outlying commercial centers and ribbon developments might, therefore, reflect a short-term oversupply instead of a permanent lack of demand (Northam, 1979, pp. 380-381, quote from pp. 380-381).

A developer considering the prospect of developing an office park may have a difficult time obtaining the information necessary for decision-making. Data on office demand may be outdated or misleading

due to temporary shortages or surpluses of office space, the prevalence of long-term leases, and other factors. In addition, office buildings have no market or trade areas as retail establishments do, thus the office demands of the entire urban area must be considered (McMahan, 1976, pp. 183-184).

The general steps involved in determining future office demand in an urban area, as cited by John McMahan, are the following: 1) determine the number of employees working in offices, by office categories; 2) identify past trends in office employment and locational shifts; 3) calculate the existing and projected future space/employee ratios by comparing total office employment to office space in square feet per employee; 4) project future net rented office space (amount actually leased) and future net rentable office space (total amount available for lease), utilizing vacancy data; 5) compare future projections with historical data; 6) analyze the strength of the competition (within the vicinity of the site being considered for a small project or within the entire urban area for a very large complex) by considering their location, leasing information, size of building and tenant spaces, building services, amenities, parking facilities, and tenant characteristics; 7) allocate future office space demands for each node within an urban area; and 8) determine the market capture of the site under consideration by subjective means, with an evaluation of site access, proximity of other office buildings, visibility, amenities, and the prospect of a commitment from a major tenant (McMahan, 1976, pp. 184-188).

A prospective major tenant considering location within a new

office park would have to analyze its own needs before determining whether a new office location is desirable:

> The amount of office space needed is largely a function of the number of current employees, plus anticipations regarding the future; the type of activity in which the employee is engaged; and the operating "image" that the firm wishes to create (McMahan, 1976, pp. 86-87).

Future Trends

Suburban office development and the construction of office parks is likely to continue in the future. Manners cited four reasons why: 1) a decline is occurring in CBD investments; 2) the track record indicates that suburban locations are suitable for a wide range of office activities; 3) many suburban offices have originated in the suburbs and are not transplants from downtown locations; and 4) public transportation has increased in availability and usage in the suburbs (Manners, 1976, pp. 103-104).

C. MIXED-USE DEVELOPMENTS

A third type of commercial complex addressed in this thesis, which is becoming more prevalent on the urban scene, is mixed-use development.

Characteristics

Authors Robert E. Witherspoon, Jon P. Abbett, and Robert M. Gladstone, in Mixed-Use Developments: New Ways of Land Use, describe mixed-use developments (MXDs) as being relatively large-scale real estate projects which are characterized by three basic features:

1) they consist of three or more significant revenue-producing uses; 2) they represent a highly-intensive use of land and have a significant physical and functional integration of the uses, as well as pedestrian connections between them; and 3) they are developed in accordance with a detailed conceptual plan. It should be pointed out that MXDs are a specialized type of multi-use project, not only consisting of several different land uses, but land uses which are revenue-producing (e.g., commercially-oriented) and physically and functionally integrated as well (Witherspoon, Abbett, and Gladstone, 1976, p. 6). This distinction prevents non-MXD-type multi-use projects from being considered in this thesis.

The two main objectives of mixed-use development are: 1) to comprehensively plan the scale, mix, and integration of land uses within the MXD so that their combination makes each more economically profitable than if they were built at separate locations; and 2) to carefully plan and manage the project's cash flow and its construction and marketing timetables "so that individual uses reach a sufficient scale, the mixed use character of the development is maintained, and initial front-end investment is appropriately recovered." Other non-profit objectives which may be sought by developers include: 1) constructing an MXD as a means of developing large inventories of land in prime locations that are held by corporations; 2) using an MXD as a showcase of building materials for a company; and 3) for a local company having a long-term investment in the community, constructing an MXD as a method of improving civic pride (Witherspoon, Abbett, and Gladstone, 1976, pp. 12, 64-65 passim, quote from p. 12).

Emergence

Prior to modern times, cities had a largely mixed-use composition. This began to change with the onset of suburbanization, especially upon the advent of suburban shopping malls. Single-use development then became more prevalent (Downtown Research and Development Center, Downtown Idea Exchange, 1982, p. 1). However, planned-unit development soon arose in response to rising incomes and population growth. Developers added other uses to shopping center parking lot out-parcels as an afterthought, then later began to plan for mixed-use on a site as a cohesive concept (Witherspoon, Abbett, and Gladstone, 1976, p. 17). Teresa Zogby described the emergence of MXDs:

> The traditional notion that communities should be divided into separate districts of single uses has come under increasing attack. Many planners recognize that integrating compatible--but different--land uses can achieve a number of goals, including energy conservation, urban revitalization, and neighborhood diversity (Zogby, 1979, pp. 1-4).

To public officials who deplore the proliferation of commercial land uses, MXDs have been hailed as one way of "diluting commercial activities in a multitude of other land uses." However, MXDs containing commercial uses may have economic spinoffs of their own (Procos, 1976, pp. 46-49, quote from p. 48).

A few of the better-known MXD projects include: Colony Square in Atlanta; Charles Center in Baltimore; John Hancock Center in Chicago; The Galleria in Houston; Kalamazoo Center in Kalamazoo, Michigan; The Centrum in Los Angeles; La Cité in Montreal; Embarcadero

Center in San Francisco; and The Watergate in Washington, D.C. (Witherspoon, Abbett, and Gladstone, 1976, p. 178).

Community Role

Witherspoon, Abbett, and Gladstone have summarized the contributions MXDs can make to the urban economy. They explained:

> Mixed use projects mean much more than commercial vitality and financial return. Increasingly they represent a rediscovery of urbanity through integration of rich mixture of mutually-supporting activities into a single development project. . . .
>
> . . . . . .
>
> Developers discovered that people were attached to an environment where several activities could be carried out simultaneously, without separate trips. . . .
>
> . . . . . .
>
> Rather than single-purpose office parks, shopping centers, or the mix of uses which frequently occurs along commercial avenues in second-generation development, mixed use projects can relieve monotony and provide for an imaginable urban focus and identity for an area (Witherspoon, Abbett, and Gladstone, 1976, pp. 3, 5, 88-89, passim).

More specifically, MXDs are beneficial to the urban economy in several ways. As is true of all real estate development projects, they contribute to tax revenues. Due to their relatively high intensity of land utilization, they are able to conserve land and concentrate their public services and infrastructure requirements, thereby representing substantial savings for these commodities. They minimize economic, environmental, natural resource, and personal costs to all parties involved. In many cases, they are located in blighted urban areas as part of revitalization efforts. Regardless of location, they may represent foci for local planning efforts. For the developer, a more rapid absorption rate can usually be expected and economies of

scale in operation can be realized. Disadvantages of MXDs include more complex financing procedures for them, possible land assembly difficulties, and relatively high front-end costs (Witherspoon, Abbett, and Gladstone, 1976, pp. 12-14).

Locational Requirements

Specialized locational and site selection criteria must be utilized for MXDs, contended Witherspoon, Abbett, and Gladstone: 1) the site must be zoned for high-density mixed-use, or its equivalent; 2) physically, the site must be of such a size and shape and possess the type of topography that are suitable for the mixed-use purpose contemplated; and 3) the site must have the proper access, visibility, and proximity to each of the markets to be served by the land uses within the MXD. Urban public officials may desire that MXDs be located in declining areas as an attempt to revitalize such areas. Developers may also select sites located adjacent to high-density residential neighborhoods (Witherspoon, Abbett, and Gladstone, 1976, p. 75).

Development

An MXD developer is typically a large firm having a relatively broad geographic focus of activity. Such firms are able to undertake and be responsible for the intricate financial and other planning aspects involved in MXD development (Witherspoon, Abbett, and Gladstone, 1976, pp. 14, 66 passim).

MXDs have unique development requirements pertaining to character and physical configuration. Diversity is a must. This means that

an MXD should integrate three or more mutually-supporting major revenue-producing uses, and that it be able to attract a wide spectrum of people to the project for nighttime activities. One of three physical configurations may be chosen for an MXD, depending upon site and tenant characteristics: 1) a megastructure (all uses are housed in one building); 2) a platform supporting individual structures; or 3) free-standing structures with interconnecting pedestrian paths. In addition, the MXD may have an inward orientation as a shield from surrounding urban blight, or be oriented outwards to harmonize with its environs or help stimulate new development around it. "Because of their concentration and diversity, such developments demand extra-ordinary access," in order to broaden the market area and to provide easy accessibility (Witherspoon, Abbett, and Gladstone, 1976, pp. 47, 51, 55, 62 passim, quote from p. 62).

The development steps for MXDs are similar to those of other commercial complexes: a feasibility study, site acquisition, financing, site planning, construction, marketing, and management. The presence of three or more major uses, however, requires a careful study of the integration of these uses in addition to a market analysis for each type of use. Special financing packages and marketing techniques to promote the mixed-use concept of the project are usually required (Witherspoon, Abbett, and Gladstone, 1976, p. 63). MXDs may have a vertical integration of land uses, as in a megastructure, or a horizontal integration, as in a platform or freestanding buildings. Construction phasing is more plausible with horizontal

integration, since buildings or uses may be added as they are economically feasible (Procos, 1976, pp. 27-28).

Future Trends

One source believed that "there is clear evidence that mixed-use developments have become a permanent feature of the urban environment." Their chief advantage, it was contended, is product differentiation, which gives them a definite edge over other types of real estate ventures in the face of uncertain national economic conditions and changing urban structures. Questions have been raised nonetheless about the future prospects for mixed-use development. They may be limited in number and size because of several factors: "steadily increasing construction costs, high land costs, high interest rates, poor real estate markets, and zoning and environmental structures by local communities[14]" (footnote is a part of quote). In addition, prevalent capital shortages may make it difficult to secure a sufficient return and security of investment (Procos, 1976, p. 15).

Specifically, the following trends can be anticipated for mixed-use development: 1) the development of many more projects; 2) a central tendency in scale; 3) more variety and richness of the use mix; 4) more mixed-use development involving renovation; and 5) more discrete phasing of development (Procos, 1976, pp. 15-16).

The objective of this chapter has been to provide background information on the characteistics, emergence, community role, locational requirements, development, and future trends of commercial complexes in order to provide insight into the reasons why they may be

developed at certain locations. Chapter V discusses the influence of the presence of regional shopping malls on the site selection decisions for commercial enterprises.

CHAPTER V

REGIONAL SHOPPING MALLS AND THEIR INFLUENCE ON SATELLITE COMMERCIAL DEVELOPMENT

In addition to having profound impacts of their own on the urban environment, regional shopping malls may induce vast secondary impacts in their peripheries in the form of satellite commercial development. The presence of a new regional shopping mall may awaken entrepreneurs to the economic desirability of proximate sites--sites which perhaps were once considered of little value, but have become ripe for development. In this role, regional shopping malls may be regarded as pioneers or catalysts, opening the floodgates for a proliferation of commercial enterprise development. Such a phenomenon may be attributed to the attraction of many commercial enterprises to the generative characteristics of regional shopping malls.

The previous chapters have set the stage for the ensuing discussion, which serves three purposes: 1) it describes the process by which regional shopping malls may induce satellite commercial development; 2) it delineates the advantages for commercial enterprises in locating near a regional shopping mall; and 3) it postulates future trends for regional shopping malls and their peripheries. The chapter begins with a background on regional shopping mall emergence, characteristics, location, and development; followed by an identification of primary impacts of regional shopping malls. It then moves into a discussion of the secondary impacts of regional shopping malls,

particularly their propensity to act as catalysts of satellite commercial development. The final section is an examination of the future development of regional shopping malls and their peripheries.

A. BACKGROUND ON REGIONAL SHOPPING MALLS

Background information on regional shopping malls to be discussed includes a description of their emergence on the urban scene, as well as a discussion of their characteristics, location, and development.

Emergence

Regional shopping malls as a development concept arose only a few decades ago, with the construction of the first regional shopping mall in 1956 (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 15-16). Prior to their emergence, so-called miracle miles of strip commercial development proliferated in the urban environment. These were soon perceived as ugly and inadequate in terms of the provision of parking facilities. In addition, shrewd retailers foresaw the advantages of agglomeration economies possible via one-stop shopping (Gruen, 1973, p. 19). Other contributing factors to the emergence of regional shopping malls included urban population decentralization, increased automobile usage, decline of downtown areas due to congestion and lack of parking, shifts in consumer buying habits, and the availability of large parcels of land in the suburbs (Brown and Davidson, 1953).

In The Outer City, Peter O. Muller believed that developers

perceived a golden opportunity in capitalizing on the settlement of the suburbs by the affluent segments of the population, which created "a virtually insatiable suburban demand for durable consumer goods." As a result, due to the nearly complete absence of "preexisting retail facilities in the burgeoning outer suburbs, regional shopping centers quickly sprang up at the most accessible highway junction locations" (Muller, 1976, p. 30).

The rise of regional shopping malls in the United States and Canada was traced by Yehoshua Cohen (1972) and by Victor Gruen. In Centers for the Urban Environment, Gruen described the function of regional shopping malls as not only being efficient "machines for selling," but also focal points for suburban lifestyles. Regarding a regional shopping mall as having at least 400,000 square feet, he cited an exact count of 389 regional shopping malls in existence in the United States in 1965, having a total of 267,110,000 square feet of gross rentable area and 1,658,810 parking spaces. By 1971, Gruen estimated, there would be 750 regional shopping malls in the United States and Canada (Gruen, 1973, pp. ix, 42 passim). More recent data could not be found. It is possible that it has not yet been compiled due to the increasing difficulty of such a task.

Characteristics

Regional shopping malls provide a variety of shopping goods, general merchandise, apparel, furniture, and specialty goods. The main tenant(s) is one or more full-line department stores having a minimum of 100,000 square feet of gross leasable area (GLA). As

stated in Chapter III, regional shopping malls may have around 400,000 square feet of GLA, or over one million square feet of GLA, with the latter classified as a superregional shopping mall when it has at least three major department stores. (In this thesis, the term "regional shopping mall" refers to both average-sized regional shopping malls and superregional shopping malls.) An enclosed pedestrian mall connects the stores, including benches and sometimes fountains, sculptures, and display areas as well (Urban Land Institute, Shopping Center Development Handbook, 1977, p. 7).

Location

As is true of any type of real estate venture, certain risks are involved in regional shopping mall location. Due to the immense investment and planning effort involved, however, the selection of the best location and site is more crucial than with that of smaller commercial enterprises. Some general guidelines will be discussed pertaining to regional shopping mall location.

A "strong and unique" location is usually sought for a regional shopping mall. The trade area needs to have a radius of at least 10 to 15 miles, and not be overlapped by the trade area of another regional shopping mall. In addition, one author listed the minimum support as being 150,000 people, and the typical site size as being 30 to 50 or more acres (see Table IV-1, p. 90, in Chapter IV). Several other principles, as noted by the Urban Land Institute, govern the location of a regional shopping mall:

> Super-regional centers evolve or are introduced not only where retailing is growing rapidly, but also where a new regional centralized place or suburban "downtown" needs to emerge within the orbit of the large metropolitan city. Here, with rising land costs and a scarcity of suitable sites, this new kind of commercial community becomes a multilevel center built and owned under the principle of single entity control (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 7, 11).

In Shopping Towns USA, Victor Gruen and Larry Smith emphasized the fact that few good sites, if any, that are large enough to accommodate a regional shopping mall exist today within the city proper. This state of affairs partially accounts for the attractiveness of suburban areas for regional shopping malls:

> Only by virtue of a coincidence does a sufficiently large site for shopping center construction exist within a fully built up area. Usually, large tracts of land accessible by adequate and uncrowded traffic carriers can be found only on the fringe of suburban development or in comparatively empty areas between existing suburban growth. This applies especially to the regional shopping center and to a lesser degree, to the intermediate center, both of which can, with some planning, create sufficient pulling power to reduce the disadvantage of being at some distance from densely populated areas (Gruen and Smith, 1960, p. 98).

A regional shopping mall developer looks for several things regarding access in choosing a specific site. These were pointed out by Urban Land Institute officials:

> . . . the site for a regional center should offer ease of access and should be a reasonable distance from a radial highway leading to the city and from a circumferential highway that taps the urbanized residential periphery of the metropolitan area.
>
> The ideal site for a regional center is ringed by major traffic routes which have access points and traffic control devices carefully designed to disperse traffic over a major street system and to handle the peak loads generated by such

centers (Urban Land Institute, Shopping Center Development Handbook, 1977, p. 37).

Ideal locations for regional shopping malls, according to Ross L. Davies, are sites "at the intersections of outer ring-roads and major radial routes" (Davies, 1976, p. 163).

Development

The development steps for regional shopping malls are similar to those described for shopping centers in Chapter IV. In most cases, however, market analysis is more in-depth; key tenant commitments are more crucial and more difficult to obtain; the amount of investment is much greater; more detailed site planning is required; the construction period is more lengthy; and management operations are more involved than for that of a neighborhood or community shopping center.

Since a regional shopping mall is designed to serve regional shopping needs, the market analysis must carefully scrutinize the existing retail market at a regional scale. In a metropolitan area, an examination must be made of the trade areas of existing regional shopping malls to ensure that they are not overlapped by the trade area of the proposed mall. Economic data must confirm that another mall can be supported in the area in terms of retail sales, incomes, and overall economic growth trends.

Ordinarily, the most desirable regional choice within the metropolitan area will be the region or quandrant combining the greatest percentage of substantial population growth with inadequate retail facilities. In nonmetropolitan areas, justification should be

made that a regional shopping mall, rather than another neighborhood or community shopping center, would best serve local needs and that the site considered would be very accessible from all parts of the region to be served (Kelley, 1956, pp. 162-165, quote from p. 163).

Some regional shopping malls are built in phases, adding on one or more additional department stores at a later time. Gruen, however, was one authority who did not recommend this policy. He cited three reasons against it: 1) additional capital and infrastructure investments are necessitated; 2) ongoing construction activity for the new phase is unsightly and could adversely affect the business of existing tenants; and 3) if it is likely that the market population required for expansion will exist in the trade area within six years after the mall's opening date, it would be prudent to go ahead initially to plan the mall to its full size potential (Gruen, 1973, p. 65). Despite this advice, however, many malls are still built in phases, particularly in smaller, growing communities where a "wait and see" attitude is applied.

B. PRIMARY IMPACTS OF REGIONAL SHOPPING MALLS

Many primary impacts are usually produced by regional shopping malls, which are those circumstances directly produced as a result of the existence of a regional shopping mall (Barlowe, 1978, pp. 215-216). They may take the form of impacts on the urban economy, public services, and traffic.

Impacts on the Urban Economy

The economic importance of a new regional shopping mall to the community is usually extensive. Local governmental officials are understandably eager to rake in the enormous sales and real estate taxes produced by a regional shopping mall. In addition, regional shopping malls are large employment centers. Local suppliers and service firms have an opportunity to secure new customers from regional shopping mall tenants.

Impacts on Public Services

While having tremendous economic benefits, regional shopping malls also represent substantial costs to the community in terms of public services provisions. If no water or sewerage services are available at a new regional shopping mall site, they must be provided, which may involve sizable costs. Additional burdens are placed upon police and fire departments and on local streets. As an employment center, new demand may be created by a regional shopping mall for nearby housing and associated public services.

Impacts on Traffic

Heavy traffic conditions around a regional shopping mall may be attributed to the number of shoppers visiting it, as well as to conditions produced by road geometrics in the vicinity. Shoppers at regional shopping malls are naturally a source of traffic. In Traffic Characteristics at Regional Shopping Centers, Donald E. Cleveland and Edward A. Mueller recognized a "direct correlation between sales magnitude and traffic volumes" at regional shopping malls (Cleveland

and Mueller, 1961, p. 28). Existing road geometrics which could compound traffic problems around regional shopping malls were pointed out:

> When high-activity centers, such as busy regional shopping centers, have access points too close to freeway interchanges, traffic is likely to be severely congested under occasional peak hour conditions. Shopper traffic interferes with the flow of through traffic, and the resultant congestion is intensified if the stacking lanes, where cars wait to enter or exit from the high-speed freeways, are too short (State of Delaware Department of Highways and Transportation, 1975, p. 36).

Several other factors may also be responsible for determining the amount of traffic in a regional shopping mall environs at a given time. These were identified by Cleveland and Mueller:

> The volume of traffic generated by a shopping center is not solely a function of size of center and location with respect to population concentrations. The center must first of all attract shoppers by presenting the goods and services they desire. Secondly, the center must compete with other shopping areas for patronage. The existence of another concentration of stores within a short distance of a center can have a tremendous impact on the business generated at that center (Cleveland and Mueller, 1961, p. 7).

Despite the likelihood of encountering traffic congestion problems, shoppers still perceive regional shopping malls as convenient. This was explained by Claus and Hardwick:

> . . . it is often easier and more convenient to drive twenty miles to an outlying shopping center, even at a greater cost in fuel and wear on the car, than to drive one or two miles into the city core or central business section, which often does not have the space or facilities to efficiently accommodate the automobile (Claus and Hardwick, 1972, p. 7).

C. SECONDARY IMPACTS OF REGIONAL SHOPPING MALLS: CATALYSTS OF SATELLITE COMMERCIAL DEVELOPMENT

Like several other types of large-scale development activity, regional shopping malls may produce a number of secondary impacts (also called spillover effects or ripple effects) beyond the boundaries of their immediate jurisdiction. In Measuring Impacts of Land Development, Philip S. Schaenman and Thomas Muller explained how this can occur:

> New developments frequently induce additional economic activity. Industrial and commercial growth often attract immigration which translates into demand for new housing and shopping centers. These demands stimulate additional construction, both private and public (Schaenman and Muller, 1974, p. 26).

As a result of this additional induced development, the community enjoys secondary benefits, or "those additional values that result from activities 'stemming from' or 'induced by' a project" (Federal Inter-Agency River Basin Committee, 1958, p. 9).

This section will discuss secondary impacts of regional shopping malls in terms of their propensity to act as catalysts of satellite commercial development. It will begin with a review of the role of regional shopping malls in surbanization and retail decentralization. An identification will then be made of the spatial and economic relationships between regional shopping malls and surrounding commercial development, which cause proximate commercial enterprises to be viewed as satellites to regional shopping malls.

Role of Regional Shopping Malls in Suburbanization and Retail Decentralization

Several authors contended that regional shopping malls were major elements in the suburbanization process. Cohen claimed that the "innovation and diffusion of the planned regional shopping center is one facet of the 'suburban' revolution in the United States." Suburbanization, as he defined it, is "the growth of population in metropolitan areas or urban areas which resulted in the creation of new municipal units outside the central city (Cohen, 1972, p. 25). The term outlying is often used as synonymous with suburban in reference to areas that are "in the process of urbanizing and where the pattern of land uses is only partially determined (Horwood, 1958, p. 216).

Homer Hoyt marveled at the great importance of regional shopping malls in shaping urban geography:

> It is the planned regional shopping centres which form the most spectacular element of the new suburban hierarchy. These rival the size and status of the central areas of the largest metropolises on which they have had a tremendous competitive effect. . . . (Hoyt, 1969, pp. 3-12).

The causes of commercial decentralization were reviewed in Chapter II. A good summary of the role of regional shopping malls in the retail decentralization process and their influence on the geography of suburbia was presented by Peter O. Muller, in his The Outer City: Geographical Consequences of the Urbanization of the Suburbs. He traced these historical trends:

> The suburbanization of commerce and industry, . . . has accelerated strikingly since the mid-sixties, and its intensification of the 1970s has reshaped the economic geography of the

> metropolis. Retailing and the rapid rise of the catalytic regional shopping center led this latest and most vigorous episode of intraurban activity deconcentration, . . . Originally content to locate at any interchange or other site convenient to the expressway network, suburban economic activities are now gravitating toward each other. Accordingly, multi-functional urban cores (minicities) have emerged swiftly in the outer city, and these major nodes are now beginning to confer a greater degree of spatial order on the heretofore centerless distribution of production in the suburbs (Muller, 1976, p. 29).

In the period 1945 to 1960, prior to the emergence of regional shopping malls, the consequent stage of retail decentralization existed. This "entailed the leisurely outward drift of stores in the wake of suburban residential development," according to Muller. He explained that retailers were doing well enough downtown that it was not necessary for them to venture into the "unknown waters" of suburbia. The typical retail developments at that time occurred in strips along highways leading away from town (Muller, 1976, pp. 29-30).

The catalytic stage of retail decentralization came into being "swiftly after 1960 with the recognition of the full economic potential of the suburban marketplace," where the well-to-do were making their new homes. This new shopping demand was virtually a wide-open market in the absence of many suburban retail facilities, paving the way for regional shopping malls which "quickly sprang up at the most accessible highway junction locations." Muller characterized the catalytic strategy as being highly successful, since "most new malls became magnetic attractions in their suburban sectors (Muller, 1976, p. 30).

The economic importance of regional shopping malls in shaping

their commercial environs was emphasized by several authors. Victor Gruen, in his Centers for the Urban Environment, acknowledged the "role of the regional shapping center as a springboard for further development . . ." He pointed out that developers of Southdale Regional Shopping Mall in Minneapolis noticed that their mall stimulated development within a one-mile radius (Gruen, 1973, pp. x, 39 passim, quote from p. x). In The Growth Shapers, Urban Systems Research and Engineering, Inc. cited regional shopping malls as replacing local shopping centers in function and in convenience, inducing additional urbanization (Urban Systems Research and Engineering, Inc., 1976, p. 62).

Bart J. Epstein traced the typical pattern of commercial growth, in which residential suburbanization induces the entry of regional shopping malls, which in turn act as a catalyst to consequent commercial development emerging due to improved market conditions:

> New growth areas which prosper sufficiently to attract the regional and large community shopping center also create an almost spontaneous reaction to this new commercial development: additional business close by and additional population growth keyed to the new convenience. Further, tax revenue produced by business represents a net gain (dollars of tax levy versus services required) to a community and helps make up for the loss produced by most housing, thereby encouraging permissiveness for further growth. Thus, often catalytic-commercial expansion results in adjacent consequent commercial sprawl (Epstein, 1967, p. 100).

Shopping centers, and particularly regional shopping centers, may be responsible for establishing ribbon zones around them:

> . . . these centers can induce a strip of commercial development connecting them to the town; other new businesses take advantage of the comparatively greater traffic on the access route to the shopping center, causing . . . the reinforcement of sprawled out development.
>
> Larger industrial or commercial centers have commensurately greater efforts (Urban Systems Research and Engineering, Inc., 1976, p. 62).

A study of the types of businesses likely to be located in ribbon zones leading from shopping centers in Chicago was made by Brian J.L. Berry (Berry, Commercial Structure and Commercial Blight, 1963).

Relationships Between Regional Shopping Malls and Peripheral Commercial Development

Gruen and Smith identified various spatial relationships between regional shopping malls and their peripheries, which are often indications of the existence of economic relationships between them as well. In addition, they described the effects of each on the potential success of the other:

> A reciprocal relationship exists between a shopping center and its surrounding area. A well planned center can exert a highly favorable and invigorating influence on the area surrounding it, and a well planned surrounding area can add, in large measure, to the prosperity of the center. Conversely, a poorly planned or unplanned commercial grouping of stores can have a deteriorating effect on its surrounding area, while the success of even the best planned center can be endangered by a poorly planned or blighted surrounding area.
>
> Full awareness of these facts will affect site selection . . . and will prompt the desire to influence, by aimful planning, the character of the surrounding area.
>
> The term "surrounding area" can be understood either in its narrowest sense: i.e., strips of land on the opposite side of the public roads which adjoin the shopping center; or in the widest sense: the entire community within which a shopping center is used (Gruen and Smith, 1960, p. 98).

(In this thesis, the terms surrounding area and periphery will refer to the former definition give by Gruen and Smith.)

While two proximate businesses may compete with each other at most locations, Eugene J. Kelley believed that "the competition of attractions close by regional centers may assure the success of both (Kelley, 1956, p. 172). Epstein maintained that location strategy for shopping centers "is predicated upon the drawing-power of a preplanned cluster of commercial establishments" (Epstein, 1967, p. 97).

Although commercial enterprises located near regional shopping malls may benefit from such proximity, their presence may be detrimental to the well-being of the regional shopping mall. Gruen described what he called pirating enterprises, which unfairly capitalize on the economic assets of reginal shopping malls. He bemoaned this dilemma:

> [Areas around regional shopping malls need to be carefully planned] . . . in order to prevent the establishment of so-called "pirating" enterprises which would constitute unfair competition by relying on the center's attractive pull. Such enterprises would also profit from the parking facilities and other amenities which the center provides and thus save on capital and operating costs. At the same time, they would not be subject to any of the controls and standards which the center sets up and would succeed economically because their considerably lower investments and operating costs would enable them to underbid the merchants of the center (Gruen, 1973, p. 64).

A pirating store "usually, though not always, has merchandizing characteristics of a classification lower than the center itself." It can thus be said that such priating stores "ride free on the coat tails" of a regional shopping mall--on its publicity, on its

generative power, and on the traffic improvements made on its behalf (Gruen and Smith, 1960, p. 105). Perhaps of even greater disturbance is the possible ensuing ruin of well-intended planning efforts which may have accompanied the regional shopping mall when it was constructed, particularly various traffic and aesthetic conditions:

> Besides the disturbing economic effects, the existence of such pirating stores also tends to nullify many of the planning efforts that were made for the shopping center itself. The traffic flow on surrounding highways, for example, can be seriously disturbed by traffic created by retail units on the opposite side of the highway. Numerous service and delivery vehicles will cause congestions that will seriously interfere with a smooth traffic flow into the parking areas of the shopping center and thus diminish the convenience of parking.
>
> The uncontrolled and often chaotic character of a strip development of pirating stores will effectively counteract any efforts of the shopping center itself to present a pleasant appearance toward surrounding residential areas. Cheap, shack-like structures of a temporary nature may spring up. Thus, pirating stores tend to bring about a deterioration of surrounding residential property values, and with that a blight of surrounding areas (Gruen and Smith, 1960, p. 105).

In "Ribbon Developments in the Urban Business Pattern," Brian J.L. Berry provided some other reasons why commercial enterprises may happen to be located in the periphery of a regional shopping mall. He alluded to the importance of accessibility and agglomeration economies. The types of businesses located within a retail nucleation, he said, have the same general locational requirement as those businesses typically located within a regional shopping mall--to be at or near the intersection of two or more major highways. In order to take advantage of agglomeration economies, "certain types of business regularly locate together and assume identifiable spatial patterns" (Berry, "Ribbon Developments in the Urban Business Pattern," 1969, p. 149).

Richard L. Nelson was in agreement:

> It is the big generators which create business in a shopping district, largely through advertising but also partly through the sale of goods not available elsewhere. This is not to say, however, that the other stores are all parasitic. . . . These stores are complementary and feed upon each other. This is also true of similar stores dealing in the same merchandise (Nelson, 1958, p. 58).

Commercial Enterprises as Satellites to Regional Shopping Malls

The literature reviewed thus far has suggested that commercial enterprises located in the pheriphery of a regional shopping mall may be regarded as satellites to the mall, implying cause-and-effect economic and spatial relationships. That is, in most instances such commercial enterprises are not situated where they are merely by coincidence; rather, they have economic or some other type(s) of ties to the mall.

Catalytic commercial sprawl is initiated when entrepreneurs react to the improved market conditions created by a regional shopping mall. They perceive regional shopping malls as priming actions or springboards for further development, opening up a once-little-valued real estate area. This perception results in the documented rise in land values around a new mall, particularly in the case of suburban malls, which are usually surrounded by much vacant land at the outset.

Economically, regional shopping malls are perceived by commercial entrepreneurs as pioneers in an untested area, possessing generative powers strong enough to anchor the area for weaker businesses that may wish to enter. Rationalizing that if the market is large enough and insatiable enough to support a regional shopping

mall, then it must be wide open to additional "spillover" establishments, commercial entrepreneurs are eager to jump on the bandwagon before competition for sites becomes too keen. In addition, regional shopping malls are usually located at prime intersections or at freeway interchanges, which are just the types of locations that smaller commercial entrepreneurs would prefer for their establishments so that accessibility could be maximized.

The major advantage for a satellite commercial enterprise of a site located in the vicinity of a regional shopping mall, it would seem, is the availability of a high volume of shopper traffic produced by the mall. Since this traffic must pass by adjacent properties, astute entrepreneurs locate their enterprises on those properties in order to take advantage of business interception. Such enterprises thus become partakers of shared business, and, in the case of enterprises that are totally dependent upon a regional shopping mall's generative powers, may be regarded as commercial pirates or parasites. Satellite commercial enterprises, then, are located around a regional shopping mall because of their cumulative attraction to it.

At the same time that a commercial enterprise benefits from shared business, the literature advocates, it may also enjoy agglomeration economies due to its proximity to other commercial enterprises, especially to similar ones. Ribbon zones and/or retail nucleations are formed, which invites comparison shopping. However, it has also been pointed out that some firms may locate their enterprises in a regional shopping mall area solely for this reason, reacting to an already-established market. By contrast, noncomplementary retail

facilities may be located in a regional shopping mall periphery only because the mall is there.

Some commercial enterprises may be located in a regional shopping mall vicinity for intangible reasons. One such reason is related to the glamour and prestige ascribed to a regional shopping mall-area address, which can be a very effective advertising promotion. Another intangible reason is that regional shopping malls are increasingly being perceived as urban activity centers or foci and destination areas, so that the idea is to be located where the people already are. Many firms, particularly offices, as well as mixed-use developments, capitalize on the drawing power and the amenities associated with a regional shopping mall.

In summary, the literature suggests six reasons why a commercial enterprise may be located within the periphery of a regional shopping mall:

1. It benefits from improved market conditions.
2. It takes advantage of the good accessibility that the regional shopping mall already enjoys.
3. It capitalizes on shopper traffic generated by the regional shopping mall.
4. It experiences agglomeration economies from the proximity of other commercial enterprises located around the mall.
5. It is there for intangible reasons, including the regional shopping mall's prestige, its role as a focus of community life, or its amenities.
6. It is there purely by chance.

Emphasis must be made that only in cases where a commercial enterprise is located near a regional shopping mall specifically because of some reason attributed to the presence of the mall, as in Reasons #1, #3, and #5 listed above, can it be said that the enterprise is a satellite to the regional shopping mall. In other cases, it is possible that a particular enterprise could have been located at that site even if no mall had been there.

D. OTHER SECONDARY IMPACTS OF REGIONAL SHOPPING MALLS

Impacts on Land Values

Several authors have emphatically claimed that regional shopping malls have direct impacts on land values of surrounding properties. J. Ross McKeever was one of these proponents. He declared: "Comprehensively planned development, particularly the regional shopping center, unquestionably increases the value of land adjacent to the center" (McKeever, 1973, p. 37). In Shopping Towns USA, Victor Gruen and Larry Smith went even further in saying that "land values in the general areas surrounding a well-planned shopping center may increase markedly from the day the project is announced" (underlining mine) (Gruen and Smith, 1960, p. 105), implying that land values rise in an area even with the mere anticipation of a new regional shopping mall being built there. Perhaps local entrepreneurs perceive the entry of a new regional shopping mall into an area as an economic anchor to smaller firms wishing to establish businesses in the mall's periphery.

In some cases, a regional shopping mall may be located in an area that is already developed, but the existing structures are deteriorating or have been abandoned. The new regional shopping mall may then cause these land and property values to rise, acting as the impetus to remodeling or rebuilding efforts. Land values and land uses thus change over time, causing new types of development to become economically feasible. This phenomenon was referred to by Raleigh Barlowe as the costs of supersession (Barlowe, 1978, pp. 211-212). Marion Clawson advanced similar ideas:

> The use and value of any tract of parcel of land within a metropolis (city center and suburbs) is affected more by the use and value of other tracts or parcels than it is by what takes place on the tract itself (Clawson, Suburban Land Conversion in the United States: An Economic and Governmental Process, 1971, p. 166).

Recognizing the fact that surrounding land values may suddenly rise, a regional shopping mall developer can take several steps to influence ensuing land use development so that it will be beneficial and/or compatible with the regional shopping mall. This subject will be discussed in greater detail later in this chapter.

Impacts on Community Life

Regional shopping malls today have become much more than just a convenient place to shop; they have become foci of community life in the sense of being activity centers or leisure facilities. Muller observed a "subtle but critical shift in primary emphasis from mass selling to serving a much wider spectrum of the needs of suburbanites." He elaborated:

> Today's malls have become convenient all-purpose places to go: after home and work they are now the third most popular place for spending one's time in the suburbs. Many observers view the . . . transformation of the mall into a "recreational shopping park" (Berry et al., 1976a, p. 46) . . .
>
> The new "hub" function is reflected in the myriad activities now found at malls . . . Perhaps the most far-reaching of the nonretailing functions has been the recent emergence of shopping centers as social focal points in suburbia. . . . large malls now show signs of becoming true community centers for their surrounding residential areas. . . . suburbanites are increasingly structuring their lives around the centers. To many . . . the regional mall provides a symbol of identity as well as a sense of community (Muller, 1976, p. 31).

Similar ideas were echoed by Gordon H. Stedman:

> The regional shopping center may well be regarded as a satellite downtown area which, if designed correctly, will take care of most needs for today's living. . . . such development can also act as a civic, cultural, and social center. It is designed to serve all the necessary items for a one-step shopping trip while at the same time offering a recreation area . . . and planned community activity . . . (Stedman, 1956, pp. 170-171).

Impacts on Local Prestige

Added prestige is an intangible, qualitative impact a regional shopping mall may have on a locality which is difficult to measure (McCabe, Shopping Centre Decisions: Evaluation Guides, 1971, p. 10). Gruen and Smith observed that a "'well-planned center can exert a highly favorable and invigorating influence on the area surrounding it . . .'" (Gruen and Smith, 1960, p. 64).

Another author remarked that a regional shopping mall may be thought of as a landmark or destination area where other enterprises are located, in which several stops and transactions may be made:

> . . . it is often the association of land uses as potential destinations within a destination area, rather than the

> attractive power of individual establishments which draws a large proportion of the persons that visit an area . . . (Mitchell and Rapkin, 1954, pp. 47, 55, quote from p. 55).

Muller believed that commercial developers were aware of the prestige that a new regional shopping mall could lend to an area, and took advantage of this situation:

> . . . suburban residents were signalling their growing perception of new shopping malls as prestige-laden places. These sentiments were not lost upon commercial developers, who by the end of the 1960s were openly capitalizing on the now glamorous images projected by suburban retail nodes (Muller, 1976, p. 31).

Regional shopping malls are perceived as "glamorous" by both businessmen and private citizens, and are regarded as <u>focal points</u> of activity in suburbia, around which various facilities have congregated:

> Integration of the location trends shaping the suburban distribution of retailing, manufacturing, and the office industry shows a growing propensity for economic activities to gravitate toward each other. Pacesetting superregional shopping centers with their myriad social activities, complete attunement to the automobile, and regionwide drawing power via freeway, have become such focal points in the outer city. Their immediate vicinities assume an equally glamourous aura, and attract manufacturing and office employers whose current locational desires are fully satisfied as these prestigious sites highly accessible to labor and established suburban business facilities. The result has been the emergence of major multi-functional urban cores which are rapidly coming to dominate the economic geography of contemporary suburbia (Muller, 1976, p. 40).

E. FUTURE DEVELOPMENT OF REGIONAL SHOPPING MALLS AND THEIR PERIPHERIES

This section of the chapter will first examine the future prospects for regional shopping mall development. Assuming that regional shopping malls indeed are responsible for influencing the commercialization of their peripheries, an identification will then be made of methods by which regional shopping mall developers themselves can influence real estate activity on surrounding properties. That is followed by a discussion of the roles that public officials can take in the development of regional shopping malls and their peripheries. Whether or not individual commercial entrepreneurs in the future will perceive regional shopping mall peripheries as desirable locations for their commercial enterprises, however, is a matter which must be reserved for address by the empirical study and further research.

Prospects for Regional Shopping Mall Development

Various viewpoints have been given regarding the future prospects for regional shopping mall development. Muller believed that "the superregional mall is still diffusing across the country and many older centers are still adding new stores." However, he said, "doubts are now arising as to how much longer the supersize retailing phenomenon can continue" (Muller, 1976, p. 31). Most authors foresaw the decline in importance as well as development of regional shopping malls, which would be caused by a gradual shifting in their location and function. This would be determined by the influence of certain specific factors.

An excellent treatise on the future of superregional malls was presented by Bruce P. Hayden in his article, "Are We Overbuilding? Is Large Gobbling Up Small?":

> . . . I happen to think that the day of the superregional has come, is here, and is starting to wane. I do not think we are going to see a great many new superregionals created. To be successful, the five-and-six department store center of 1.5 million square feet more or less needs to find an underserved and rapidly growing market area. There will continue to be such areas, and there will continue to be new superregionals created, but today the smart developers and the smart money who are thinking regional at all are thinking about . . . the miniregional. . . .
>
> The big regional, and in some cases even the small regional, seems to have strikes going against it in all directions. They are a pet hate of the environmentalists, for example--as are the superhighways at whose intersections the superregionals have tended to develop. They are feared and detested by the big city mayors--. . .--all of whom see further development of such centers as further nails in the coffin of their hope for downtown renewal (Hayden, 1981, pp. 291-292).

Ross L. Davies also held a pessimistic viewpoint, believing that good sites near suburban freeways and expressways are becoming scarce. Even if such sites are available, he maintained, the market is likely to be oversaturated already:

> Hitherto, most of the locations sought for new regional shopping centres have been 'greenfield' sites close to expressways. Frequently the simple most successful locations have been those at the intersections of outer ring-roads and major radial routes. . . . Such prime locations are becoming increasingly more difficult to obtain, however, and many future developments are now having to be planned in anticipation of expressway systems not yet built. These will continue to perpetuate the outward sprawl of shopping centres. A significant by-product of this is that whereas regional shopping centres previously competed with the central area and led to its decline, increasingly they are competing amongst themselves and it will be those developed earlier in the inner suburbs which will suffer most as a result (Davies, 1976, p. 163).

Several reasons why regional shopping malls have probably reached their peak were cited by Muller and by Eric Peterson. These are:

1. Three-level facilities are probably the upper-size limits for regional shopping malls due to limits on tolerable walking distances.
2. Sites of ample size are increasingly difficult to assemble and construction costs are rising.
3. Energy constraints make the development of regional shopping malls in outlying areas increasingly risky.
4. The U.S. Environmental Protection Agency now recognizes regional shopping malls as indirect air pollution sources, thus putting pressure on developers to compensate for such adversities.
5. New regional shopping malls must compete against both the rising growth of smaller theme center malls featuring specialty shops, as well as the revitalization of central city shopping areas (Muller, 1976, pp. 31-32).
6. Higher rent payments from tenants will be necessities by higher predevelopment and construction costs.
7. Financing will be more difficult to obtain.
8. Permit approvals for rezoning and building will be more difficult to obtain due to stiffer requirements.
9. An unclear local market picture will cause nationally-based tenants to be cautious in making long-term investments to enter a new market area.

10. An increasing share of the total shopping center development market will be captured by small regional centers, which will serve a similar function to that of the larger malls. These will have the advantages of: 1) being able to be located on inner city bypassed sites; and 2) catering to "the unserved markets of lightly-populated regions surrounding small cities where customers are drawn from vast distances (Peterson, 1976, pp. 262-263; quote from p. 263).

Other factors that will dictate the future development of regional shopping malls were identified by Howard L. Green and David L. Huntoon in their article, "Regional Shopping Center Issues in the 1980s" (Green and Huntoon, 1981).

Regional Shopping Mall Developer's Influence on Peripheral Development

Reference was made earlier to Gruen and Smith's acknowledgement of a reciprocal relationship between a regional shopping mall and ensuing development on peripheral properties. They stated that a well-planned periphery could enhance a regional shopping mall's prosperity, while a poorly-planned one would undermine its success.

J. Ross McKeever described the increase in land values of property in the vicinity of a regional shopping mall as beneficial to the mall, and gave several examples of types of "compatible fringe uses" that should be encouraged in order to protect regional shopping mall tenants from unwanted competition:

> The comprehensively planned shopping center unquestionably increases the value of land adjacent to the center. It is logical that the developer should benefit directly from the

> increase in value, provided he controls the land so positioned. The developer himself may not control all adjacent land development. It is important to encourage development of office parks, medical clinics, motels, restaurants, and other nonretail commercial uses which do not affect peak hour traffic flow to the center. Such fringe development will also concentrate shopper traffic within the area approximate to the center, rather than diluting and diverting that buying power to areas beyond the center's influence (McKeever, 1973, p. 37).

Some specific suggestions were made by Gruen and Smith regarding ways in which a shopping center developer could control development on adjacent and peripheral properties which possess a commercial zoning designation. One method of control is for the developer to outright purchase those peripheral properties perceived to be a potential threat to the well-being of the shopping center. Although this may involve monumental expense, it would protect the investments made on behalf of the shopping center and could prove profitable in the long run in the form of property sales to desirable types of neighborhing enterprises, with certain development stipulations placed in the property deeds (Gruen and Smith, 1960, p. 105).

Another possible solution to prevent the encroachment of undesirable development is for the shopping mall developer to negotiate with adjacent property owners, attempting to persuade them to construct complementary rather than competing types of land uses. Such complementary uses would serve the shopping mall in various ways and would have a greater chance of succeeding than would other competing types of facilities (Gruen and Smith, 1960, pp. 106-107).

Regardless of whether the first or second strategy is employed, said Gruen and Smith, the shopping center developer would be

wise to draw up a comprehensive plan for the land usage of surrounding properties that would be most beneficial to the shopping center. The authors listed several objectives that such a plan should have:

> . . . i) . . . newly created uses should be in harmony with the characteristics of their adjacent areas; ii) new uses should serve as a gradual transition between the high density activity of the shopping center and outlying quiet residential areas; iii) all new uses should be non-competitive to the shopping center; iv) the plan should provide for usages complementary to the shopping center; [and] v) the plan should aim to upgrade the character of the surrounding area economically and aesthetically (Gruen and Smith, 1960, pp. 106-107).

Influences of Public Officials on Future Commercial Development

Public officials are likely to play a large role in the future development of regional shopping malls and their peripheries. Their role will be shaped by the land policy goals they set through the use of various regulatory measures, through the provision of public services, and through their direct involvement in the real estate development process. The roles of public officials in influencing land development in general were reviewed in Chapter II. The discussion here will be directed more specifically toward the role of public officials in influencing commercial development.

Urban sprawl curtailment. Public officials have recognized the high costs of urban sprawl which are often associated with suburban commercial development, and the concomitant need to avoid it. Grace Milgam declared:

> Public officials and city planners . . . deplore the "urban sprawl" which they ascribe at least partially to rising land prices, believing that builders go farther out to obtain

> cheaper land while rejecting vacant, closer-in-parcels because they are too high-priced, thus forcing the costly extension of public utilities and promoting excessive travel to jobs and central facilities (Milgram, 1967, p. 11.

The first step toward reducing such urban sprawl, believed Chapin and Weiss, should be an identification of various priming actions (i.e., the entry of a new regional shopping mall into an area) and an understanding of the manner in which such actions may influence subsequent development. This involves an analysis of "the underlying decisional variables that condition the form that each particular priming action takes" (Chapin and Weiss, 1962, p. 431).

Shopping center zoning. Planners must be concerned with shopping center zoning because of the generative potentials of shopping centers. An appropriate zone for them might be the floating zone, as advocated by McKeever:

> Naturally, the planner is concerned with zoning re-classification for land use that creates a new generator of attraction which may induce change for the area nearby. Also, the planner and zoning approval authorities are often concerned with locational aspects of a center in relation to site monopolies and retail competition. By employing the flexibility of the "floating zone" principle in the ordinance and for the map dissention [sic] about site monopoly need not arise (McKeever, 1973, p. 34).

Milgram believed that a lack of sufficient land zoned to meet market demands for a particular use would cause land prices to skyrocket, whereas too much land zoned for that use would perhaps cause oversaturation of the market (Milgram, 1967, p. 134). Commercial strips are not suitable sites for shopping centers, warned McKeever.

Sites should not be zoned prior to development; rather, local planners should designate general areas where shopping centers may be acceptable. Citizen opposition to proposed shopping centers could then be reduced by informing the public of their benefits to the community (McKeever, 1973, p. 23). In his article, "Control of Competition as a Proper Purpose in Zoning," Daniel R. Mandelker stated: "Commercial facilities should not be built if the community does not need them, and a proper locational balance should be maintained between competing commercial uses" (Mandelker, 1972, p. 23).

Special purpose districts and mixed-use zoning are zoning tools intended to foster innovative types of development under specialized guidelines. They may be useful in encouraging the construction of specialized kinds of shopping centers and mixed-use developments (Witherspoon, Abbett, and Gladstone, 1976, pp. 96-97).

Taxation measures. The use of taxation measures as land policies has been studied in considerable detail by several authors (Barlowe, 1978, pp. 215-216; Delogu, 1972; Plunkett, 1972; Pickard, 1962; Beeman, 1969; and Clawson, "Urban Sprawl and Speculation in Suburban Land," 1962, pp. 109-110). One author believed that higher taxation rates should be applied to those properties in which development is desired, in order to discourage land speculation (Clawson, "Urban Sprawl and Speculation in Suburban Land," 1962, pp. 109-110). Similarly, another view held that land which has a good chance of being rezoned should be assessed according to its land use potential (Delogu, 1972, p. 210).

Transportation improvements. The effects of transportation improvements in inducing new development adjacent to such facilities is a subject that has been widely researched. Ray M. Northam provided particularly good insights into the effects of highway improvements on urban commercial development:

> Another effect of highway improvement appears to be a greater degree of centralization of commercial establishments. This is to say, less dispersion of such establishments in the urban area. New commercial concentrations may be formed at prime locations, such as interchanges of freeways and at intersections of major arterials. Furthermore, commercial clusters in proximity to the improved route tend to be enlarged. In essence, this produces a rearrangement of commercial clusters that reflects, to some degree, the development of highway improvements . . . There is a tendency toward a number of commercial nucleations arranged in a linear pattern, which duplicates the pattern of major highway arterials, especially in smaller urban centers with a high proportion of highway-oriented business concerns. The degree to which this centralization proceeds will depend on the nature and orientation of the improvements provided. The result, though, is a revision of the spatial structure of the commercial centers that are associated with vehicular movement on highways, and there are very few of these clusters that do not benefit somewhat at least, from such an association.
>
> . . . development of a transportation route cannot be taken out of the context of the area in which the route exists, since its development will be accompanied by repercussions and "spin-off effects." One of the spin-off effects has to do with freeway development and subsequent emergence of nodes of development at points where the freeway is intersected by feeder highways or rural roads. . . . desirability of land parcels in close proximity to points of entrance or exit from freeways (or both in the case of full interchanges) is stimulated greatly (Northam, 1979, pp. 462-463).

Land use development evaluation. Some general guidelines were presented by several authors for measuring and evaluating the probable impact of proposed development projects (Schaenman, 1976; Muller, 1975; Schaenman and Muller, 1974; and Real Estate Research Corp.,

1974). Along a similar vein, Clawson listed possible ways for improving the suburban land conversion process (Clawson, Suburban Land Conversion in the United States, 1971, p. 166). Positive and negative impacts likely to be produced by suburban shopping centers, which should be seriously considered by local public officials, were named by Robert W. McCabe in Shopping Centre Decisions: Evaluation Guides (McCabe, Shopping Centre Decisions: Evaluation Guides, 1971).

In his article, "Public Policy and the Outlying Shopping Center," Edgar M. Horwood entertained a lengthy discussion on the role of public officials in determining the suitability of potential new suburban shopping centers. Although his writing is dated, he raised some important issues that public officials today should address in considering the proper location, timing, and developer characteristics for the development of shopping centers and regional shopping malls--issues in which the public good must be accounted for:

> . . . criteria for the establishment of these centers . . . must necessarily be concerned with more than design standards and land use provisions. They must provide some basis for a determination of the public interest warrants for new shopping centers. How many and of what size should the centers be in a given jurisdiction? What degree of competition shall be permitted, not only between . . . centers, but between them and other established commercial areas? When is an outlying area ready for a new shopping center and what retail commerce shall be allowed to develop in the interim? How shall applicants for shopping centers be selected or screened, if at all, and how shall their ventures be judged as meeting the convenience and advantage of the buying public as well as providing an esthetically attractive physical environment? (Horwood, 1958, p. 215).

Commercial development planning. The need to keep a watchful eye on possible commercial development of properties surrounding a

regional shopping mall has been recognized by many local public officials. Victor Gruen supported this idea:

> . . . because land surrounding regional centers gains appreciably in desirability and value, the utilization of center land and its surrounding territory has to be regarded much more seriously and from new points of view, which make an intimate integration of a large number of urban activities possible (Gruen, 1973, p. 65).

In a lengthy but excellent passage, McKeever contended that unplanned commercial development around major shopping centers is undesirable and should be discouraged. He mentioned several reasons why it may be difficult to control the type of development occurring within a regional shopping mall periphery, and described the role urban planners should take in the development of regional shopping mall environs:

> Piecemeal accretion of additional commercial development around a planned land use is not an appropriate form for suburban communities to follow. It merely allows for further "auto-dominated chaos." It is undesirable to foster strip commercial patterns that are separately developed instead of encouraging comparison shopping through the type of development where there can be one-stop shopping.
>
> . . . a planning policy is needed to encourage concentration of business in the form of planned suburban business districts . . .
>
> Although additional commercial development serving somewhat the same function as a shopping center is probably needed in the urban pattern, the periphery adjacent to shopping centers is not the place to allow it--unless the areas are earmarked for land not already in residential use. The senseless invasion and disruption of substantial residential areas should be halted. . . . There should be the same sense of orderly development, completion, finality and distinctiveness in perceiving the end of commercial development as is perceptible at the boundary of a shopping center.
>
> The important principle is to avoid scattering commercial uses around the center. A controlled clustering of development for land uses compatible with the center is appropriate.

> But long strips of commercial uses that only compound traffic and land uses conflicts in the locality are to be avoided in the area's planning.
>
> At the core of the problem of land use around a major regional or community center is the inability of the shopping center developer to control all the adjacent territory. Also, shopping centers with limited site area cannot always provide for enough uses or a sufficient selection of stores. Certain types of retail outlets in different price ranges and services from those in the center typically cannot be included in the centers. For reasons of competition, there may develop an entirely new set of similar stores wishing to locate in the area. These will either cluster into small groups, locate individually or locate in another competitive regional center.
>
> The planner's concern need not be so much with the shopping center type of commercial project but rather with what can happen when commercial strip zoning extends along arterials leading to the shopping center site--even though it may be legitimate to extend the commercial zoning . . . If competing facilities get a toehold in the same general area, the property of the planned facility may suffer.
>
> . . . In very few segments of urban fringe areas has the planning function been adequately developed or strong enough to keep a newly urbanizing area free from highway strip type of commercial establishments. . . .
>
> . . . . . .
>
> The goal should be to encourage clustering and to require shopping center-like standards of design and to discourage cluttered highways, with random shooping strips of varying sizes scattered throughout the community (McKeever, 1973, pp. 36-37).

Gruen and Smith held that if public officials are aware of the reciprocal relationships between shopping centers and the surrounding areas, they wil be motivated to try to influence the development of such surrounding areas. Opportunities for influencing development around shopping centers located in already built-up areas are "meager." On the other hand, "in the case of most outlying pioneering shopping centers, opportunities for planning of surrounding areas do exist" (Gruen and Smith, 1960, pp. 436-437). Public officials should

discourage "the tendency for parasitic commercial uses to spring up in strips near major shopping centers" (McKeever, 1977, p. 46).

Through the method of threshold analysis, some urban planners have obtained information that can be used in formulating local public policies for influencing commercial development. This information includes a knowledge of the ease and cost of market entry for particular types of commercial enterprises, as well as the threshold levels for paticular types of commercial enterprises. When local public officials are made aware that the threshold levels for these types of enterprises have been reached in their community, they can then be motivated to action. They may take steps to encourage or discourage such development by manipulating various services and regulations (Noble, Bush, and Hair, 1976, pp. 100, 105-106).

The aim of this chapter has been to provide insight into the reasons and means by which regional shopping malls may be responsible for influencing satellite commercial development in their peripheries. The discussion began with background information on regional shopping malls, followed by an identification of their primary impacts within an urban area. This set the stage for a description of the secondary impacts likely to be produced by a reginal shopping mall, focusing on their capacity to catalyze satellite commercial development. The final section examined the future development of regional shopping malls and their peripheries.

CHAPTER VI

COMMERCIAL REAL ESTATE DEVELOPMENT STRATEGIES AND PROCEDURES

> The process of development . . . lies mainly in the hands of private developers, subject to municipal land use and building controls as well as the timing of installation of public facilities (Milgram, 1967, p. 2).

Nearly every real estate development enterprise plays some role in altering community land use, transportation, and socioeconomic patterns. In some instances, one particular real estate development project may have profound impacts on the surrounding area, while in other cases it is the summation of several projects in close proximity to each other that produces such impacts (Martin et al., 1968, p. 284).

An entrepreneur's decision to invest in land resources often proceeds his or her decision to develop a real estate development project. Land investments are frequently made for purposes of long-term speculation, while proposed development projects are usually acted upon promptly by the entrepreneur.

In some cases, an entrepreneur may be a firm which is seeking a new location for an establishment. Two main reasons why the firm may desire a new location may be attributed to: 1) internal operational changes within the firm and/or one of its existing establishments; and 2) external changes in the market or shifts in location requirements of the firm's establishments (Mitchell and Rapkin, 1954, pp. 118-119).

More specifically, an entrepreneur may desire to relocate an existing business because of inadequate space, an inadequate location, an inability to renew a lease, high rent, or fire damage (Nelson, 1958, p. 52).

Many factors must be considered and many steps are involved in planning a new real estate development project:

> [The land development process] requires judgment on the part of the developer of the marketability of the structure which he proposes to build, at the cost at which he is prepared to offer it for sale or rent. This must be based on prior decisions on the size and direction of population flows, the types of community facilities that are needed and the likelihood of their being available if they are not already installed, and the economic conditions likely to prevail when construction is completed (Milgram, 1967, p. 2).

Chapter II contained an overview of real estate development activity--the decision-making environment, the actors participating, and the influences of local governmental policies and actions upon it.

This chapter describes the strategies and procedures comprising commercial real estate development activity. It begins with background information on commercial real estate development, including an identification of the precursors to site development and land development costs. Pre-development strategies embracing land investment, land speculation, franchising, and entrepreneurial goals are then described. A somewhat detailed discourse on market analysis is then entertained, since this is central to the purpose of the thesis. Next ensues a description of decision-making procedures, which entail an economic feasibility analysis, the project decision, and the formal development plan. Finally, a brief discussion of project

implementation is provided, which covers financing, land acquisition, construction, and promotion. Regarding the steps involved in the development process, an effort has been made to present the material in sequential order; however, it should be emphasized that in reality the order of these steps sometimes varies, with two or more steps often being undertaken concurrently.

A. BACKGROUND TO COMMERCIAL REAL ESTATE DEVELOPMENT

Several considerations contribute to the likelihood of development for a particular parcel of land. These include certain precursors to site development as well as land development costs.

Precursors to Site Development

In addition to those factors listed in Chapter II which influence real estate development in a particular area, several conditions and activities pertaining to real property may act as precursors to subsequent development of a particular site. These include rising land values, succession in land use, and neighborhood growth and change.

Rising land values. The value of land has much influence over the timing and nature of its development. Unfortunately, the value of a piece of property on a given day, unlike stocks and bonds, is not usually known. This is because land is sold relatively infrequently. In addition, the selling price of a parcel of land may not reflect its actual value (Henry, 1977, p. 29).

Realtors and economists are in disagreement over the meaning of

value as it relates to real property. While some believe that the market price is indicative of the value of a particular tract of land, granted that the price was derived under competitive conditions, other experts ascribe an intrinsic value to a property, which may not be reflected by the market price. Appraisers may take into account the terms of the sale and the method and cost of financing the sale. The motives of the seller may also determine the value of the property insofar as the land may be sold quickly, held for speculation, or developed (McMahan, 1976, p. 381).

Several factors relate to the concept of land value. These include assessed value, market value, and cost. Assessed value is that value which is assigned to a parcel of land by the local tax assessor. This amount is typically considerably less than the market value or cost of the property because tax assessors usually apply a flat rate to properties according to their zoning designation, rather than analyzing the characteristics of each site individually (Henry, 1977, pp. 29-30). In addition, it is possible that vacant land, particularly when located in rural areas, is assessed at a lower rate because it is not generating a flow of income with which to pay the property tax. Thus, the assessed value of real property is often not indicative of its actual value.

Market value and cost may be more reliable evidence of the actual value of a site. John McMahan provided a good definition of market value:

> [Market value is] the price that a certain piece of property would sell for, given that both the buyer and the

> seller were knowledgeable, willing, under no abnormal pressure, and had a reasonable amount of time to complete the transaction (McMahan, 1976, p. 404).

The market value of a site is determined by evaluating it in comparison to similar and neighboring sites. This evaluation is known as an appraisal. The actual price that a buyer pays for a piece of property, plus all relevant acquisition fees (and sometimes taxes and interest) is known as the cost of that property (Henry, 1977, p. 30).

Even during difficult economic times, certain parcels of land are salable if there is sufficient demand for them. An ingenious entrepreneur seeks to create or enhance such demand by making particular properties attractive through increased land values. Depending on the findings of applicable market research, one or more methods may be used to increase the land value of a site. Five such methods, as described by Rene A. Henry, Jr., are: 1) rezoning the property to change its permitted use; 2) erecting improvements on it; 3) vigorously promoting the property to create a strong demand for it; 4) developing a plan which would make the property profitable to build upon; and 5) creating effective demand through land control of adjacent parcels (Henry, 1977, pp. 102-103).

Rising land values are often a signal of imminent development:

> In the urban-rural fringe, there is a point at which the rise in land values tends to reach a point where the owner of undeveloped land may obtain a maximum return and the active developer will pay an urban market price and go in promptly and develop the land--prices in the land market are pretty well established.
>
> When the land is "ripe" for development, the astute owner is going to sell it because longer holding is going to result in his paying higher property taxes on the land, not to

mention the indirect cost of his invested capital (Pickard, 1962, p. 22).

Succession in land use. Land resources are owned and utilized by those entrepreneurs who are willing and able to offer the most for them, and are put to the use which is expected to secure the greatest profit. Changing market demands or new technology may cause certain properties to be perceived as more or less valuable than before, and this often results in a shift to another use, barring any obstacles of an institutional, personal, or competitive nature. This is the principle of succession in land use. The accompanying development decisions may emanate from careful research, analysis, and planning; have long-term consequences; and involve sizable financial resources (Barlowe, 1978, pp. 193-194).

A substantial number of real estate decisions made today are for the redevelopment of property--that is, the shift to another use. In a majority of instances, this involves the replacement of improvements on the existing land. Redevelopment decisions are made by entrepreneurs who, in response to market vagrancies, believe that their property would yield higher returns if converted to another type of land use. Sometimes, however, operations do not become as profitable as anticipated, causing the user financial hardship. In this situation, the entrepreneur is usually confronted with three choices: 1) to sell the property; 2) to allow the present use to go out of business and then to sell the property; or 3) to shift to a "lower" or less intensive use (Barlowe, 1978, pp. 198-201).

Neighborhood growth and change. The neighborhood in which a parcel of land is situated has great influence over the value of a site. The concept of neighborhood embodies social, economic, and physical dimensions which represent "a set of individuals and institutions to which a property has most immediate access" (Barrett and Blair, 1982, pp. 132, 135, quote from p. 132). For example, the types of land uses and traffic patterns existing within a neighborhood are determined by the lifestyles of the individuals who reside there and the nature of the institutions that are found there. A commercial neighborhood may contain clusters of complementary and/or competitive commercial enterprises.

Several different levels of neighborhood may exist. A neighborhood may be thought of as consisting of just a small land area and a few streets bordering a particular site (the social acquaintance neighborhood); as a larger area containing structures of similar type and character (the homogeneous neighborhood); or as a still larger area comprising a unit which includes a wide range of land uses (the unit neighborhood) (Lee, 1968, pp. 241-268).

Neighborhoods exhibit common economic characteristics and common patterns of change. Thus, it is wise to study neighborhood trends when analyzing the development potential of a site located within that neighborhood. Typical stages in the life cycle of a neighborhood include development, decline, transitionary periods, blight, and rehabilitation (Barrett and Blair, 1982, pp. 133-134).

Neighborhood growth and change often occurs as a result of interuse externalities which exist among adjacent and nearby

properties. Marion Clawson described his premise that the present and future use of a site is largely based on uses of surrounding properties:

> The use and value of any particular parcel of land now or in the future depend [sic] upon the use and value of other pieces of land used for different purposes but in an interrelated pattern. The decision maker, when considering whether or not to buy a parcel of land or to erect improvements upon it, looks at how all the surrounding land is used and has been used, and then makes those moves which he conceives as likely to be most to his advantage. In the process, he usually reinforces the trends under way and sets the stage for new actions by others. In every case, the decision maker creates some values for others which he is unable to capture for himself and often imposes some costs on others which he is unable to avoid (Clawson, Suburban Land Conversion in the United States, 1971, pp. 174-175).

Land Development Costs

Land resources in their natural state have little economic value until they are developed in some way and made accessible for use. An analysis of the different types of costs that will be involved in a prospective land development project will help an entrepreneur determine the best use for the land, the best time to embark upon the project, and the magnitude of profits that can be expected. These costs, as described by Raleigh Barlowe, include direct outlays for development, social costs, time costs, and costs of supersession (Barlowe, 1978, pp. 203-204).

The development of most real estate projects requires the outlay of capital, labor, and materials costs. These costs vary in nature and extent according to the type of project undertaken, the length of time needed to build it, and the parties involved (Barlowe, 1978, p. 204).

Social costs in land development are of two types: 1) social opportunity costs, and 2) social diseconomies. Social opportunity costs have been defined as "the returns and satisfactions foregone by society and its members because of the choices followed in resource developments." On the other hand, social diseconomies are "the external cost and negative spillover effects projects and developments can have on other individuals, communities, and society at large (Barlowe, 1978, p. 207).

Most real estate development projects require several months to several years to build. During this time, substantial amounts of investments are tied up in assets before the project is completed, ready for use, and able to yield economic returns to the developer. This means that the developer's current plans and operations must be geared toward future expectations of the market and economic viability of the project under construction. Risks and speculative factors are thus involved, which may result in longer development periods than initially expected. Those costs accrued to a developer while investments are tied up during the development process are thus referred to as time costs (Barlowe, 1978, pp. 208-209).

Time costs include waiting costs and ripening costs. Waiting costs, such as taxes and interest payments made during the development process, are "those costs that arise because of the waiting period that elapses between time of the operator's first outlay of capital and labor and the time when he can either liquidate his investment or put it to actual use." Ripening costs are "those increases in the cost of holding property that stem from the ripening or imagined

ripening of properties from lower to higher uses." Associated with ripening costs may be an actual or perceived rise in land values and land rents of property. When newly-completed projects take longer to rent out than anticipated (as in the securing of tenants for a new shopping center or office building), ripening costs are incurred in the form of additional taxes and interest payments. This situation may lead to a quick sale of the property to another owner, or in the case of speculative holdings, it may result in the development of the property (Barlowe, 1978, pp. 209-210, first quote from p. 209, second from p. 210).

In the process of succession in land use, a new type of land use for a particular piece of property may be more economically profitable than the present one, even though it means that the investment in any existing improvements must be at least partially foregone. The costs involved in this process are referred to as the costs of supersession. The property owner must weigh the costs of such a sacrifice against the promise of higher returns. If the shift to the new use is not completely feasible, it may occur on a piecemeal basis, such as the conversion of a house into an office or retail shop (Barlowe, 1978, pp. 211-213).

B. PRE-DEVELOPMENT STRATEGIES

Prior to embarking upon a commercial real estate development venture, an entrepreneur usually has general or even specific strategies in mind and may undertake transactions relevant to one or more parcels of land, thereby setting the stage for possible development.

Pre-development strategies include those ideas and actions inherent in land investment, land speculation, franchising, and entrepreneurial goals.

Land Investment

Land as an entity of investment has long been highly regarded. Raleigh Barlowe cited several reasons for its attractiveness: 1) property ownership has traditionally been perceived as desirable; 2) land investments are durable and exhibit a long life; 3) investors are convinced that they understand land and real estate; 4) investors are able to manage their investments themselves; and 5) investors perceive property ownership as a shield against inflation (Barlowe, 1978, pp. 343-344).

Investment in a particular parcel of land may be made for one of several reasons. An investor may purchase property for immediate use by himself or herself, such as for opening a new business or building a home. Or the investor may be an entrepreneur who plans to develop the site for use by others. On the other hand, an investor may be a speculator who chooses to hold the land until it becomes ripe for development:

> With speculative investments of this type, the operator can realize a capital gain if he picks the right sites. His expectations may go unfulfilled, however, if his property is zoned for a lower use than he planned, undesirable developments are located in the area, the city does not grow in his direction, or the expected ripening of the site fails to materialize.

The investor may decide to forego immediate development, choosing instead to lease out the property or turn it over to a management agency. Another alternative is to join with another investor in a combined investment, such as a partnership or real estate syndicate (Barlowe, 1978, pp. 346-347, quote from p. 347).

William Benke described the desirability of investment in commercial land:

> Well-selected commercial land is probably one of the best land investments. The prospects for resale within a relatively short period of time, say within five years, are usually good and the next buyer will likely be an end user who will pay cash. The key . . . is good location in a growth corridor and a site that is sufficiently attractive to effectively accommodate several commercial applications (Benke, 1976, p. 129).

While some are speculators, many land investors have a specific purpose in mind for the property they hope to purchase, and may even have a prospective buyer lined up for the resale of the site. The task is to find the right piece of land at the right location and for the right price. In the search for the ideal site, the investor is influenced by market conditions, the amount he or she wishes to invest, the potential use of the property, existing and planned development, competitive forces, site characteristics, and governmental controls. Rene A. Henry described the nature of this search:

> Finding land to buy is never a problem. Land is always for sale regardless of economic conditions. . . .
>
> Finding the <u>right</u> land to buy, however, is just as difficult in a recession as a bullish economy. Simply stated, finding the <u>right</u> land means finding land without encumbrances, at the right price, that can be purchased at favorable terms, that has appreciation potential, that does not

> have any foreseeable usability risks, and that meets the investment or development objectives of the buyer (Henry, 1977, p. 1).

Some of the characteristics that a desirable site should have were identified by Benke:

> The best type of land for investment in a given area . . . is the type which will (1) provide the highest appreciation rate, (2) permit purchase under leveraged terms, and (3) offer favorable prospects for rapid maturity to end-use suitability, thereby providing good prospects for a cash sale (Benke, 1976, p. 110).

One of the most important factors to consider in land investment, claimed Benke, is the correct evaluation of anticipated future growth patterns which may create supply-demand imbalances. He warned that expected future supply-demand imbalances in the local market could usher in strong speculative activity and a proliferation of real estate transactions:

> The imbalance may not exist at the present time, but its potential for the future may be strong on the basis of some expected event or change. Sometimes these speculative "booms" feed on themselves. Real estate in a certain locality may become very active initially for some justifiable reason, resulting in significant increases in land values. The flurry of such activity usually attracts investor attention, and real estate firms promote the area on the basis of recent growth patterns. Speculative activity may thereby actually sustain the growth for a time, artificially beyond that actually justified on the basis of sound economic reason. Careful discernment is therefore important to determine whether such speculative activity is justifiable on the basis of valid economic forces, or whether it is an artificially stimulated phenomenon that will ultimately stabilize, providing inadequate future growth, or even collapse with a deterioration in land values (Benke, 1976, pp. 111-112).

"Under typical operating conditions, land resources have only a residual claim upon gross returns received from their use in combination with other productive factors." Revenues realized by a property and its improvements are first allocated for wages, supplies, and utilities; then for taxes and insurance. After these expenses are paid, any remaining (residual) incomes "can be treated as land rent or as interest on the operator's equity." A major factor determining the size of the returns on the investment is sunk costs, which are the costs of property development which cannot be retrieved once construction of the project has been completed. From that point on, the investor is committed to the type of land use that the project represents (Barlowe, 1978, pp. 351-352, both quotes from p. 351).

Land Speculation

Land speculation has long been a practice--along the frontier a century ago, and at the urban fringe more recently. It is "the investment of monies at a risk with the hope of gain"; or, more specifically, "the holding of land resources, usually in something less than their highest and best use, with primary managerial emphasis on resale at a capital gain rather than on profitable use in current production." The speculator is usually not interested in the revenues which might be generated by the operation of the property, or in a continued holding of the land. Instead, the affordable sale of the property is the major goal, which is sometimes facilitated by the investment in some improvements on the property (Barlowe, 1978, pp. 201-202, both quotes from p. 201). Typical holding periods range

from 6 to 10 years (McMahan, 1976, p. 120). "If the land sufficiently appreciates in value to realize a favorable capital gain and return based on the amount and time of the investment, then the 'speculator' realistically can call himself an 'investor'" (Henry, 1977, p. 1).

Barlowe described the conditions under which land speculation may or may not be profitable:

> Land speculation often flourishes during periods of rising prices. Under more stable market conditions, the speculator sometimes finds that he must hold his property several years before he can sell it at a profit. Yet even with this outlook, he may hesitate to develop his . . . lands . . . if he feels that the prospective profit to be gained by waiting for an anticipated higher use will more than pay for his accumulated holding costs.
>
> A different situation exists when high interest charges for invested capital, increasing outlays for property taxes and insurance, or other pressures discourage the speculator from playing his waiting game. Under these conditions, the speculator may sell for whatever price he can get. He may give up his speculative dream and develop or redevelop his property for the highest use justified by existing market conditions. He also can compromise by shifting his resources to some extensive-type use, . . . which promises sufficient returns to cover his current holding costs and still keep open his option for shifting to some anticipated higher and better use . . . at some later date (Barlowe, 1978, p. 202).

Marion Clawson also held theories regarding the circumstances influencing an entrepreneur's decision to continue to hold land or to sell it:

> Holding land for later urban use inevitably involves a considerable degree of uncertainty as to just when it will be in active demand and at just what price . . . Each present landowner must be on both sides of the land market; that is, he has a reservation price at which he is willing to sell what he owns and another price at which he would be willing to buy additional land. . . .
>
> . . . . . .
>
> When an opportunity for sale arises, the present landowner

> must decide whether to sell his land or to hold it. His expectations of future land prices, his present need for liquid capital, his personal income tax position, and other factors will affect his decision. . . . (Clawson, Suburban Land Conversion in the United States, 1971, p. 62).

Franchising

One type of business venture which is seeming to become more prevalent today is known as a franchise. Basically, it is:

> An agreement (or contract) to distribute and sell goods and services within a specified area. A franchise business is owned and operated by an individual, and operated by him as part of a national, regional, or local chain of businesses.

Under a franchising arrangement, the parent company or manufacturer (referred to as the franchisor) grants permission to an entrepreneur (referred to as the franchisee) "to sell, distribute, or market the company's product or service using the company's name, reputation, and selling techniques" (Dias and Gurnick, 1969, pp. 17, 21, first quote from p. 21, second from p. 17).

Robert M. Dias and Stanley I. Gurnick, in Franchising: The Investor's Complete Handbook, discussed the advantages accrued by both franchisor and franchisee in a franchising arrangement. The franchisee benefits by uniting with an established business that is well-known and has proven operating procedures, while the franchisor has the opportunity to expand its operation into a new market area and is provided with capital and management services by the franchisee. The franchisor agrees to provide the market analysis, advertising, financial assistance, personnel training, products, and business procedures for a new franchise. On the other hand, the franchisee

agrees to sell the franchisor's products exclusively, to utilize the company's trademarks, to operate acording to the franchisor's guidelines, and to pay a percentage of the sales produced by the franchise (franchise fee) to the franchisor. In order to ensure that a standardized image is maintained, the franchisor sustains rather strict watch and control over the franchise (Dias and Gurnick, 1969, p. 18).

The location selected for a new franchise is dependent upon the type of franchise to be built and the locational policies of the franchisor. The franchisor may have pre-determined general areas in which new franchise are to be located, such as in certain regions, states, or cities. Sometimes the franchisor's headquarters office conducts the market analysis and makes the final decision regarding site selection for a new franchise, while in other instances it is the regional office which is responsible for recommending and/or deciding upon the site. A master franchise may be granted to cover the targeted market area, or separate franchises may be granted for each establishment located within that area. Another factor determining site selection is ownership--whether the franchisor or the franchisee will own the property, or whether the franchisee will lease the building from the franchisor. For franchises that are located within a shopping center, the franchisee must also comply with the wishes and specifications of the shopping center's developer and its management (Vaughn, 1979, pp. 153, 155).

Many franchisors provide various forms of protection for their franchises. A short-term contract is often given to a new franchise

located in a growing market area so that a second franchise can be located nearby at a later date, if so desired, thereby gaining greater coverage of the market area. A longer contract is usually given for a new franchise located in an area where the initial sales volume is likely to be relatively low but which is growing in population and sales potential. Another method of protection is for the franchisor to designate an exclusive territory in which the franchisee will operate (Dias and Gurnick, 1969, pp. 67-69).

Entrepreneurial Goals

Private entrepreneurs may have several goals in mind when they embark upon real estate development endeavors, as described below:

Goal of making a profit. The main goal of most private entrepreneurs, of course, is that "every new business venture starts with a basic premise: the entrepreneur will make a profit" (Epstein, 1967, p. 94). Toward this end, an entrepreneur often "incurs additional rent outlays to acquire additional revenue potentials . . ." (Alonso, 1964, p. 43). This means that an entrepreneur usually makes a large initial investment in a project in the hope that the completed project will yield even greater returns. A formula expressing the relationships between the various factors that help determine the amount of profit a firm can expect to make was devised by William Alonso (Alonso, 1964, pp. 45-46).

Goal of economic productivity over time. Prior to the initiation of a real estate development project, an entrepreneur must have a

reasonable assurance that it will provide a good return on the investment made over an extended period of time. This goal is important for three reasons: 1) capital, labor, and management resources are committed for long periods of time; 2) land development decisions "freeze up" the land areas involved for periods of time sometimes beyond the expected economic life of the project; and 3) the developer is concerned with future project cash flows. A step in the right direction toward ensuring a good economic productivity over time for the project is the undertaking of a detailed market analysis for the purpose of ascertaining whether the local market is ripe for the proposed project. This requires an analysis of the existing and projected future product prices or revenues and levels of demand (Barlowe, 1978, p. 192).

Goal of business interception. Except in cases where a market area is totally unserved by a particular type of retail establishment, a new retail store's success and potential monopoly will depend in large part upon its ability to lure some business away from similar existing stores within the trade area. This is the theory of business interception. The entrepreneur's goal, according to Richard L. Nelson, is:

> . . . to establish oneself between the market (the people in the trading area) and the market place (the traditional source of the same goods), so that the customers will be intercepted on their way to the market place. . . . people will rarely go through a business district or pass by a shopping center or store to get exactly the same product (in as pleasant an atomosphere) farther on. It is much easier to stop them en route, as it were, then to pull them off or away from a beaten path (Nelson, 1958, p. 54).

Goal of monopolistic competition. Similar to and often the result of the achievement of business interception is the formation of monopolistic competition. For a retail enterprise, whenever a firm sells goods or services that are substantially different from or so superior to that of another firm that customers would rather shop at the first establishment than pay an increased price for such good or service at another establishment, it may be said that monopolistic competition exists. Thus, "shopping goods depend on product differentiation and local differentiation, convenience goods more simply on locational differentiation alone." Retailers maneuver their business in various ways to maximize their profits (Simmons, 1964, pp. 19-20). In many cases, the result is that competition is effectively diminished.

C. MARKET ANALYSIS

When an entrepreneur gives serious consideration to the development of a commercial real estate enterprise, it is wise to determine the need and procure ample justification for the proposed project before initiating its implementation. For this purpose, an entrepreneur usually undertakes a detailed study, known as a market analysis (also referred to as a market study), on market opportunities in a particular area. (Smaller firms may undertake a scaled-down market analysis of their own and simply refer to it as a market feasibility study.)

The discussion of market analysis will begin with a general background. The factors evaluated by market analyses and types of

market analysis techniques are identified. A description of the steps involved in the undertaking of a market anaysis for commercial development comprises the last section.

General Background On Market Analysis

This section will state the need for market analysis, describe its purpose and use, identify different types of market analyses, and portray the use of a consulting firm to conduct a market analysis.

Need for market analysis. Large-scale real estate development projects have become more prevalent and real restate development has become increasingly complex in the last two decades. Developers today face greater challenges from competitors and are subject to more governmental regulations than previously. Real estate development projects today are characterized by greater sophistication, more detailed planning, and much greater financial commitments (Barrett and Blair, 1982, pp. 132, 135, quote from p. 132). Prediction of project success is complicated by changing economic conditions, shifting population movements, and local shifts in traffic patterns. This means that selection of the best site or the best use for a site is more crucial now than ever before. Locational selection concerns the probability of immediate success for a commercial development enterprise. A wrong decision could be very costly if a large initial investment and a long-term rental agreement are made (Rachman, 1975, p. 325).

While a few smaller entrepreneurs may venture out into untested markets, most larger entrepreneurs today will make real estate

development decisions only after having made close scrutiny of many factors. This is usually best accomplished by relying on the findings of a comprehensive market analysis. Often it may be the mortgage lender who insists on a market analysis as justification for the proposed development.

Purpose and use of market analyses. Not long ago, market analyses were used by retailers in the form of store location research. Firms placed greater emphasis on store location strategy for several reasons: 1) increased store size was necessitated by consumer preferences for one-stop shopping in shopping centers or large retail nucleations; 2) stores had to be properly located with respect to population growth areas of metropolitan centers; and 3) retailers began to associate good planning with economic productivity (Brown, Applebaum, and Salmon, 1970, p. 127). Applications of geography to retail systems were made by William Applebaum in his studies of marketing geography (Davies, 1976).

Other commercial developers besides retailers soon realized the benefits of undertaking market analyses. In How to Conduct and Analyze Real Estate Market and Feasibility Studies, G. Vincent Barrett and John P. Blair described the purpose and use of market analyses:

> The principal purpose underlying the market analysis is to establish the range of specific land uses and the rates of physical development that can be supported within constraints imposed by supply and demand conditions, local and public policy, and environmental considerations. The determination of land use possibilities and the estimated absorption rate, i.e., the number of units of land or housing sold annually, set the basis for development programming, master planning, and economic feasibility analysis. For this reason, the

> market study is perhaps the most important single element in the [real estate development] planning process. . . .
> . . . . . .
> Market studies attempt to analyze and predict the future demand for various types of real estate services and relate that demand to existing supply conditions. They may attempt to identify the highest and best economic use or the potential of a specific use on a specific site. The data developed in a market study form the basis for the economic feasibility and physical design stages of the [real estate development] planning process (Barrett and Blair, 1982, pp. 9, 28 passim).

Market analyses are used by professionals in many fields in making decisions related to real estate development. A developer will depend on a market analysis to provide information on such things as the potential demand for a proposed project, the presence and strength of prospective competition, the existence of any physical or legal constraints, and the recommended project size or number of units to construct (Barrett and Blair, 1982, pp. 33-34).

An alternative to market analysis for locational selection is for an entrepreneur to notify real estate professionals of his or her development interests, and wait for site proposals to be offered, from which the most desirable site may be selected. This method of site selection often puts the entrepreneur in a better bargaining position for purposes of acquiring or leasing a site (Nelson, 1958, p. 51).

Types of market analyses. While several different types of market analyses exist, four main types will be described. A very general type of study examines the community-wide demand for a particular type of land use, such as housing, industry, office, or retail facilities, with no application of this demand to a particular piece of property. A second type of study, often called a highest and

best use study is aimed at determining the best type of use for a specific parcel of land, which may already be owned by the developer. The detailed examination of the feasibility of utilizing a certain site for an express purpose represents a third type of market analysis (Barrett and Blair, 1982, pp. 35-36), and is often referred to as a site appraisal (Claus and Hardwick, 1972, p. 133). In addition, many large firms today that desire to locate a new establishment in a certain region will conduct a market analysis to compare several sites for the purpose of selecting the most promising one.

Use of a consulting firm to conduct a market analysis. Many developers today hire a consulting firm to perform the market analysis. Such a firm usually has a staff trained in such fields as economics, planning, engineering, marketing, and landscape architecture. The use of a consulting firm usually has the advantages of providing a professional, comprehensive, and relatively unbiased viewpoint.

Factors Evaluated by a Market Analysis

An identification will be made of the general types of factors that are evaluated in most market analyses, as well as those specific factors that are assessed in a market analysis for commercial development.

General types of factors evaluated by a market analysis. The general types of factors that are usually evaluated by a comprehensive market analysis may be grouped into two categories: 1) indirect

economic influences on land use; and 2) direct economic influences on land use. Indirect economic influences include: a) public regulations (such as local zoning laws and building codes); b) social impact factors (such as community morale, acceptance of the project, growth policies, political climate, public facilities and services, and demographic factors); and c) environmental concerns (such as transportation factors, land use patterns in the vicinity, and site characteristics). Direct economic influences are evaluated to determine the competitive position of the subject site(s) with respect to local and regional real estate markets. This is accomplished by studying both general economic factors (including local population, income, employment, and real estate development trends) and site-specific factors pertaining to the economics of comparable sites and/or projects. These trends must then be related to existing conditions, and future projections must be made in order to formulate expectations of future land use demand and anticipated competition. Thus, a developer must be able to estimate what the existing and future supply and demand for a project of the type proposed will be; how much of the future demand will be met by competition; and how much of the future demand can be captured by the proposed project (Barrett and Blair, 1982, pp. 10-12).

More specifically, the process of market analysis involves a thorough research of the present and future market supply and demand for the particular type(s) of commercial enterprise(s) being considered for development. Existing trends must be identified and future projections made. The developer should be familiar with the

locations of existing and proposed commercial facilities of the type(s) being considered; should have insight into which of these facilities are or are not likely to be successful and why; and should have knowledge of applicable details such as sales volumes, rental rates, rate of occupancy, and facility size in gross and leasable square feet.

Future commercial supply and demand can be estimated by applying data on construction activity, absorption rates (the amount of new commercial space that is built or leased over a certain period of time), and various socioeconomic factors.

Factors evaluated by a market analysis for commercial development. Six questions that should be addressed in a commercial market analysis (specifically for a shopping center) were identified by Barrett and Blair, as listed below.

1. "What are the direct economic constraints?" The answer lies in a study of public regulations, social impact factors, and environmental considerations.
2. "How many square feet can be leased annually?" This depends on the community's annual absorption rate for commercial space, and estimates of the number of square feet the proposed project could attract. (Publications such as "Shopping Center World" and "The Dollars and Cents of Shopping Centers" should prove useful in making these estimates.)
3. "What should the lease rate be per square foot?"

Prevailing market rates and desirable gross revenues for the project must be considered. (Lease rates in a shopping center or office park often differ according to the amount of space leased by a tenant. In addition, in a shopping center, many developers today require a portion of the gross receipts received by each tenant.)

4. "What type of retail activities are most likely to locate on the site?" Supply and demand factors would indicate what types, if any, of retail establishments may be lured into a new shopping center as tenants. (Construction usually begins after 30 to 50 percent of the tenant space is preleased.)
5. "What is the potential sales volume of each tenant?" The answer to this question should shed light on the degree of each tenant's projected success, and will also help the developer in project cash flow analysis. (Several factors may indicate the anticipated sales volume of each tenant within a shopping center--the mix of stores within the shopping center, the overall market size, and the presence of any linkages between stores. Estimates may be made by studying national conditions or by consulting with other local commercial entrepreneurs.)
6. "What amenities must be provided?" Examples of amenities which may improve the quality of the project--and hence its success--include attractive landscaping, interesting

displays, benches and fountains, and security (Barrett and Blair, 1982, pp. 30-32).

Threshold analysis is one useful technique for determining whether a particular city can accommodate an additional commercial enterprise of the type being considered, based on its population size. This requires a knowledge of the threshold population for that type of enterprise, for which national standards are probably available. The threshold population for any business has been defined as "the minimum number of customers (population) necessary to provide a sales volume sufficient for a good (type of business) to be offered profitably." Although entrepreneurs more frequently utilize this technique, city planners sometimes employ it for the purpose of determining whether thresholds have been reached for certain types of development in the community, in order that the materialization of these forms of development can be encouraged or discouraged through the manipulation of various services and regulations (Noble, Bush, and Hair, 1976, pp. 99-100, quote from p. 100).

Other types of techniques which may be useful in conducting a market analysis for commercial development were identified by McMahan. Reilly's Law of Retail Gravitation is a marketing principle that was established in 1929. Its basic premise is that consumers will shop at the largest area that is most easily accessible to them (Reilly, 1959 and 1929, p. 16).

Weaknesses in Reilly's Law have led to efforts to improve it by devising several variations, which are expressed as marketing techniques. The vacuum technique identifies the amount of uncaptured

retail potential within a trade area (the "vacuum") by subtracting the existing sales volume from the sales potential. This technique was developed for use with outlying shopping centers (McMahan, 1976, p. 158).

The microanalysis technique was invented by Real Estate Research Corporation. It involves the division of the trade area into a series of small units, and an estimation of the retail sales potential of each unit. These sales potentials are then distributed among the existing retail facilities within the trade area. Any uncaptured retail potential is assumed to be available to the proposed retail facility (McMahan, 1976, p. 159).

The Urban Land Institute presented the consumer behavior technique in 1966, which utilized a behavioral research approach to the location of retail facilities. The purpose of this technique is to estimate the number of potential customers having certain characteristics that will shop within the trade area at a given time and to determine the probability that these targeted customers will shop at the proposed new store. Potential sales volumes can then be calculated (Gruen and Gruen, 1966).

Two types of techniques for analyzing market demand were cited in the literature in reference to retail establishments, but they can perhaps be modified to apply to other types of commercial enterprises as well. The saturation method is usually used in larger trade areas. It involves an evaluation of the location and relative strength of competing facilities. A proposed project would have a greater likelihood of success if the trade area exhibits a high level of

saturation. This means that business is thriving at competitive outlets, making it reasonable to expect that there is sufficient excess demand in the trade area to accommodate the proposed new business venture (Applebaum and Cohen, Winter 1961-1962, pp. 38-39).

The division of the trade area into segments is the basis for the octant method. The segments are then compared by obtaining data for each and applying them to a formula (Ritland, Fall 1963, p. 3).

Conducting a Market Analysis for Commercial Development

The actual process of conducting a market analysis involves many steps, which will be described next. These steps may overlap and may occur in a slightly different order than is presented here.

Preliminary development scenario. Prerequisites to initiating a market analysis include that the developer: 1) formulate and be fairly clear on the development objectives for the proposed project; 2) understand what type of information should be sought in the market analysis; 3) be aware of the basic criteria that will be used in evaluating the potential success of the proposed project; and 4) communicate these ideas to the market analyst.

One of the preliminary decisions sometimes made by a developer is whether to select a site located in an established market area, or whether to pioneer in an area. This decision usually narrows the scope of the market analysis. A good discussion of the considerations involved in this decision was made by Grace Milgram in The City Expands:

> Choice of the site for development is the basic decision confronting the builder. He may be a locational follower or an innovator. He may construct . . . only in an area where a market has been shown to exist, with development already under way. His marketing risks then would lie primarily in the product itself, its style and cost, rather than its location or timing. In these, too, he may follow the established market pattern, . . .
>
> More innovative builders, who tend to be the larger ones, may introduce change at any level, opening up new areas to development or experimenting with new types of construction. The risks are greater, but not only are they balanced by the stabilizing factors already mentioned but by the larger builder's ability to spend more on promotional efforts. . . . If the operation is successful, the profits are correspondingly larger . . . (Milgram, 1967, pp. 18-19).

When a site has not already been selected and acquired for developing the proposed project, the market analysis should be addressed to a search for the proper location. This search generally occurs in sequential steps, in which are selected first the city or urban area; secondly the right position within the city or urban area; thirdly the appropriate trade area boundaries; and finally the best site within the trade area.

Selecting the city or urban area. In some cases, selection of the city or urban area in which to locate the proposed commercial enterprise is the first matter addressed by the market analysis. This seems to be true in several circumstances: 1) when the developer has built projects throughout the country, and is now looking for the best location for the firm's next development venture; 2) when a developer has confined building activity to a few states, and is attempting to construct at least one major project in each medium- and large-sized city or urban area within that region; and 3) when the final

locational decision for a commercial enterprise is made by a national or regional headquarters office, in which case the market analysis will usually be undertaken by that office rather than by the local developer.

In analyzing the desirability of one city or urban area compared to others, several factors are typically considered, as listed below. As previously stated, threshold analysis is a useful technique in this part of the market analysis.

1. The industrial composition of the local economy.
2. The size, composition, dispersion, and growth rate of the community.
3. The progressiveness of the community in terms of the nature and scope of its political and cultural activities, economic development, and community facilities.
4. The buying habits of potential customers, the rental rates of office buildings, or the room rates for transient commercial facilities.
5. The purchasing power of the population.
6. The dispersion of wealth, as indicated by the number of telephones and credit accounts present, the number of cars, housing types and values, and per capita retail sales.
7. The nature and strength of existing and potential competition (Duncan and Phillips, 1967, pp. 94-95).

Selecting the general position within the city or urban area. The second step in locational analysis is the selection of the general

position within the city of urban area. Entrepreneurs contemplating a franchise or local small retail chain operation usually begin their analysis with this step, since it has already been decided which city to locate in. It is wise for a firm to undertake a new study each time a commercial real estate enterprise is considered for a particular city, since the economic desirability of different areas of that city is susceptible to continuing change. Factors that should be analyzed include those listed below. The first four factors were identified by Davies, while the last two are provided by the author.

1. Existing trade area capacities--The maximum size of the trade area for the type of commercial enterprise planned in terms of its population size and effective buyer power, sales volume, and demand for particular products and/or services.
2. Amount of market penetration--Evidence of how well the trade area population is current being served, and how much excess capacity remains to be captured for a specific type of commercial venture. Analysis should include examination of the location and strength of competitive enterprises, and an identification of areas that are not adequately served.
3. Differential growth prospects--The varying rates of growth that distinct areas of the city are expected to experience over a specified period of time, which indicate those areas where the greatest market opportunities lie.
4. Relative accessibility conditions--Are determined by the

spatial, physical, and time-related characteristics of the transportation system, as well as the volume and nature of traffic patterns (Davies, 1976, pp. 261-262).

5. General economic condition of the area--An indication of whether the area is declining, stagnant, or bustling with activity relative to other parts of the city.
6. Image of the area--A subjective perception of the desirability of an area compared to the remainder of the city or urban area, which may be attributed to economic, social, cultural, political, environmental, or other variables.

Delineating the trade area boundaries. Once the entrepreneur has selected the general position within the city or urban area, the next step is to designate the specific trade area boundaries for purposes of conducting a detailed study of the market opportunities there for the proposed project. While a brief definition of trade area was given in Chapter III, a more explicit one can now be presented:

> [A trade area is] A district whose size is usually determined by the boundaries within which it is economical (in terms of volume and cost) for a marketing unit or group to sell and/or deliver a good or service (American Marketing Association, 1960).

Primary, secondary, and tertiary trade areas may be designated. The largest percentage of business can usually be expected to originate from the primary trade area, and the least amount from the tertiary trade area. The boundaries of these trade areas are based on

distances or driving times in most cases, and sometimes on population distribution (Applebaum, "Methods for Determining Store Trade Areas, Market Penetration, and Potential Sales," 1976, pp. 139-140).

Two general types of approaches are usually used to delineate trade area boundaries (and also to determine potential sales or revenues). The empirical approach utilizes field research. The most common techniques employed include the following:

1. Customer spotting techniques--Addresses of customers, as obtained through shopper interviews, are plotted on a map.
2. License plate analysis--License plates of cars entering or exiting the premises of an establishment are observed to determine the county of residence of shoppers. This method is particularly effective for shopping centers located in a metropolitan region.
3. Credit card analysis--This method pinpoints the locations of customers having charge accounts at a particular store.
4. Telephone interviews.

Gravitational approach involves computer model applications, such as Reilly's Law of Retail Gravitation (Applebaum, "Methods for Determining Store Trade Areas, Market Penetration, and Potential Sales," 1976, pp. 80-81).

In some cases, mental maps are used to take into account subjective and intangible factors. Trade areas are denoted through the use of sketch maps drawn according to various entrepreneurial or consumer perceptions (Frankowiak, 1978, p. 2).

Actual types of variables that may be studied for purposes of

delineating the trade areas (and for estimating potential sales or revenues) include such factors as population density, population income, auto registrations, land use, housing types and values, area growth characteristics, strength of competition, credit representation in the area, and area representation of the firm (Claus and Hardwick, 1972, pp. 138-139). Valuable information on development trends may be obtained through an analysis of the number, type, and location of construction activity for which zoning and building permits were issued.

Analyzing market demand. After the trade area has been delineated, the market analyst can begin analyzing the market potential for the proposed project in that trade area. For retail facilities (for which information is more abundant in the literature), the basic task is the estimation of the future market demand for a specific type of retail function. This involves the accurate forecasting of consumer preferences and behavior, among other things, for a particular point in time. Davies described the considerations entailed:

> In essence, the retail planner is confronted with two related problems. First, he has to determine what the size capacities of individual shops and shopping centres can and should be at some particular point in time. Secondly, he has to arrange these in such a way that for any perticular situation there will be some measure of protection given to the existing elements of the system but that there will also be an overall improvement in relative economic health or efficiency. These have to be dealt with against the background of changes in consumer preferences and new forms of business organisation.

Various types of forecasting techniques may be used, which study interrelationships between population, retail floor space,

competition, traffic volumes and patterns, and potential sales (Davies, 1976, pp. 232-233, 236, 241, quote from p. 232).

Threshold analysis may also be used to determine whether the trade area population is of sufficient size to warrant the addition of the proposed new retail establishment.

Four indices of market opportunity may be useful in analyzing the market potential of the trade area, as listed below.

1. Saturation--Indicates that the trade area contains enough establishments of the type proposed when the supply and demand for that particular type of enterprise are in equilibrium.
2. Drawing power--Denotes, for the proposed project, the expected sales volume of a retail store or shopping center per capita; the average number of square feet of office space that could be leased over a certain period of time, as determined by excess floor space demand, absorption rates, and tenant needs in the trade area; or the average number of rooms occupied per week for a transient commercial facility over a specified time period.
3. Market capture (also known as market share or market penetration)--Uses a percentage to compare the volume of drawing power that the proposed enterprise is anticipated to receive to the total trade area capacity.
4. Overstoring and understoring--These terms relate to the oversaturation or undersaturation of the market, and are

determined by analyzing the return on investment (ROI) of the store (Davies, 1976, pp. 85-86).

A good discussion of the specific steps involved in analyzing the market demand for commercial facilities was made by John McMahan in Property Development. These steps are briefly described for each type of commercial enterprise in Appendix A.

Site Selection

After the trade area has been evaluated, the locational choice must be further narrowed down to specific sites that are possibilities for development from which one site will eventually be selected for the proposed project. This is often the final step in the market analysis. Any trade area usually contains several trapping points for a particular type of commercial function, where the inducements to enter the market are maximized (Claus and Hardwick, 1972, pp. 138-139). The trapping points are often the sites considered. In cases in which the developer has already acquired a site, the objective of the market analysis at this point would be to make sure that the particular site is, in fact, the best one for the project.

Site selection should be made only after a careful examination of the physical and economic characteristics that are intrinsic to the site has been made; and a detailed analysis of the revenue potential of the project, when located on the site, has been performed.

Physical site characteristics that should be studied include lot size and shape, site accessibility, site visibility, traffic patterns and volumes, soil and bedrock characteristics, topography,

the presence of easements or streams crossing the property, and vegetative cover.

Intrinsic economic characteristics of the site to consider include the purchase or lease price of the property, tax expenses, and site preparation costs (such as grading and the installation of drainage systems).

Each site considered potentially involves certain costs of entry, which include both intrinsic site costs and out-of-pocket costs. For a retail enterprise, building a separate facility on an individual site must be weighed against locating in a shopping center as a tenant, near competitors (Rams, 1976, p. 137); while an office firm must choose between constructing its own building versus leasing space in an office park. Threshold analysis may be a useful tool in estimating the costs of entry into a market by a particular commercial real estate venture (Noble, Bush, and Hair, 1976, pp. 105-106).

The potential performance of a site can be projected by determining the likely duration of the economic life of the site, as well as its volume capability. The economic life of any facility is "the number of years that it will obtain enough business to cover all the fixed and variable costs of operation" (Claus and Hardwick, 1972, pp. 147, 149).

Operational Development Program

An operational development program is often outlined by the market analyst as a final section in the market study report. This program provides recommendations regarding project mix, size, timing

of development, site planning strategies, and tenant commitments (if applicable). These recommendations are made in consideration of available market opportunities, the developer's objectives, and the site holding capacity. At this time, the developer's objectives may be clearer in terms of financial capabilities if the economic feasibility has been completed. The site holding capacity is another development constraint, which is determined by zoning and other regulations as well as estimated absorption rates for the type of use proposed, based on market analysis findings. Zoning regulates the type and density of land uses allowed, while absorption rates dictate the amount of space in a particular type of land use that can be effectively utilized over a certain period of time. The "total site holding capacity must be maximized by proper land planning and allocated among alternative uses according to market constraints and relative economic contributions to the developer's objectives." The initial project sketch plan is the usual forum for carrying out this task. After these issues have been ironed out, the development program should recommend the appropriate land use mix; identify supply and demand sources for each land use component; estimate revenues and absorption rates; make suggestions regarding architectural style and price range; and present guidelines for promoting the project (Barrett and Blair, 1982, pp. 13-14, quote from p. 13).

D. ECONOMIC FEASIBILITY ANALYSIS

The economic feasibility analysis for a proposed real estate development project may be conducted as part of the market analysis or

after tentative sites have been selected. A detailed financial evaluation is necessary because it is possible that one site which has slightly less revenue potential than another could fail in the long run, while the latter may succeed. Projections should be made for at least a 10-year period to determine the probability of long-range success for the proposed commercial enterprise. In essence, the financial analysis examines the state of revenue flow in the trade area before and after the proposed project is introduced (Nelson, 1958, pp. 142, 148).

In one method of estimating an investor's expected return on a proposed project, three steps are involved--the estimation of project costs, the estimation of project income, and the translation of project income into equity earnings. The first step is an analysis of the amount of funds that will be needed to develop the project. These include land costs, construction costs, and various interim costs (such as taxes, insurance, legal fees, and advertising). An estimation of project income is made by comparing project revenues and operating costs. Finally, various methods may be used to calculate the return on the equity investment, as described by McMahan (McMahan, 1976, pp. 260-272).

The economic feasibility of a project can also be estimated through the measurement of benefits and costs. Real estate development projects generally have three types of benefits and three types of costs. Types of benefits include primary benefits, which represent those immediate values that are produced by the project; intangible benefits, which are those values that accrue as a result of

activities induced by the project; and secondary benefits, which are those values that accrue as a result of activities induced by the project. Types of costs include project costs, which represent the values of the land, labor, and materials used for constructing, operating, and maintaining the project, plus the value of any negative effects (secondary costs) from the project; associated costs, which are those expenditures for any goods or services that are needed to make the enterprise function; and secondary costs, which are the values of any additional costs incurred as a result of the project. Benefit-cost ratios may be utilized to determine the feasibility of the project by calculating the excess of benefits over costs or the excess of costs over benefits (Barlowe, 1978, pp. 215-217).

In order to estimate project costs with accuracy, it is wise to complete a sketch plan of the physical layout of the project. This is an artistic rendering which spells out all pertinent engineering details, from which the cost of each type of material needed to build the project can be calculated. The sketch plan is normally laid out according to the development program outlined in the market study (Barrett and Blair, 1982, p. 15).

After the sketch plan has been completed, a pro forma analysis should be prepared. This is a rough summary of anticipated project costs and revenues at a particular point in time, usually after the project is fully built. If the findings presented in the pro forma analysis are unacceptable, adjustments will have to be made in the development program, the land use mix of the project (for mixed-use

developments), the size of the project, and/or the quality of the materials to be used (Barrett and Blair, 1982, pp. 15-16).

Revisions to any aspect(s) of the project, for the purpose of obtaining a more acceptable pro forma analysis, should be made through the cash flow analysis. This is the key component in the financial planning for any project, which documents all financial transactions pertaining to the project over a specified period of time. A cash flow statement is prepared to show the final economic position of the project over the entire sell-out period. It typically emobides such items as findings of the market analysis, average absorption rates, estimated price ranges, anticipated capital costs, revenues, operating expenses, and financing terms. Computer models are usually employed in cash flow analysis. Barrett and Blair have devoted an entire chapter to the actual steps involved (Barrett and Blair, 1982, pp. 16-17, 64-112 passim).

E. DECISION-MAKING PROCESS

After the market analysis and the economic feasibility analysis have both been carefully reviewed, the developer must decide whether the proposed project is desirable and satisfies all necessary requirements.

Project Decision

The development decision regarding a proposal for a particular site may be made by one or a combination of several different parties, depending on the nature of the entrepreneur--the landowner, the

developer, the franchisor, the franchisee, a financial institution, the firm's regional office, or the firm's national headquarters office. Development decisions for smaller or franchise operations are usually made by the national headquarters office, while larger firms delegate this responsibility to their regional offices (Claus and Hardwick, 1972, p. 44).

Many authors have described the corporate decision-making process--the parties involved, an identification of the types of decisions involved, an analysis of the structure of business decisions, steps in problem-solving, and the use of strategy (Cyert and March, 1963; and Ansoff, 1965). A brief discussion of some of these issues was made in Chapter II.

Most development decisions are made after careful study and analysis of the pros and cons or benefits and costs of the various issues involved--goals of the entrepreneur, property matters, financing, findings of the market analysis, and effects of applicable governmental regulations. However, in some cases, the project decision occurs as a part of a series of decisions, or may be made for an entrepreneur unexpectantly by an outside source. In Decisions in Syracuse, Roscoe C. Martin et al. explain how this may occur:

> To begin with, the decision normally is not a clean-cut yes-or-no action on a specific proposition. It is much more likely to emerge as a number of decisions taken in series on a sequence of issues, the later decisions (and the necessity for making them) sometimes foreseen, sometimes not. Moreover, a decision-situation frequently arises from fortuitous and often seemingly unrelated circumstances: a new expressway interchange seems to provide an opportunity for a shopping center, with its attendant train of arrangements for zoning variances, water, and sewage disposal facilities and its consequence--

> some anticipated, some not--for schools, traffic congestion, fire protection, and so on. Finally . . . , a particular decision may appear on close approach to have been preformed: that is, in view of steps taken earlier, no alternative is available in the instant case (Martin et al., 1968, pp. 259-260).

Even in light of extenuating circumstances, however, which may make a proposed development project seem ideal, Barlowe claimed that the economic feasibility analysis is the final determinant of whether or not the decision to proceed with development will occur:

> Whether or not the prospective investor will proceed with his contemplated development will depend in large measure upon his evaluation of the relationship betwen his expected investment costs and the amount of land rent he anticipates during the economic life of the development (Barlowe, 1978, pp. 215-217).

Three basic options are available to the developer once the final development plan has been completed--to abort the project, to sell the plans and the site (or halt property acquisition efforts if the developer does not already own the site), or to proceed with the project. The decision to abort the project may be made during the latter stages of the planning process, when it becomes evident that the project would not be economically feasible. Contrarily, such a decision may be made for the developer by planning and zoning officials, who do not think the project would be beneficial to the community. A second alternative is to sell the plans and the site. This may be done for such reasons as an alteration of the developer's financial situation, a mere change of heart by the developer, or the receiving of an attractive offer from a speculator or other developer.

If the decision to proceed with the project is made, the first step is usually to secure financing (Barrett and Blair, 1982, pp. 200-211).

Securing Community Approval

The developer's decision to proceed with the proposed project normally is followed by the community's decision to accept or reject the project proposal. This is usually accomplished through the rezoning process (or, if the site already has the appropriate zoning designation, the developer will seek a special permit if a commercial complex is to be constructed). The prudent developer meets with local public officials and neighborhood leaders prior to the zoning hearing to work out any difficulties which may provide opposition to the project. At a public meeting held by the local planning and zoning commission or zoning board, the developer then makes a formal presentation of the proposed project, including a description of the general concept, the project size, and phasing of development (if any). The rezoning may be granted with the stipulation that certain requirements must be met. Site design details may be worked out later with the planning, engineering, or building permit officials. In some communities, approval may be given through a two-step process, in which land use approval is granted at one hearing and the site plan approval is granted at a second hearing on a later date (an example of the two-step process is that of the Macon-Bibb County Planning and Zoning Commission in Macon, Georgia).

F. PROJECT IMPLEMENTATION

Project implementation consists of such activities as financing, land acquisition, planning and design, construction, merchandising, and project management.

Financing

An entrepreneur must investigate and evaluate the financial feasibility for both purchasing a particular parcel of land and for developing the proposed project. A good discussion of the consideration involved in land financing was made by Rene A. Henry, Jr., in How to Profitably Buy and Sell Land. McMahan described the legal instruments and the sources of financing available to a developer (Henry, 1977, pp. 61-68; and McMahan, 1976, pp. 228-240).

The type of financing needed by a developer is dependent upon the type of project that will be built. Shopping centers are usually financed by commercial banks which make construction loans, backed by a permanent financing provided by insurance companies, real estate investment trusts (REITs), or pension funds. The major prerequisite needed is a prior commitment by one or more anchor tenants and other reputable retailers to obtain long-term leases for a substantial number of the tenant spaces in the shopping center. Creditors will also evaluate such factors as market demand for the shopping center, tentative rental rates, and the financial record of the developer before loans are approved. Typical loan periods range from 20 or 30 years. Similar rules are applicable in the financing of office buildings, except that the loan may be staged as leasing progresses, and a

large anchor tenant may not be required if the office building is in an extremely good location. Mixed-use developments, as with multiuse projects, obtain chief financing from life insurance companies, along with construction loans secured from banks. Each of the three or more major project components are analyzed to determine their financial risk worthiness. Preleasing commitments from anchor tenants are usually necessary before financing can be obtained (McMahan, 1976, pp. 245, 247).

Land Acquisition and Leasing

Many methods of land acquisition and leasing exist. Nearly all involve some type of purchase or leasing arrangement.

Purchasing land. A buyer of land is influenced by both his or her own needs and plans as well as by those of the seller. Whether the land is to be developed immediately, held for later development, or resold will be a major factor in the nature of the acquisition agreement. Contracts today generally contain more clauses today than ever before due to the risks and uncertainties of such factors as zoning approvals, community acceptance of the proposed project, environmental regulations, tax matters, available financing, and general economic conditions (Henry, 1977, pp. 42-43).

The two basic methods of purchasing land are through an option agreement or a purchase contract. "The preferred way to buy land is with little or not cash, extended terms, and low interest." The buyer may purchase land by exercising a prepaid option, or right, to buy the property during a certain time frame under certain conditions. In a

contract purchase, the buyer may withdraw from the purchase if all the conditions established in the contract are not met, such as rezoning for the site being denied (Henry, 1977, pp. 43, 48-50, quote from p. 43).

A sale-buyback is another type of purchasing method. In this situation, an owner-developer sells property to a lending institution for 80-90 percent of its value, then repurchases it over a specific amount of time, enabling the developer to benefit from certain tax advantages (McMahan, 1976, p. 233). In some cases, a developer can justify buying a very expensive piece of property if it is an exceptionally good site in terms of its location.

Leasing land. The leasing of land enables an entrepreneur to control property for a specific period of time without having to expend capital to purchase it (except when an option to buy is exercised) (Henry, 1977, p. 53). This arrangement, often referred to as a ground lease, is actually a form of financing, in which the developer "borrows" the value of the land from the owner for a length of time that is long enough to allow sufficient return on the investment plus a recovery of improvement costs (McMahan, 1976, p. 232). The lease may be set up in phases in order to provide ample opportunity for the developer to accomplish certain objectives, and may contain one or more options or an option to buy (Henry, 1977, pp. 53-54).

A build-to-suit arrangement is attractive to many developers. The owner maintains title to the property but agrees to construct those improvements, including a paved parking lot, that are needed and

desired by the lessee. The lessee usually has a 20-year lease, and may have an option to buy (Gorman, 1970).

Other popular leasing arrangements exist. In a sale-leaseback, a landowner who wishes to develop the property sells it in order to obtain capital to cover development costs, then leases it back from the new owner over a number of years. Under a similar plan, the land sale-leaseback with a leasehold mortgage, the landowner sells the property and secures a mortgage for the improvements, thereby detaching the improvements from the land in the financing arrangement (McMahan, 1976, pp. 232-233).

Planning, Design, and Construction

After land acquisition or leasing arrangements have been finalized, the planning, design, and construction of the project can be initiated. Planning and design are very important parts of project implementation, having major effects on the degree of project success. Structures must be planned and designed in such a manner that they accommodate the proposed land uses, they fit on the site in a functional and aesthetically pleasing way, and they meet all legal requirements. Components of the planning and design process include land planning, site planning, preliminary design, and preparation of detailed construction drawings upon which contract documents are based. Construction involves the combined application of materials, labor, subcontractors, and equipment on a site to build the project. It may be undertaken by the developer, by a contractor, or by the developer and contractor together in a joint venture. McMahan devoted

two chapters to discussions of the procedures involved in project planning, design, and construction (McMahan, 1976, pp. 175-321).

Merchandising and Property Management

While the project is being constructed, a strong merchandising effort should be in progress, and steps should be taken to provide for the property management of the project. Merchandising involves a re-evaluation of the marketing strategy; the training of a reliable sales force; project promotion through advertising and public relations efforts for the purpose of securing a buyer for the project as well as obtaining commitments from satellite tenants; and the sales closure of the project. A good property management program helps ensure the smooth and efficient functioning of the project on a daily basis after the structures have been occupied. It may be provided by the developer, an investor who purchases the project, or by a partnership between the developer and an investor. Descriptions of merchandising and property management considerations were presented by McMahan (McMahan, 1976, pp. 325-370).

This chapter has reviewed the strategies and procedures employed by entrepreneurs in commercial real estate development. It provided a background to commercial real estate development, and described various pre-development strategies which may be employed. The steps entailed in a comprehensive market analysis for commercial enterprises were identified and discussed in detail, followed by a delineation of the considerations involved in an economic feasibility analysis for a commercial development project. Decision-making

components were examined. Finally, a brief discussion was made of project implementation.

CHAPTER VII

THE EMPIRICAL STUDY: INTRODUCTION AND SETTING

The intent of this chapter is to provide an introduction to the empirical study--its purpose and methodology--and to furnish background information pertaining to the setting in which the development of Cumberland Mall and peripheral commercial real estate enterprises occurred.

A. INTRODUCTION

The empirical study conducted for this thesis was an examination of the progression of commercial real estate development in the periphery of the Cumberland Mall in metropolitan Atlanta, Georgia. The regional shopping mall is located in growing Cobb County in the northwest area of the Atlanta metropolis. It is situated at the southwest corner of Interstate 285 and U.S. 41/Cobb Parkway, 1/2 mile west of Interstate 75. Cumberland Mall was developed by an Atlanta commercial real estate firm, Carter and Associates, Inc. It opened on August 1, 1973 and now has 1,350,000 square feet of retail floor space, including four department stores (Carter and Associates, Cumberland Mall Fact Sheet, no date).

Few of the properties surrounding the mall were developed prior to its construction. Since that time, however, the periphery has experienced rapid commercial development. This has consisted of shopping centers, strip commercial establishments, office parks, a mixed-use development, and other commercial enterprises.

Purpose of the Empirical Study

The purpose of the empirical study was to determine the degree to which Cumberland Mall has been responsible for stimulating commercial real estate development in its periphery. Specifically, the research focused on four areas of investgation: 1) an examination of the nature, amount, location, and timing of peripheral commercial real estate development; 2) a brief historical review of the development of Cumberland Mall itself; 3) an identification of the factors which led to the entrepreneurial decisions to locate commercial real estate enterprises in the Cumberland Mall periphery, including an assessment of the relative strength of the presence of the mall as a locational influence; and 4) an analysis of the roles and opinions of local public officials regarding the development of Cumberland Mall and its periphery.

Methodology for the Empirical Study

The research was conducted by tracing the history of commercial development activity occurring in the study area before and after the construction of Cumberland Mall, and by interviewing many of the persons who were involved in this activity. An analysis of the growth of the study area was made through field research which examined the conditions existing prior to the opening of the mall; the decision-making process for the development of the mall itself; the progression of commercial enterprises in the periphery; and existing land use conditions. The field research was conducted from November 1980 to

March 1981. Where applicable, selected data pertaining to events occurring after the research period are also randomly cited.

A sample of entrepreneurs responsible for developing the commercial enterprises located within the Cumberland Mall periphery were interviewed to determine the reasons why they selected their respective sites, and to ascertain whether these enterprises would have been built there in absence of the mall. This research comprised the emphasis of the empirical study.

Local public officials were interviewed in order to assess their perceptions of and involvement in the commercial development of the study area, in terms of growth policies maintained, rezonings granted, building permits issued, and various general impacts observed.

Interviews with officials from Carter and Associates, Inc. were also conducted for the purpose of obtaining background information on the reasons why the mall was developed on the subject site, as well as the firm's perceptions of the primary and secondary impacts of the mall.

B. SETTING

In order to place in perspective the findings of the empirical study regarding the development of Cumberland Mall and peripheral commercial enterprises, it is first necessary to comprehend the setting in which such activities have occurred. The ensuing discussion describes various characteristics and trends pertaining to the study area locale. This includes information on geography and demography,

economy, retail sales, transportation, and commercial real estate development. It concerns metropolitan Atlanta, Cobb County, and areas located immediately adjacent to the study area. A detailed discussion on the study area itself, however, will be reserved for Chapter VIII.

Geographic and Demographic Characteristics and Trends

The study area is located in the southeastern portion of Cobb County, Georgia, within metropolitan Atlanta (see Figure VII-1). It is situated at the junction of three major transportation routes--Interstate 75, Interstate 285, and U.S. 41/Cobb Parkway--and lies just a few miles north of the Atlanta city limits and immediately east of the Smyrna city limits (personal knowledge and observation of the author).

Cobb County is a part of the 15-county Atlanta SMSA, as defined by the U.S. Bureau of the Census, and the seven-county Atlanta Region, as defined by the Atlanta Regional Commission (the regional planning agency). According to the U.S. Census, the Atlanta SMSA grew from five counties having a population of 1,390,164 in 1970 to 15 counties having a population of 2,029,710 in 1980 (U.S. Bureau of the Census, Census of Population: 1970; and Census of Population: 1980). As a result of this growth, the national rank of the Atlanta SMSA in population size rose from eighteenth in 1970 to sixteenth in 1980. The longtime rank of first in the Southeast was maintained. The population of the Atlanta Region (including Cobb, Fulton, DeKalb, Gwinnett, Clayton, Douglas, and Rockdale Counties) grew by 24 percent in the decade of 1970-1980--from 1,434,670 to 1,779,131 (Atlanta

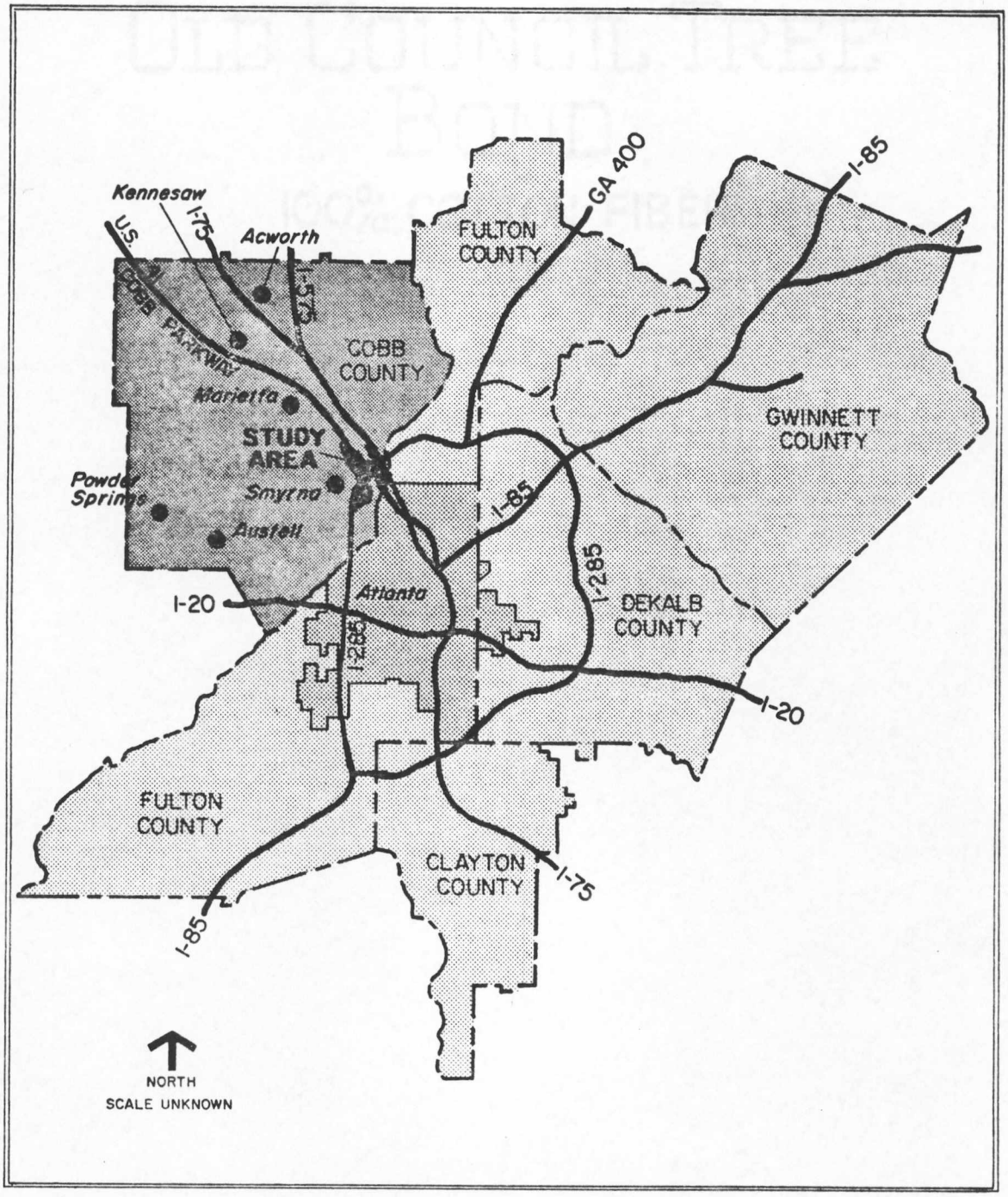


Figure VII-1. Location of Study Area in Relation to Metropolitan Atlanta and Cobb County Vicinity.

Source: Adapted from Cobb County Planning Department, Cobb County Data Report--1979 (Marietta, Georgia: Cobb County Planning Department, May 1979), p. 54, figure 4-1. Used with written permission from the author.

Regional Commission, Atlanta Region Area Development Profile, 1983), pp. 1, 6).

The most significant population characteristic that has been evident in the Atlanta Region has been its "rapid and sustained growth" (Cobb County Planning Department, Cobb County Data Report--1979, 1979, p. 1). A substantial amount of this growth has occurred in the outer suburban areas, although some infill development has also taken place. The Urbanized Area added 440,579 new persons, or 37.5 percent, from 1970 to 1980 (Atlanta Regional Commission, Atlanta Region Area Development Profile, 1983, p. 59). The "predominant thrust" of population growth continues to be to the north. This is primarily attributed to good accessibility due to freeway development, the availability of an adequate water supply, and the acquired reputation of the northern areas as "'the place to live'" (Atlanta Regional Commission, Atlanta Regional Area Development Profile, 1983, pp. 64, 68, quotes from p. 64). More specifically, the north/northwest corridor (including western parts of Buckhead and Sandy Springs as well as the Smyrna-Marietta-Acworth area) was ranked by the Atlanta Regional Commission as the second highest growth corridor during 1970-1980, increasing by 77,625 persons (Atlanta Regional Commission, 1982 Population and Housing Estimates for the Atlanta Region, 1982, p. 3).

In 1980, Cobb County ranked as the third most populous county in both the Atlanta Region and the State of Georgia. Between 1970 and 1980, it grew in population from 196,793 to 297,718. This represented an increase of 100,925 persons or 51.3 percent (Atlanta Regional Commission, Atlanta Region Area Development Profile, 1983, pp. 6-7). Six

cities are located within Cobb County--Acworth, Austell, Kennesaw, Marietta, Powder Springs, and Smyrna. The county seat and largest city is Marietta. Smyrna is the city which is located nearest to the study area. The greatest amount of residential growth has occurred within the unincorporated areas in the eastern half of the county (personal knowledge and observation of the author).

Significant increases occurred in the population of the trade area for Cumberland Mall between 1970 and 1980. Although many residents living inside the trade area may shop at competing shopping facilities, it is nevertheless useful to know how much the trade area has grown in population. Such knowledge would help indicate the amount of increase in the number of potential new customers available for Cumberland Mall as well as peripheral commercial enterprises.

The Atlanta Regional Commission delineated a very large trade area for the mall in 1979. It encompassed all of Cobb County, 10 census tracts within Fulton County (census tracts 82, 86, 87, 88, 89, 90, 97, 98, 99, and 102), and the neighboring counties of Bartow, Cherokee, Gordon, and Paulding. The vast majority of shoppers at Cumberland Mall are believed to be drawn from this trade area, while a small percentage originated from outside the trade area and even from outside the state. According to the U.S. Census, this large trade area grew by 34.9 percent between 1970 and 1980--from a population of 392,433 to a population of 529,556, or an incrase of 137,123 persons (Atlanta Regional Commission, "Cumberland Mall: Logical Trading Area Population Information," 1979).

An even more defined trade area for Cumberland Mall was

designated by a Georgia State University study of the trade areas of regional shopping malls in metropolitan Atlanta. The study identified the primary trade area for Cumberland Mall as including only seven census tracts in Cobb County (census tracts 304, 308, 310.01, 311.02, 311.03, and 312) and one census tract in Fulton County (census tract 97). This primary trade area is illustrated in Figure VII-2. The concentric rings on the map denote the areas from which 75 percent, 50 percent, and 25 percent of the retail sales volume was expected to be drawn. Between 1970 and 1980, the population of the primary trade area grew from 58,392 to 70,323. This represented an increase of 11,931 persons or 10.4 percent. The population density increased correspondingly--from 1,745.13 to 2,101.70 persons per square mile for the total of 33.46 square miles within the primary trade area (Dent, 1978, pp. 34-35).

Economic Characteristics and Trends

Metropolitan Atlanta has great economic importance in the nation as well as in the Southeast. (The term "metropolitan Atlanta" in this thesis is used in a loose sense, as does much of the literature, and does not refer specifically to the Atlanta SMSA or the Atlanta Region.) It enjoyed a great increase in national recognition and prominence in the 1960s and 1970s, largely due to locational factors, the expansion of the transportation system, and various public policies. This phenomenon resulted in a sustained economic as well as population growth. Of particular significance were the initiation of a competitive convention business; the establishment of the area as a regional trade center; the development of regional shopping malls,

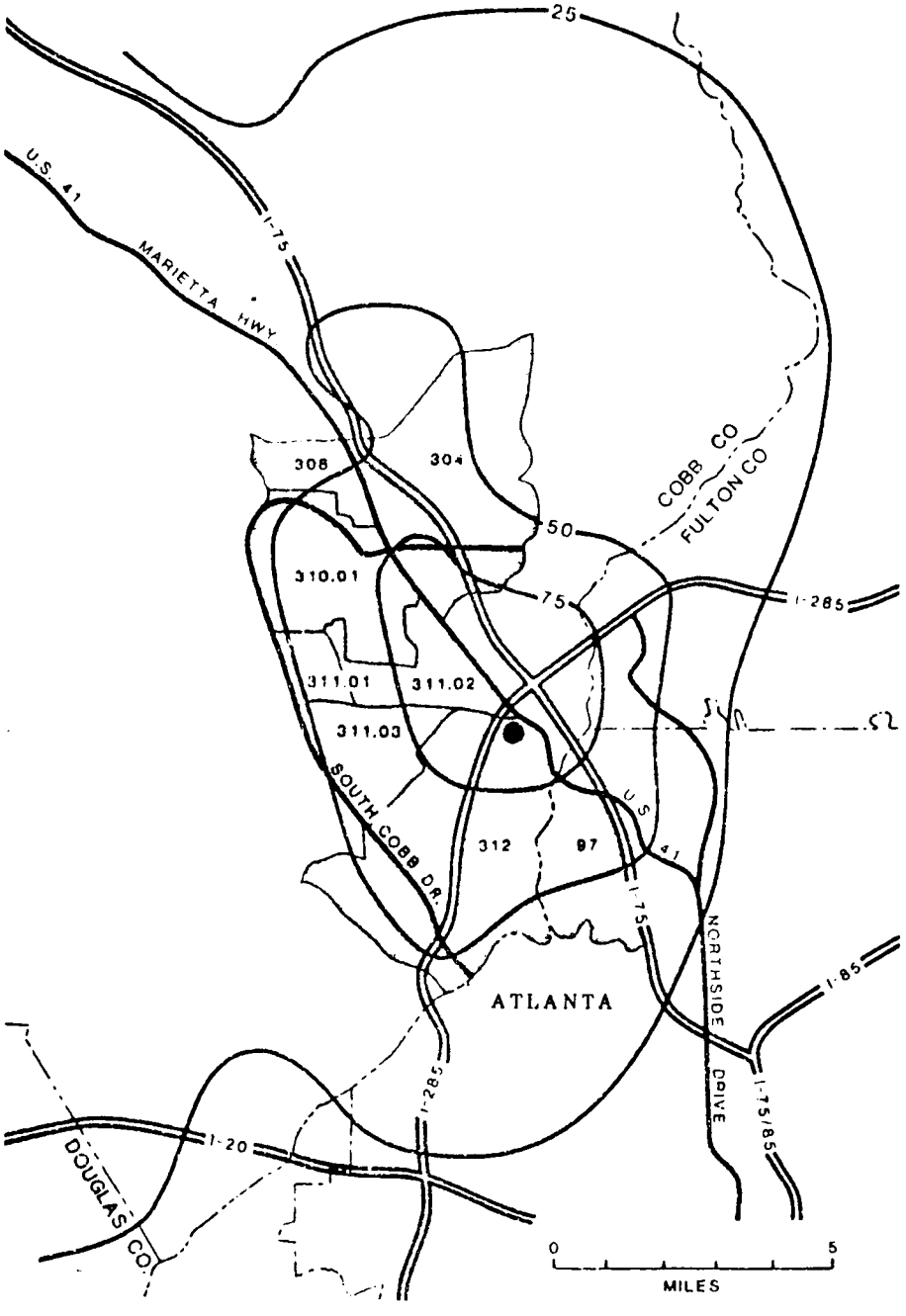


Figure VII-2. Trade Area of Cumberland Mall.

Source: Borden D. Dent, Trade Area Analysis of Atlanta's Regional Shopping Centers (Atlanta: Georgia State University, Department of Geography Research Series No. 1, 1978), p. 35. Used with written permission from the author.

office parks, and industrial parks; and a rise in median family income above the national average (Atlanta Regional Commission, Area Development Plan for the Atlanta Region, 1979-1980, 1979, pp. 25-28).

Considered to be the regional center of the Southeast, one source described Atlanta as the "Southeastern Connection." It is "without peer in the combined factors of location, transportation, population, and variety of economic activity." Due to its roles as a transportation hub and a distribution center, a diversified economy (featuring many types of economic activities rather than being dominated by single one) has emerged. In the past decade, the services industry grew by 80 percent. An increase of 34.2 percent occurred in retail trade, while finance, insurance, and real estate activities increased by 54.1 percent (Atlanta Regional Commission, Atlanta Region Area Development Profile, 1983, pp. 17-18, quotes from p. 17).

The economy of the Atlanta Region during the last decade mirrored, to a large extent, national economic trends. Employment rose sharply between 1970 and 1974, particularly from 1972 to 1973. Economic fields of growth included construction, trade, real estate, finance, and government. Then a severe recession set in during the period of 1974-1976. This was due to the national economic decline, a local decrease in manufacturing, and "the near collapse of the area's real estate industry." The result of this recession included an increase in the local unemployment rate, a decrease in population growth, and a virtual halt of new construction. After the recession, a steady recovery in all economic fields except construction occurred

between 1975 and 1979, with a corresponding rise in employment (Landauer Associates, Inc., 1979, pp. 6, 8, quote from p. 6).

Economic conditions changed "drastically" during 1970-1980 in Cobb County. Manufacturing activities decreased due to employment cutbacks at Lockheed Georgia Company, while the services industry rose substantially as a result of the development of many new office parks around Interstate 285 and major shopping centers. The number of service jobs thus tripled while the number of retail trade jobs doubled (Atlanta Regional Commission, Atlanta Region Area Development Profile, 1983, p. 21).

Retail Sales Characteristics and Trends

The U.S. Department of Commerce ranked metropolitan Atlanta as the nation's sixteenth largest retail market in 1978. The total volume of retail sales was $7.1 billion, representing a 58.1 percent increase over that recorded in 1972. Gains occurred in all retail trade categories. Contributing factors included substantial increases in local personal incomes, continued population growth, shifts in population composition, and changing lifestyles, habits, and tastes. The economic recession of 1974-1976 accounted for a slight setback in retail sales growth during that time, as well as some difficulties in the leasing of retail tenant space in new regional shopping malls.

The situation has improved markedly since then, however. According to the U.S. Census of Retail Trade, in 1972 major retail centers (including regional shopping malls and other large retail concentrations) were ascribable for 42 percent of the shoppers-goods sales in metropolitan Atlanta excluding the Central Business District

(CBD), and 56 percent including the CBD. Assuming that these well-established retail trends would continue as expected, total retail sales were projected to reach $10 billion in 1982 and $12-13 billion in 1985 (Landauer Associates, Inc., 1979, pp. 18-21).

A study of the characteristics and trends of the population, household income levels, and spending habits prevalent in metropolitan Atlanta revealed that the shoppers-goods expenditure potential increased from approximately $1.2 billion in 1972 to $1.9 billion in 1978. This represents the theoretical maximum retail sales volume that can be supported by the market area purchasing power. An estimated 10 percent of the total retail sales registered in 1978 were made by persons living outside the 15-county Atlanta SMSA, which is regarded as a favorable sign of the local retail growth capabilities and economic impact. Factors thought to be responsible included a paucity of shoppers-goods establishments outside the market area, the population growth occurring within outlying counties, the ease of accessibility to regional shopping malls within metropolitan Atlanta, and the fact that "Atlanta retailers capitalize on several major attractions outside the conventional retail scene," such as tourism, sporting events, and conventions. Metropolitan Atlanta is thus regarded as "a major retail magnet for the entire north Georgia region" (Landauer Associates, Inc., 1979, pp. 21-22, quotes from p. 22).

Retail sales in Cobb County have experienced a steady increase since 1970. They doubled from approximately $347 million in 1970 to approximately $719 million in 1975. Within two years, retail sales

had nearly doubled again in 1977 to an estimated $1,300 million. The rate of increase then slowed, reflecting the economic recession. The Georgia Department of Industry and Trade estimated Cobb County retail sales of $1,562 million in 1978 to $1,796 million in 1979 (Georgia Department of Industry and Trade, 1976, no page).

Transportation Characteristics and Influences on Real Estate Development

Originally an important railroad center, metropolitan Atlanta continues to be a transportation hub of the Southeast. Freeways, airports, and rapid transit, in addition to railroads, today are responsible for providing the accessibility needs, shaping the local economy, and stimulating real estate development. The Atlanta Regional Commission regarded the composite of air, rail, and freeway transportation facilities as the "primary catalyst" in the economic growth and development of the Atlanta Region (Atlanta Regional Commision, Atlanta Region Area Development Profile, 1983, pp. 25, 27, quote from p. 25).

The local freeway system includes Interstates 20, 75, 575, 85, and 285, as well as five limited-access highways (see Figure VII-1 on p. 216). The completion of the Interstate Highway System in the 1960s and the 1970s through the Atlanta Region improved the access to both regional and national markets (Atlanta Regional Commision, Atlanta Region Area Development Profile, 1983, p. 27).

Interstate 285 is a circumferential freeway which has been of particular importance in facilitating intraregional travel and molding the land use pattern of the Atlanta Region. It "opened for

development large areas of the region whose development potential had been essentially untapped" (Atlanta Regional Commission, Major Development Trends in the Atlanta Region: 1979-1980, 1980, p. 1). The traffic volumes on I-285 more than doubled from 1970 to 1983, with the largest increases occurring along the northern section due to the burgeoning residential development and employment growth in that area (Atlanta Regional Commission, Atlanta Region Area Development Profile, 1983, pp. 27, 35).

Soon after its completion in 1969, one source had already recognized the potential of I-285 to influence real estate development, particularly near the study area:

> To a great extent the increased pace of development in the Four Lane [Highway; i.e., U.S. 41/Cobb Parkway and I-75] area is due to the completion of I-285. Some expansion of office facilities took place during the mid-1960's when the northern part of I-285 was opened to traffic from I-85 in DeKalb County to I-75 and U.S. 41 in Cobb County. However, accelerated real estate land transfer activity, land use planning and actual construction took place later in anticipation of the October, 1969 completion of the entire loop. The circumferential highway put the eastern part of Cobb County only minutes away from any part of metropolitan Atlanta (Hammer, Greene, Siler Associates, 1970, pp. 13-14, quote from pp. 13-14).

The Atlanta Regional Commission provided an excellent description of real estate development occurring at freeway interchanges within the Atlanta Region:

> Major freeway interchanges have been magnets for development. This has occurred in several waves over the years. The first wave included small and medium scale commercial uses and apartments. . . . Next, key freeway interchanges were selected as the location of major regional shopping malls. . . . Then during the seventies certain freeway interchange areas were targeted for major office developments. . . . (Atlanta

Regional Commission, Atlanta Region Area Development Profile, 1983, p. 64).

The intersections of I-285 with I-75 and U.S. 41 in Cobb County have been regarded as ideal locations for development because of the great access advantage they provide to other parts of the Atlanta Region. While I-285 provides access throughout the metropolis, I-75 provides access to Downtown Atlanta and U.S. 41/Cobb Parkway provides access to Cobb County. Much office development has occurred in this area. In addition, one Atlanta developer was cited as predicting in 1980 that this area would soon be the center of retail trade within the Atlanta Region, replacing the Central Business District of the 1970s in this distinction and even surpassing the revived Lenox Square area (Thomas, 1981, p. 101; and personal knowledge and observation of the author).

Advances in airport and mass transit facilities have also occurred. The new terminal complex at the Atlanta-Hartsfield International Airport is the largest in the world and the airport has recently become the world's busiest. Access to international markets has been improved due to the scheduling of international flights directly from Atlanta. Travel within the Atlanta Region has been facilitiated by MARTA (Metropolitan Atlanta Rapid Transit Authority), which is the local agency responsible for providing mass transit service. It operates a fleet of buses as well as a rapid rail system. Efforts are being made to include Cobb County in MARTA's service area in the near future (Atlanta Regional Commission, Major Development Trends in the Atlanta Region: 1979-1980, 1980, p. 1).

Commercial Real Estate Development Characteristics and Trends

Metropolitan Atlanta has experienced phenomenal growth in real estate development since 1970. The most prevalent trend has been a suburbanization of the northern areas, chiefly due to the large population increases occurring there, the enhanced accessibility via Interstate 285, adequate water sources, and reputation. New development has also occurred in older areas, featuring "infill" development, redevelopment projects in blighted areas, and an intensification of activity centers at points of high accessibility." In its report, Atlanta Region Area Development Profile, the Atlanta Regional Commission presented a detailed discussion of the major factors which have led to this growth. These include the following:

1. Various public policies
2. Population increases and shifts
3. Favorable employment and economic trends
4. An expansion of the size of the urban area
5. A rapid urbanization outside of incorporated cities
6. Water amd sewerage extensions
7. New and improved transportation facilities
8. Influences of the Chattahoochee River corridor
9. Various civic events
10. Influences of major activity centers
11. Natural features
12. Impacts from major public and private development activities
13. Public economic development programs

14. Historic preservation efforts (Atlanta Regional Commission, Atlanta Region Area Development Profile, 1983, pp. 54-68, quote from p. 59).

Cobb County, in particular, has grown by leaps and bounds. At one time it was regarded primarily as a "bedroom community" for Atlanta. Residential construction continues to boom. In addition, in recent years Cobb County has experienced substantial growth of its own in commercial development. According to a local newspaper article, the building rate in Cobb County ranked as seventeenth highest in the nation in 1980 (see Figure VII-3). A steady increase in the number of building permits issued has occurred, particularly for commercial real estate enterprises. The overall rate rose 42 percent between 1979 and 1980 (Gilroy, March 5, 1981). In another article, the Chairman of the Cobb County Commission termed the I-75 corridor through Cobb County as "'the hottest place in the state of Georgia'" (see Figure VII-4) (Willis, "Barrett on Future--Cobb's Growth to Continue up I-75: 'Hottest Place in State of Georgia,'" May 29, 1983).

A brief review is made in this section of the characteristics and recent trends in types and locations of commercial real estate development occurring within metropolitan Atlanta.

General retail development patterns. The vast majority of new retail development since 1970 has taken place in the suburban areas, where most of the residential growth has occurred. Regional shopping malls have been the most significant form of suburban retail development, and are largely responsible for the demise of the Atlanta Central Business District as the major retail center within the

Cobb's Building Rate Ranks 17th In Nation

By BRENT GILROY
Staff Writer

Despite a home-building slump triggered by soaring interest rates, Cobb County still managed to have the 17th highest building rate among U.S. counties during 1980, Cobb building inspectors said today.

W.T. Anderson, Cobb's director of inspections, said the county's high standing in the U.S. Department of Commerce statistics, was possible because the value of commercial projects begun here jumped substantially from 1979. Overall, he said, the value of construction in Cobb rose 42 percent, from $189.8 million in 1979 to $269.8 million last year.

Anderson said Cobb issued 4,312 building permits during 1980, including 4,109 for residential structures. In 1979, he said, the number of residential permits alone was 4,787.

Home-building rates declined substantially in many places last year due to skyrocketing interest rates which made housing purchases impossible for many potential buyers, he said.

"Luckily, commercial (construction) really came through big for us last year," Anderson said. He said the commercial construction boom was led by the first phase of the $150 million Atlanta Galleria, an office-hotel-retail complex being developed by Trammel Crow Co. on South Cobb Parkway across from Cumberland Mall.

The value of permits issued for a Marriott Hotel expansion and new office buildings at the Interstate North complex on Windy Hill Road at Interstate 75, and for office structures at nearby Circle 75 office park and other locations, helped offset the housing slump, Anderson said.

He said Gwinnett County seems to be taking some of Cobb's thunder in the metropolitan Atlanta building market. Gwinnett was the only Georgia county to finish the year with a higher building rate than Cobb, Anderson said.

"One thing is that Gwinnett builds a lot under R-15 (zoning which allows single-family homes on 15,000 square foot lots), so they naturally put up more single-family homes," he said. Anderson said Cobb subdivisions generally are zoned for larger, more expensive homes on larger lots.

He said he also believes a difference in the approach taken by building inspectors in the two counties has tilted the flow of new home construction toward Gwinnett.

"They (Gwinnett inspectors) are not as strict with some of the codes, especially the fire code," Anderson said. "I've had some builders tell me that."

Palm Beach County, Fla., had the highest building rate in the country, Anderson said, followed by Los Angeles County, Calif., and Phoenix, Ariz.

Figure VII-3. Newspaper Article Describing Cobb County's Building Rate.

Source: Marietta [Georgia] Daily Journal, March 5, 1981.



Barrett On Future

Cobb's Growth To Continue Up I-75: 'Hottest Place In State Of Georgia'

By MAGGIE WILLIS
Staff Writer

Cobb Commission Chairman Ernest Barrett predicts that the next exciting area of growth in Cobb County will be up Interstate 75, which traverses the county from a point southeast of Smyrna, sweeping northwesterly to cross the county line at a point north of Acworth, where Bartow and Cherokee Counties meet.

"That's the hottest place in the state of Georgia," Barrett said in a recent interview.

The Galleria, an 87-acre Trammell Crow development at Interstates 75, 285 and Cobb Parkway, is "right on schedule," Barrett said.

"And I think with the success they are having it will be completely built out on schedule," he added.

Barrett said it is his opinion that development "will jump across 285 to Circle 75 then to Windy Hill Road. It has taken off and it will just keep going."

He cited booming development at Windy Hill and Powers Ferry.

"In four months we have issued $157.5 million in building permits," Barrett said. "At that rate, it will put us over $3.6 billion in our tax digest."

Developments will continue along the Interstates, Barrett said, because big office parks like the Galleria like to be seen nationally, so they want to locate within view of Interstate motorists.

All the I-75 exchanges up to Barrett Parkway have development underway or planned for the near future. A new theme park at the North Marietta Loop is under construction, and completion of the new Canton Road by-pass to Kennestone Hospital north of Marietta will open that area up, Barrett said.

The Canton Road Connector, now under construction, will extend northward from Church and Cherokee Streets in front of Kennestone Hospital past Elizabeth School, then swing northeasterly across Cobb Parkway to Interstate 75 where the completed portion of the Canoton Road Connector presently ends.

"But when development is really going to take off is the first day you see a bulldozer on Scott Hudgens' property," Barrett predicted.

Hudgens owns or has options on a 300-acre site on Ernest Barrett Parkway (formerly Roberts Road) between Interstates 75 and 575 north of Marietta. He plans to start construction this fall on a regional shopping mall, Cobb Place.

"Then you are going to see that corridor develop in the same manner as Cumberland and the Galleria," Barrett said. "You might say, 'Oh, that's so far out,' but 10 years ago Cumberland was also 'far out.'"

Barrett said development along I-575, which swings north into Cherokee County from I-75 at Roberts Road, will not have the same type of development as I-75 — "at least, not for a long time," he predicted.

Other sections of the county are due for heavy growth, too, Barrett said.

Both Powder Springs and Smyrna have industrial parks which will bring new industry and jobs to the southwest central part of the county, he said, and a new access road to Interstate 20 will open up the west side of the county.

The biggest deterrent to development south of Interstate 30, in the extreme south portion of the county, has been non-availability of sewerage, a problem Barrett said will have to be corrected before long.

However, the biggest problem the county faces, Barrett said, is transportation.

Cobb County does not belong to MARTA — the Metropolitan Atlanta Rapid Transit Authority which operates a bus system and is building rapid rail lines in Fulton and DeKalb Counties — and Cobb has no public transportation except limited interstate bus connections.

"We must put more emphasis on transportation," Barrett said. "What I'd rather see is a private company come in and we'd turn it over to them, but everywhere I've gone in other states the transportation systems have been subsidized by the government."

Barrett said it's "risky — like CETA" to depend on federal funds to help solve the county's transportation problems.

"Because it can be cut off just like that," he said, with a snap of his finger.

The county has been fortunate, Barrett said, to get the federal funds which have paid for "at least half" of the water and sewer expansion programs without which the county could never have been developed.

The county's treatment plants should take care of needs for the next 15 years if development continues along predicted patterns, county officials said, and sewer lines have 50-year capacity.

The county needs more transportation arteries, Barrett said, especially a long-awaited East-West connector, which has been on the state drawing boards for more than a decade but won't be under contract until the county gets the right-of-way — over objections from homeowners who see the need for the road but want it to go "somewhere else."

Ernest Barrett

Cobb Commission Chairman Ernest Barrett, 61, is serving his fifth four-year term in office.

Barrett was born on Chastain Road in Cobb County — now just one exit up Interstate 75 from Ernest Barrett Parkway, formerly Roberts Road, renamed in Barrett's honor by his fellow county commissioners.

A self-made man who went to vocational school at Clarksville before founding Fair Oaks Cleaners in Marietta, Barrett was active in Jaycees and was a member of a group of political activists called "Young Turks" at the time.

He was elected chairman of Cobb's first multi-commission in 1965, and has been re-elected four times.

Barrett was also elected chairman of the Atlanta Regional Commission when the regional planning group was first created in 1971, and has held that post ever since.

White Water Park, scheduled to open in April, 1984, is one of two Atlanta area amusement parks being constructed by Silver Dollar City, Inc. The $10.3 million project will occupy 70 acres at the southwest corner of I-75 and the North Loop of the Marietta Parkway.

Highlands Park is one of the newest in a series of office parks that have sprung up in Cobb during the past five years. It will eventually encompass 1,000 acres near South Cobb Parkway North of I-285 in the City of Smyrna. Developed as a multi-use park, Highlands is expected to include a 400-room hotel in addition to high-tech industries and offices.

CHEROKEE COUNTY

PAULDING COUNTY

FULTON COUNTY

DOUGLAS COUNTY

The Atlanta Galleria lies at the hub of what planners say will be "the new Main Street of Atlanta." On Cobb Parkway near the intersection of I-75 and I-285, the Galleria includes a specialty shopping mall, an eight screen theatre, the 331-room Waverly Hotel and eventually, five luxury office towers. The project overlooks the Interstate North Office Park and Circle 75 office tower.

Figure VII-4. Newspaper Article Describing Cobb County's Growth Trends.

Source: Marietta [Georgia] Daily Journal, May 29, 1981.

metropolis (Dent, 1978, p. 13). Another important trend has been the expansion of strip commercial areas along existing arterial highways and the development of retail nuclei at freeway interchanges, as previously mentioned and discussed in more detail later in this chapter.

Several trends have been observed regarding the commercial rezonings and retail development patterns occurring within Cobb County. Development of most of the larger commercial uses (those utilizing at least seven acres of land) has taken place in a cluster pattern, while the smaller commercial uses are relegated to small, commercially zoned tracts dispersed throughout the County. This phenomenon is indicative of the local public policies to discourage strip commercial development. A great increase has occurred in the amount of acreage requested to be rezoned in Cobb County to some type of commercial zoning classification. Two factors responsible for this situation include transportation improvements and the construction of many of the new shopping centers built since 1974 within planned-unit developments (Cobb County Planning Department, Shopping Center Analysis 1978, 1978, pp. 5-6). Other trends pertaining specifically to shopping center development will be reviewed in the next section.

Shopping center development. Since 1960, the development of shopping centers and regional shopping malls has skyrocketed in metropolitan Atlanta. A May 1978 article in Shopping Center World, entitled "Atlanta: Is It Really Shopping Center Heaven?" cited 409 shopping centers and discount store operations existing within metropolitan Atlanta in 1978. It provided an excellent synopsis of shopping center and regional shopping mall development:

> If a person's idea of paradise were a giant shopping center from horizon to horizon, then he would find heaven in Atlanta.
>
> Atlanta's physical growth during the last 20 years has been phenomenal in many aspects--. . . But in no manner has Atlanta's growth been more phenomenal than in shopping centers and retail trade development. . . .
>
> . . . . . .
>
> As Atlanta sprawled rapidly into the suburbs in the 1960s and 1970s, the shopping center became almost synonymous with retailing. Although the city got a relatively late start in its push for suburban shopping (there was a time, not too many years ago, when "anyone who was anyone" shopped at the Rich's chain main downtown store), once the ball was rolling it has scarcely paused. Indeed, during the recent and severely damaging recession, one of the few sectors of the local economy which continued to hold its own and even to grow in some areas was retailing. In terms of expansion, shopping center construction is today one of the strongest, if not the strongest, of Atlanta's commercial real estate markets.
>
> This is especially important locally because retailing is one of the major industries in the Atlanta economy (Tharpe, 1978, p. 80).

The number of shopping centers in Cobb County has increased between 1966 and 1978 from 18 to 92, which represented an average of six new shopping centers constructed each year. From 1973 to 1974, however, a high of 12 new shopping centers were built, while the onset of the economic recession reduced the total to only five in the following year (Cobb County Planning Department, Shopping Center Analysis--1978, 1978, p. 4).

A study of regional shopping center development within metropolitan Atlanta was conducted by the Georgia State University Department of Geography in 1978. It found that regional shopping center construction occurred in response to the suburbanization of the population in metropolitan Atlanta during the previous 25 years, mirroring national trends. Three phases of regional shopping center

development in metropolitan Atlanta were identified in the study, as determined by the size of the center, the number of department stores present, and the total number of tenants contained. The study included 13 regional shopping centers built through 1978 (Dent, 1978, pp. 12, 17).

The first phase of regional shopping center development occurred during 1959-1963 in response to the initial stages of the suburbanization of the metropolitan Atlanta population. Characteristics of the regional shopping centers built during that time included a relatively small size, only one major department store plus 40-50 tenants, and the absence of weather protection for customers since the centers were not enclosed (Dent, 1978, pp. 12, 17; and Atlanta Journal-Constitution Research Department, 1978). The first regional shopping center built was Lenox Square in 1959, located in an affluent area of town and featuring two department stores. Years later it was substantially expanded and remodeled (Tharpe, 1978, p. 81).

The second phase of regional shopping center construction took place between 1964 and 1971. The six centers developed then were all enclosed malls. The square footage size of these malls was nearly double that of the centers built during the first phase, usually including at least two department stores. By this time, the development of regional shopping centers in metropolitan Atlanta "had reached significant dimensions" and prompted the third phase (Dent, 1978, p. 17; and Atlanta Journal-Constitution Research Department, 1978).

A "new era" of regional shopping center construction began in 1971 and continues to the present. Malls built in metropolitan

Atlanta reflected national trends in shopping center development. That is, they tended to be much larger, featuring four to six department stores and over 100 smaller tenants (Dent, 1978, p. 17; and Atlanta Journal-Constitution Research Department, 1978). The most recent regional shopping center development activity has included the opening of Shannon Mall in southwest Fulton County in 1980 (Atlanta Regional Commission, Major Development Trends in the Atlanta Region: January, 1979-August, 1980, December 1980, p. 24); the construction of Gwinnett Place in northern Gwinnett County, which should be completed by 1984; and Town Center at Cobb (initially referred to as Cobb Place) near Kennesaw in northeast Cobb County, which is scheduled to open in 1985 (Atlanta Regional Commission, Major Development Trends Annual Report: October, 1981 to September, 1982, December 1982, pp. A-17, A-30; and The Atlanta Journal, May 14, 1984, p. 2-E).

Perhaps a fourth phase in regional shopping center development should be identified to represent the construction of minimalls and specialty shopping centers in the 1980s. Minimalls may feature one large tenant and numerous boutiques, and serve a regional market. Examples include Park Place in Sandy Springs and Atlanta Galleria in the study area. In both instances, the minimalls have been located adjacent to larger superregional malls (Park Place is next to Perimeter Mall while Atlanta Galleria is next to Cumberland Mall) (personal knowledge and observation of the author).

Specialty shopping centers rely heavily upon entertainment-oriented tenants such as theaters and restaurants to draw consumers. Since they tend to be located in established residential areas, they

are not threatened by competition from traditional shopping centers. Franklin Road Shopping Center and Terrell Mill Village are two examples of specialty shopping centers located in Cobb County (Cobb County Planning Department, Shopping Center Analysis--1978, 1978, pp. 7-8).

These and other emerging trends in shopping center development occurring in the 1980s in metropolitan Atlanta were summarized by the Atlanta Regional Commission:

> An emerging trend in shopping center development is the spinoff of small specialty shopping centers near existing major malls. Another trend is the continuing expansion of existing regional malls, such as Perimeter Mall and Lenox Square (Atlanta Regional Commission, Major Development Announcements Annual Report: August, 1980 to October, 1981, December 1981, p. 5).
>
> While construction of Gwinnett Place and planning for Cobb Place [(renamed Town Center at Cobb)] regional malls continue, the emphasis of shopping center development seems to have shifted to smaller projects. Many older centers have been remodeled or enlarged particularly Lenox Square. Small specialty centers continue to be developed as satellites [emphasis mine] of larger centers. Neighborhood centers are also being announced. . . . (Atlanta Regional Commission, Major Development Trends Annual Report: October, 1981 to September, 1982, December 1982, p. 3).

In Cobb County, recently-constructed shopping centers have been incorporated within larger, planned multi-use projects. These typically include medical and professional office establishments, multi-family housing developments, general commercial uses, and sometimes industrial uses (Cobb County Planning Department, Shopping Center Analysis--1978, 1978, pp. 5-6).

Strip commercial development. As discussed in a previous section of this chapter, major highway improvements made in metropolitan

Atlanta have spurred an expansion of existing strip commercial areas and have incited the growth of new ones around freeway interchanges, particularly at I-285. An excellent treatise on this phenomenon appeared in an article in the Atlanta Journal-Constitution on March 1, 1981, entitled "Commercial Strips Booming in Atlanta's Northern Suburbs" (see Figure VII-5). It identified the growth of three commercial strip areas in a manner reminiscent of several older ones in established areas. These are Jimmy Carter Boulevard in Gwinnett County, Cobb Parkway in the vicinity of Cumberland Mall, and Holcomb Bridge Road between Roswell Road and Georgia 400. Typical establishments lining these routes include gas stations, fast food restaurants, banks, supermarkets, and small professional offices (Salter, March 1, 1981).

The article offered its assessment of the underlying reasons for this strip commercial development, including the viewpoints of several prominent Atlanta real estate developers:

> The development of these shopping strips is, in a way, a confirmation of the economic boom in Atlanta's outlying suburbs, to which homeowners and businesses have already flocked.
>
> "This retailing tends to develop anywhere there is a good population base and a traffic artery, . . ."
>
> "The retail function is the last thing that happens in any community, . . ."
>
> The pace of the retail development is related to the shopper traffic of the area. For example, Jimmy Carter Boulevard draws not only the residents of the growing subdivisions nearby, but the employees of the numerous offices and industrial parks that have sprung up there as well. . . .
>
> . . . . . .
>
> In this type of development "one deal begets another, . . ."
>
> In the strongest strip commercial areas, development tends to hold up during a recession. . . . (Salter, March 1, 1981).

The Atlanta Journal
THE ATLANTA CONSTITUTION
SUNDAY, MARCH 1, 1981

Commercial strips booming in Atlanta's northern suburbs

By SALLYE SALTER
Constitution Staff Writer

Repeating a scenario played out decades ago along Peachtree Street and Buford Highway, retail businesses are springing up along the major thoroughfares of Atlanta's northern suburbs.

Jimmy Carter Boulevard in Gwinnett County, Cobb Parkway in the vicinity of Cumberland Mall and Holcomb Bridge Road between Roswell Road and Georgia 400 rank among the most active strip developments in the metropolitan area. They seem destined to equal such older commercial strips as Buford Highway, Roswell Road, Old National Highway and Memorial Drive.

The developing strips are being lined with service stations, fast-food outlets, banks, restaurants, real estate and insurance offices and supermarkets.

Along Jimmy Carter, the new developments include a K mart-anchored shopping center at Rockbridge Road, two nearby supermarket shopping centers, and a Richway discount store in the Gwinnett Crossings shopping center at Lawrenceville Highway. Several additional large tracts are cleared and awaiting development.

In addition, some residences located between the commercial clusters of the busy street have been converted for such businesses as insurance and real estate.

The development of these shopping strips is, in a way, a confirmation of the economic boom in Atlanta's outlying suburbs, to which homeowners and businesses have already flocked.

"This retailing tends to develop anywhere there is a good population base and a traffic artery," said Larry Wood of Carter & Associates.

"The retail function is the last thing that happens in any community," noted Nelson Brown, who specializes in retail properties in the Atlanta office of Coldwell Banker, a national real estate firm.

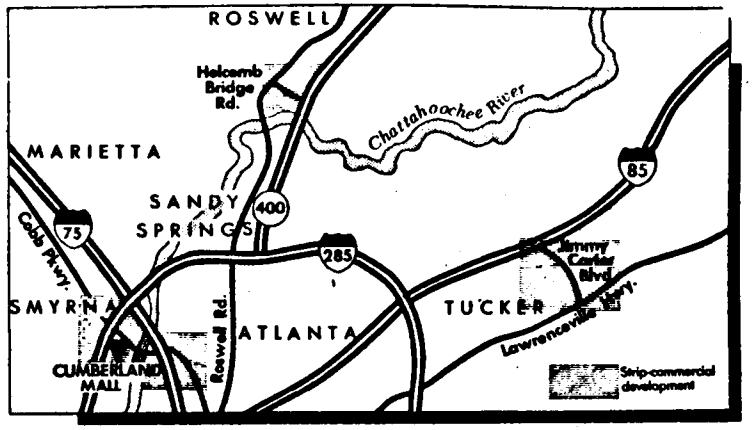
The pace of the retail development is related to the shopper traffic of the area. For example, Jimmy Carter Boulevard draws not only the residents of the growing subdivisions nearby, but the employees of the numerous offices and industrial parks that have sprung up there as well.

And for Cobb Parkway, Cumberland Mall is an additional draw. The mall attracts shoppers from much of Northwest Georgia. Brown said he would not be surprised to see that stretch of Cobb Parkway ultimately widened to 10 lanes.

In this type of development "one deal begets another," according to Keith Valentine of Coldwell Banker.

In the strongest strip commercial areas, development tends to hold up even during a recession. "The major stores and fast food companies have cut back because the cost of capital is high," explains Brown. "This means that if a retailer has a quota, he might cut back and take only the top locations."

To avoid the cluttered strips that are created by the melange of retailers, developers in a few instances are assembling large tracts of land around regional malls to control the development of the area.



Map shows the 3 most active strip-commercial developments in metro Atlanta

Figure VII-5. Newspaper Article Describing Commercial Strip Development in Atlanta.

Source: Sallye Salter, The Atlanta Journal and The Atlanta Constitution, Sunday, March 1, 1981, page unknown.

Office park development. Interstate highway corridors have proven to be the most attractive sites for new office park development within metropolitan Atlanta, particularly along the northern stretch of I-285. Areas along Georgia 400 have also lured new corporate headquarters offices. The Central Business District and other established office nuclei continue to add new office facilities. The latest areas of office growth have occurred around the rapid rail transit stations. Office condominiums are a recent concept in the office market, especially those of small to medium size and low-rise (Atlanta Regional Commission, Major Development Trends Annual Report: October 1981 to September, 1982, December 1982, p. 3).

In 1977, the U.S. Department of Transportation conducted a detailed study of the relationships between radial freeways and office development in selected U.S. cities, including Atlanta. The study culminated in the report, Radial Freeways and the Growth of Office Space in the Central Cities. It found that suburban expansion characterized the increase in office space, which was precipitated by major new highway construction occurring in the suburban areas, particularly to the north. The total number of office sites (including single office buildings, office parks, and office complexes built by one developer within a limited period) located within metropolitan Atlanta rose from 119 in 1970 to 237 in 1976. The period 1974-1975 was an especially active time for new office development. Construction of offices was most prominent within a one-mile band around I-285 (U.S. Department of Transportation, Radial Freeways and the Growth of Office Space in the Central Cities, 1977, pp. 217-226).

As of Spring 1979, the total existing inventory of office space within metropolitan Atlanta was approximately 35 million square feet, and was rather evenly split between urban and suburban locations. The tenant occupancy rate was estimated to be 85.4 percent. This rate was regarded as denoting an equilibrium between office space supply and demand, representing an improvement over the drop in occupancy rates which occurred from 1975 to 1976 (Landauer Associates, Inc., 1979, p. 33).

The north suburban Atlanta office market, defined by one source as the corridor along I-285 which extends from I-85 to the east to I-75 to the west, has shown particular gains in new office construction. It accounted for approximately 10.7 million square feet or 60 percent of the total suburban office space in existence in 1979, and had an occupancy rate of 93.9 percent. An average annual absorption rate of over 1.3 million square feet of office space occurred from 1975 to 1979, and the amount of occupied office space increased by 118.5 percent since the economic recession of 1974-1975. However, the actual demand for office space was estimated to be almost two million square feet per year in 1979 within the north suburban office market, since the absorption rates included approximately four million square feet of new office facilities constructed from 1977 to 1979. A private market analyst offered the followng summary of the north suburban office market during 1979: "It would appear that the north suburban office market is in the throes of a major expansion. Demand is at an all-time high and the supply is diminishing" (Landauer Associates, Inc. , 1979, pp. 35-38, quote from p. 38).

The U.S. Department of Transportation study examined eight corridors of office development located within metropolitan Atlanta. One of these corridors was identified as the I-78 Northwest Corridor, which extended from the Central Business District to three miles beyond I-285, and included property located within one mile on each side of I-75. The number of office sites within this corridor increased from two prior to 1970 to 21 in 1976. The study revealed eight factors which influenced office development within the I-75 Northwest Corridor during that period, as listed below. It was felt that metropolitan Atlanta was overbuilt with office space by 1976.

1. Accessibility to white collar residential neighborhoods
2. Availability of large tracts of land suitable for commercial development
3. Relatively low land prices
4. Relatively low property taxes
5. Relatively high occupancy rates for office sites within the I-75 Northwest Corridor
6. Relatively little noise pollution
7. Relatively little air pollution
8. Negligible effect of relatively great distance from the Central Business District (U.S. Department of Transportation, Radial Freeways and the Growth of Office Space in the Central Cities, 1977, pp. 221, 226, 237, 242- 246).

The I-75 Northwest Corridor was further broken down into the Northwest Subsector by a private market analyst. This designation was delineated as comprising the area surrounding the I-75/I-285 and

I-285/U.S. 41 interchanges and extending northward to include certain office parks located around Windy Hill Road, along I-75, and at Powers Ferry Road. Office parks having at least 100,000 square feet in 1979 included Interstate North, Powers Ferry Landing, Cumberland Office Park, North x Northwest, Emerson Center, Perimeter Place, and Shadowood. Total office space of over three million square feet were located within the Northwest Subsector in 1979, of which 92.6 percent were occupied. The total amount of new office space constructed between 1975 and 1979 was 5,466,000 square feet, of which the market was able to absorb at least 400,000 to 500,000 square feet and perhaps as much as 600,000 to 700,000 square feet annually. Office growth within this Northwest Subsector was regarded as "rather impressive" and offering "an attractive long-term environment" for new ofice facilities, since new office construction was regarded as lagging behind market demand (Landauer Associates, Inc., 1979, pp. 36-42, quotes from p. 42).

New office construction has also been occurring rapidly in Cobb County since 1970. Reasons for this included: 1) the proximity to Atlanta; 2) the availability of large tracts of land around I-75, I-285, and U.S. 41; 3) favorable zoning conditions; 4) sewerage system improvements within the county; and 5) the presence of quality educational, recreational, and medical facilities. While the amount of new office space constructed between 1970 and 1975 increased dramatically, the occupancy rates fell. Of 3.30 million net square feet of office space developed in 1975, only 2.66 million net square feet were occupied. These figures indicated that a surplus of office space existed in 1975. While the larger office parks included tenants

that were national or regional headquarters for major corporations, the smaller office facilities were locally-oriented and many featured specialized tenants, such as professional and medical concerns, that developed around major transportation routes and centers of specific usage (Cobb County Planning Department, Office Space in Cobb County: Inventory and Analysis--1975, 1975, pp. 29-32).

Hotel and motel development. Hotel and motel development have reflected the reputation of metropolitan Atlanta as a national convention and trade show center. Like office parks, new hotels and motels have concentrated along the Interstate Highway corridors, particularly the northern section of I-285. Such locations have been selected in response to the growth of nearby employment centers and residential neighborhoods within the last decade. The Central Business District, however, continues to maintain its importance as a hotel center. A "new surge" of hotel constructions were triggered there by the development of the Georgia World Congress Center, and more recently, the Atlanta Apparel Mart and the Georgia-Pacific Center. Other hotel development has taken place near the Atlanta-Hartsfield International Airport and in the form of renovations to older, smaller hotels (Atlanta Regional Commission, Major Development Trends Annual Report: October, 1981 to September, 1982, December 1982, p. 2).

New hotels recently built near the study area include the Marriott Hotel at I-285 and Windy Hill Road, the Hilton Inn at I-75 and Windy Hill Road, and the Holiday Inn at I-285 and Powers Ferry Road. Within the study area are the Waverly Hotel, which just opened in 1983 and is a part of the Atlanta Galleria, and a new hotel planned

for a site off Whitley Road (Willis, "Another Big Hotel Planned," 1981; and personal knowledge and observation of the author).

Motels and motor inns generally have been built at major freeway interchanges to serve the traveling public. The nearest concentration of recent motel development is at the I-75/Delk Road Interchange in Cobb County (personal knowledge and observation of the author).

Mixed-use developments. An increasing number of mixed-use developments are appearing in metropolitan Atlanta. They tend to be developed at sites which are near other major activity centers. Colony Square was the first mixed-use development built. The Omni International Complex was located in a blighted area as part of an urban revitalization effort. Many of the newer mixed-use developments have sought to provide a self-contained living and working environment. Office space and small, specialized retail shops are usually included, while residential units, hotels, and entertainment facilities may also be featured (personal knowledge and observation of the author).

The purpose of this chapter has been to describe the framework within which the commercial real estate development decisions delineated in the empirical study have occurred. An introduction to the empirical study was first given. Various characteristics and trends which may have influenced these decisions were then reviewed. These included characteristics and trends pertaining to geography and demography, economy, retail sales, transportation, and commercial real estate development.

CHAPTER VIII

THE EMPIRICAL STUDY: DEVELOPMENT OF CUMBERLAND MALL AND PERIPHERAL COMMERCIAL REAL ESTATE ENTERPRISES

A detailed historical sketch of the development of Cumberland Mall as well as peripheral commercial real estate enterprises is provided in this chapter. The study area boundaries are first stated. Existing conditions within the study area prior to the development of the mall are portrayed. The steps leading to the development of the mall are then reviewed, followed by an identification of the primary and secondary impacts of the mall. Next comes descriptive information as well as statistical data regarding commercial real estate development activity which occurred in the Cumberland Mall periphery during the period 1972-1980. A reflective assessment of peripheral commercial real estate development activity is then made. Finally, information and speculations are presented regarding continuing commercial real estate development activity.

Some information cited within this chapter was obtained from personal interviews conducted with local public officials between November 1980 and March 1981 (the survey form used comprises Appendix B). One or more officials were interviewed in each of the following agencies:

--Atlanta Regional Commission: Department of Regional Development Planning, Division of Land Use and Public Facilities Planning.

--Atlanta Regional Commission: Department of Regional Development Planning, Division of Transportation Planning

--Cobb County Board of Commissioners.

--Cobb County Chamber of Commerce.

--Cobb County Department of Permits and Inspection.

--Cobb County Engineering Department: Public Works Division.

--Cobb County Planning Department.

--Cobb County Tax Assessors' Office.

--Cobb County Zoning Department.

--Georgia Department of Transportation: Division of Urban Design Engineering.

A. STUDY AREA BOUNDARIES

As illustrated in Figure VIII-1, the boundaries for the study area are as follows: to the north--Smyrna-Roswell Road/Windy Hill Road, coinciding with the Marietta city limits; to the south--Chattahoochee River, the Fulton County Line, Cobb Parkway, Hargrove Road, and Vinings-Paces Mill Road; to the east--I-75 and the eastern boundaries of properties fronting on Cobb Parkway (U.S. 41); and to the west--Hargrove Road/Cumberland Parkway, coinciding with the Smyrna city limits. These boundaries were selected due to several considerations: 1) the distance from Cumberland Mall; 2) the presence of physical and man-made barriers, such as Chattahoochee River, I-75, and various city limits; and 3) the location of the "end of the line" for strip commercial enterprises constructed after Cumberland Mall was built. Land located around Stillhouse Road was excluded from the

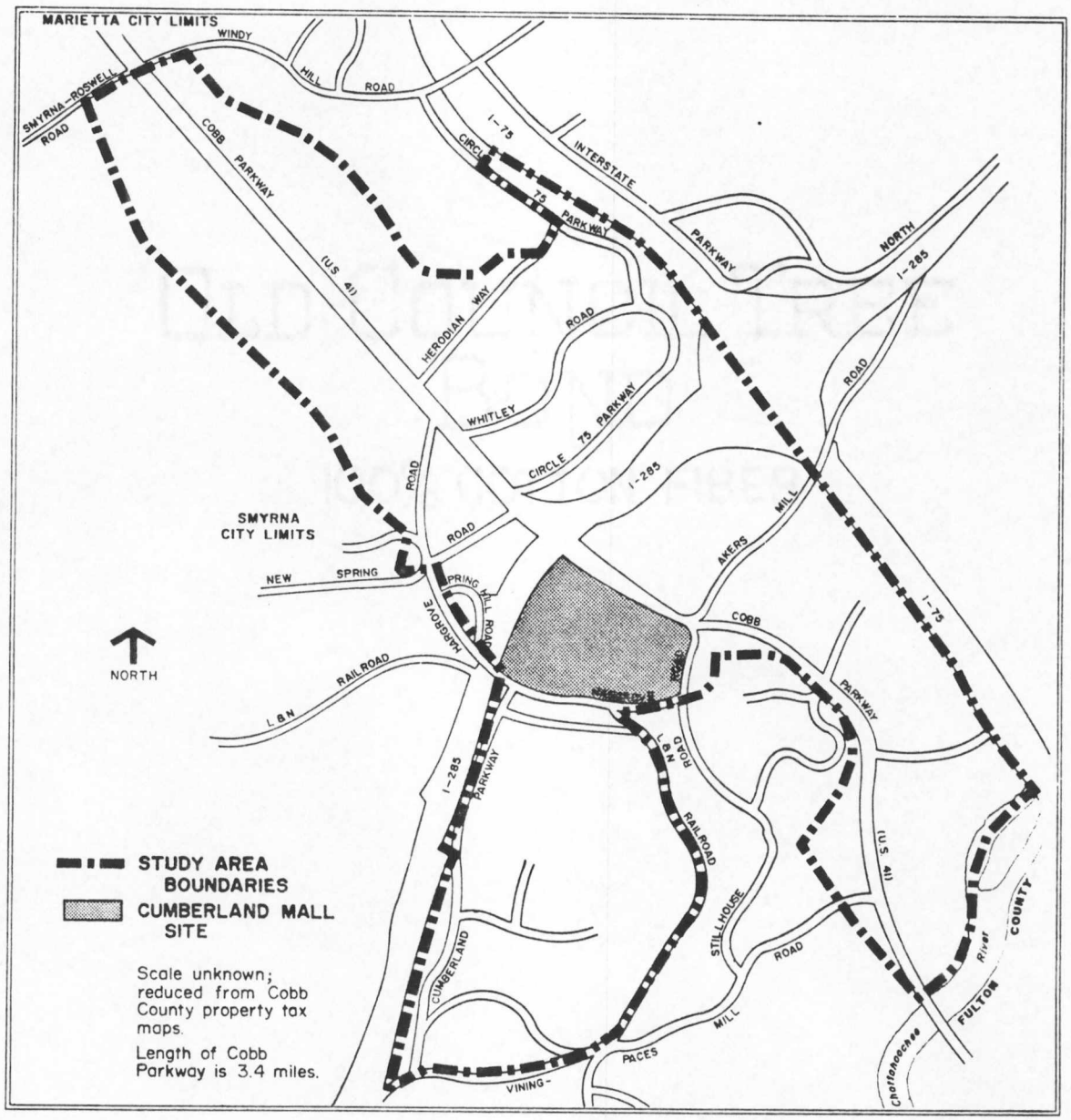


Figure VIII-1. Study Area Boundaries.

Source: Map drawn from reduced Cobb County property tax maps.

study area since it was devoted exclusively for residential land uses, while land located in the vicinity west of Hargrove Road and south of Spring Road was excluded because the author regarded it as an outlying area of the City of Smyrna. The stretch of Cobb Parkway located within the study area is 3.4 miles long (measurement by the author while driving). Approximately 1,162 acres of land comprise the study area, which lies within the Seventeenth District of Cobb County (research conducted by the author at the Cobb County Tax Assessors' Office; and inspection of Cobb County maps by the author).

B. EXISTING CONDITIONS PRIOR TO THE DEVELOPMENT OF CUMBERLAND MALL

The study area prior to the development of Cumberland Mall was basically rural in character and did not begin to stir until the completion of I-285 appeared to be a reality. Little investment activity occurred in this untested market, and the area remained stable. In the middle 1960s, existing development included the following land uses (see Figure VIII-2) which were either completed or on which construction of one or more phases had already begun:

--A few isolated gas stations.

--Bert Adams Boy Scout Camp on part of the site of the present Cumberland Office Park.

--Storyland Amusement park where the Akers Mill Square shopping center is now located.

--41-Perimeter Park (later renamed Syntak Office Park and today known as Atdan Office Park).

Figure VIII-2. Existing Conditions Prior to the Development of Cumberland Mall.

Existing Commercial Enterprises:

1. Gulf Oil gas station.
2. Majik Market convenience store.
3. Richway discount house.
4. Ice Land of Atlanta Skating Rink (bought and remodeled by Lowe's Furniture Store after the study period).
5. Bank of Smyrna (later renamed First Bank and Trust Company of Cobb County).
6. Amoco gas station.
7. Mini-Mart convenience store.
8. 41-Perimeter Park (later renamed Syntek Office Park and today known as Atdan Office Park).
9. Hargrove-41 Plaza shopping center.
10. Tajico Emerson Office Park.
11. Curtis 1000 International office building.
12. LPS International Limited office building (business now gone, and building vacated).
13. Shell Oil gas station.
14. Exxon gas station.
15. Hertz Rent-A-Car (business now gone, and building vacated).
16. Cumberland Office Park.
17. Bert Adams Boy Scout Camp (now gone).
18. Storyland Amusement Park (now gone).
19. Standard Oil/Chevron gas station.
20. Ferguson Poole boat sales.
21. AT&T Long Lines Station utilities office.
22. Eastern Airlines Reservation Center office building.

Source: Interviews conducted by the author with local public officials and officials representing various enterprises located within the study area during the study period; 1972 aerial photographs of the study area; and research conducted by the author in various local public offices.

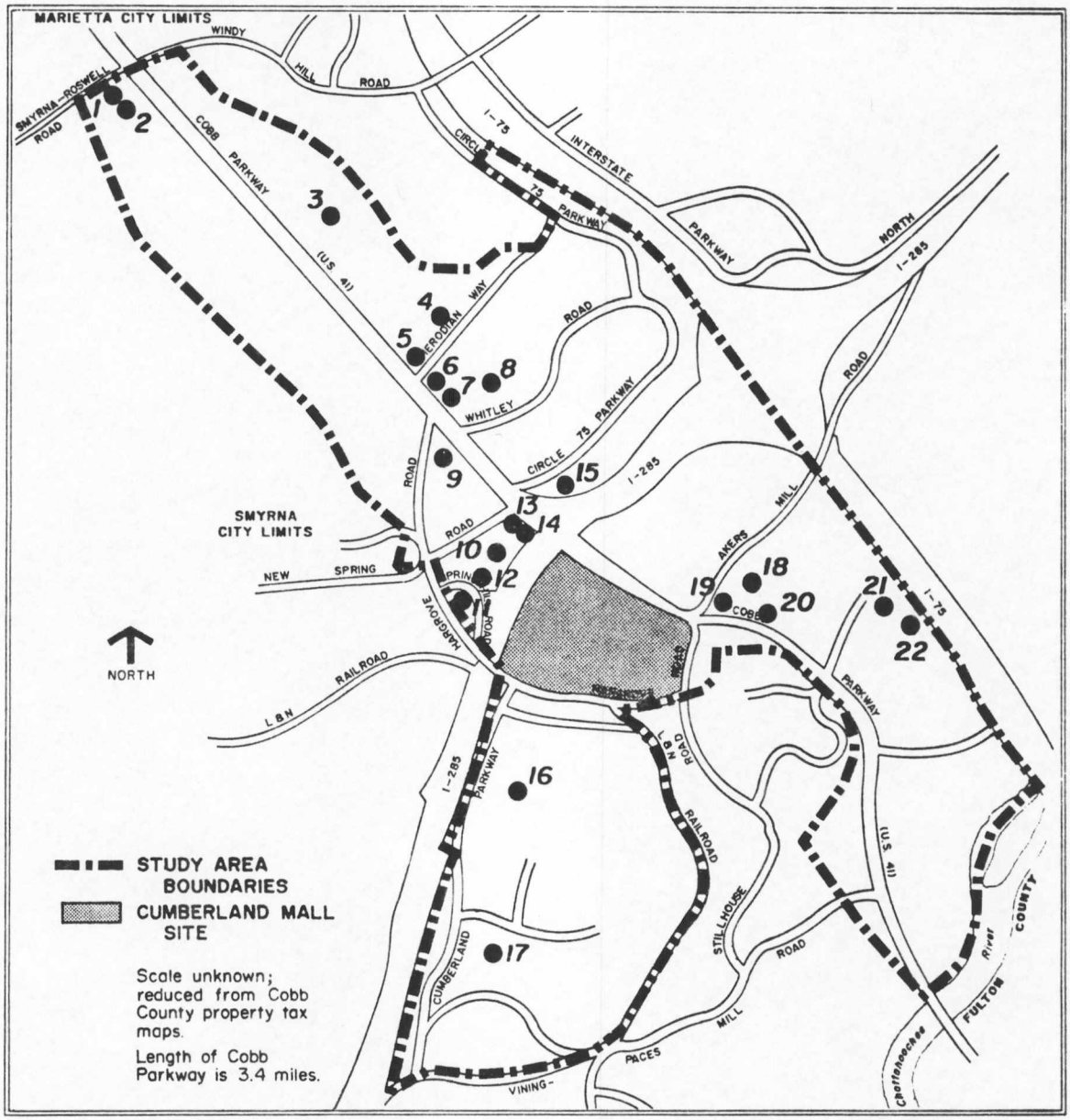


Figure VIII-2

--Tajico Emerson Office Park.

--Two small, single-firm office buildings.

--Hargrove-41 Plaza shopping center.

--Eastern Airlines Reservation Center.

--AT&T Long Lines Station.

--A few scattered strip commercial establishments.

--Ice Land of Atlanta Skating Rink.

--A few apartment complexes and isolated houses (interviews conducted by the author with local public officials, November 1980 to March 1981; and personal knowledge and observations of the author).

In the late 1960s, some development activity began to occur. This included new apartment construction within and near the study area, the completion of the Treasure Island (no longer existing in 1984) and Richway discount houses on Cobb Parkway, and the initiation of the first phase of the Cumberland Office Park. No new shopping centers and few strip commercial establishments were built during that time, however. Speculative investment did occur, though. Elaborate plans were made by several developers to construct commercial real estate enterprises. One such project was the Atlanta Galleria, which was originally proposed for development by Barton Properties of Atlanta in 1973. The plans fell through due to several reasons: 1) the market was not yet ripe for such a venture; 2) utilities were inadequate to accommodate such a large project; and 3) the developer encountered financial difficulties which led to bankruptcy (Hammer, Greene, Siler Associates, 1970, pp. 15-21; interviews conducted by the

author with local public officials; and personal knowledge and observation of the author).

Another project that was proposed during the 1960s was a regional shopping mall which was to be developed by Cousins Properties, Inc. of Atlanta. It was to be located at the intersection of Cobb Parkway and Delk Road just north of the study area. This mall was to have been opened at the same time as Cumberland Mall, but the plans for the Cousins mall were cancelled because Carter and Associates, Inc. managed to outbid the firm for the major tenants to lease space within Cumberland Mall (telephone conversation conducted by the author with an official from Cousins Properties, Inc. of Atlanta, March, 1981).

In order to do comparison shopping for quality shoppers-goods merchandise, Cobb County residents had to either shop at Cobb Center, which at that time was a small, unenclosed regional shopping center located in Smyrna, or travel some distance to Lenox Square in Buckhead or to Perimeter Mall in Sandy Springs. "There really wasn't a class place to shop." With the growth in Cobb County's population, there was clearly a need for a new regional shopping mall (interviews conducted by the author with an official from Cobb County Planning Department, Marietta, Georgia, December 17, 1980; and with other local public officials).

Local public officials who have held their positions since the time before Cumberland Mall was constructed were asked their opinions regarding the type of development they had anticipated would occur on the mall site before they became aware of the plans for the

development of the mall. Their responses were indicative of very divergent viewpoints regarding the real estate development potential of the study area prior to the construction of the mall. One public official thought that the appearance of Cumberland Mall at its present location "was a surprise" because the study area was rural and had shown little investment activity, plus the fact that adequate water and sewerage facilities were not yet available. Local plans in the 1960s, according to other public officials, had shown the study area as a potential industrial site, but this was hindered by the poor terrain. It later was deemed suitable for an employment center of some type, which began to materialize with the construction of a few office parks as a new development concept, as well as new apartments to provide housing for the surging population (interviews conducted by the author with local public officials, November 1980 to March 1981).

For quite some time prior to the appearance of the mall, land values within the study area had been relatively high for such rural property. This situation was due to the good accessibility provided by Cobb Parkway. The completion of I-75 within the corridor caused these land values to rise markedly, and in turn probably encouraged much speculative activity. This occurrence also led some local public officials to anticipate "intense" types of development in the vicinity, believing that it was the only type of development which was realistically feasible. The presence of I-75 and the proximity to Atlanta made the vicinity a "prime area" for commercial development, in the opinion of another local public official who was interviewed (interviews conducted by the author with local public officials, November 1980 to March 1981).

C. DEVELOPMENT OF CUMBERLAND MALL

The steps leading to the development of Cumberland Mall are described in this section. The discussion encompasses background information on the firm which developed the mall; the conceptualization and decision-making process for the mall; the actual development procedures, including the role of local public officials; and a reflective assessment of the mall's success. This information was obtained almost exclusively from interviews conducted by the author with personnel employed by the developer of the mall (the survey form used comprises Appendix C), as well as local public officials.

Background Information on the Developer of Cumberland Mall

The developer of Cumberland Mall was Carter and Associates, Inc., a commercial real estate firm whose headquarters office is located in Atlanta. It has been in business for over 20 years and has constructed commercial real estate projects throughout the Southeast. Cumberland Mall was the second regional shopping mall developed by the firm. The first one, Northlake Mall, had opened in northeast Atlanta in 1971. Carter and Associates later built Southlake Mall, which opened in south Atlanta in 1979, and had plans for building another regional shopping mall in Bowling Green, Kentucky. The firm has also developed office parks (including Cumberland Office Park located in the study area adjacent to the mall), bank buildings, and warehouses. In addition to these commercial real estate development ventures, Carter and Associates engaged in commercial brokerage and retail

management activities (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

In general, Carter and Associates regards the Southeast as desirable for its development projects because it is a growing area, it possesses a good business environment, construction materials are relatively inexpensive here yet structures are built to meet high-quality construction standards, and it is within convenient distance from the firm's headquarters. The Atlanta area is considered to possess the locational advantages of continued growth and a good transportation system (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

In the development of new regional shopping malls, Carter and Associates follows certain policies and methods. The firm usually prefers to locate these enterprises in the suburbs along major highways. The firm relies on its own familiarity with an area and considers the recommendations of market analysis consultants in seeking suitable locations for new regional shopping malls. The two most important locational factors sought are a relatively high population density within the prospective market area and good access from major highways. The trade area must be near a growing residential area and have a minimum population size of 150,000 to 200,000 persons. The firm owns a substantial amount of speculative property and seeks pioneer locations for its new regional shopping malls; that is, locations which are promising but which remain relatively undeveloped. Once a site is selected, the firm purchases rather than leases the property and constructs its own buildings (interviews conducted by the

author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Conceptualization and Decision-Making Process for the Mall

Cumberland Mall was developed by Carter and Associates as part of a large multi-use project that was to include a mixture of commercial, office, and residential land uses. The initial motive for the acquisition of the property on which Cumberland Mall and Cumberland Office Park are now located, according to an official from Carter and Associates, was "to do exactly what we did with it." In the early 1960s, the firm learned of the plans to complete I-285 adjacent to the subject site, which would bring excellent accessibility to the property. This event was regarded as the most important factor in selecting the general location for Cumberland Mall. In fact, one official from the firm who was interviewed stated that "Cumberland wouldn't be there if it weren't for I-285" (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Other factors, however, also contributed to the firm's decision to construct a regional shopping mall in that general location. The second most important factor was the perception of "that indication" that population was moving to the northwest part of the metropolis--a phenomenon which would be accelerated upon the completion of I-285. At the time when construction of the mall began, residential areas housing over a quarter of a million people were located nearby. Moreover, as the third most important factor, the incomes of the trade

area population were of such a magnitude that there was sufficient buying power to support a new regional shopping mall. Fourth, prospective anchor tenants (department stores), which were later approached by Carter and Associates, agreed with the firm's analysis of the area and expressed interest in the proposed development (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

In selecting an appropriate site, the firm compared the subject property with several other properties it had options on, including land across the street where the Atlanta Galleria development is now located. The main factors considered in evaluating the various sites were price, access, and topography. Although the price of the Galleria property was about the same as that of the subject site, the latter was selected because of its better access and topographic characteristics (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Cumberland Mall was opened for business in August 1973. Carter and Associates officials were not sure of the respective dates of when the announcement of plans for the mall was made, or when the actual construction began. However, they stated that it usually takes the firm approximately 14 months to construct a regional shopping mall. This means that the construction of Cumberland Mall was probably initiated in June 1972. The firm generally begins construction within a few months after the official public announcement for the development plans is made. Therefore, this announcement is likely to have occurred in the early months of 1972 (telephone conversation by the

author with officials from Carter and Associates, Inc. of Atlanta, May 2, 1984).

Although assembly of land for the multi-use project began in 1964, Carter and Associates did not begin construction of the mall until 1972. This can be attributed to three reasons: 1) the firm was awaiting the completion of I-285; 2) market conditions were not ripe for a new regional shopping mall until around 1970; and 3) the firm was busy with its plans for the development of Northlake Mall, which preceded that of Cumberland Mall. The land value of the site increased substantially over the years as the access and market conditions improved (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Development Procedures for Cumberland Mall

As was the case for its previous commercial real estate development projects, Carter and Associates purchased the raw land and constructed Cumberland Mall itself. The land was purchased over a period of many years through some options and via some outright purchases. Including the property on which Cumberland Office Park was developed, the firm acquired a total of about 350 acres of land from approximately 20 property owners (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

The actual development of Cumberland Mall involved four actions by Carter and Associates which were necessary to overcome various site deficiencies. One of these was a rezoning of the property from a

residential to a commercial district designation. A second action was the substantial amount of grading necessitated by the site topography. The other two actions were of public consequence. These involved utilities and transportation improvements undertaken by Carter and Associates in cooperation with local public officials. Along with some other developers, the firm helped construct a new sewerage treatment facility. It also donated the right-of-way for a major waterline extension across the Cumberland Mall property. In order to facilitate better traffic flow in the corridor, the firm suggested and received assistance from the Georgia Department of Transportation in constructing a bridge over Hargrove Road (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Most local public officials greatly favored the coming of Cumberland Mall and were eager to lend their support, according to an official interviewed from Carter and Associates:

> [Local public officials were] were very cooperative . . . they knew what it would do to the area as far as future growth; and as long as it was not a detriment to the public good, they were very much in support of it (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Although public transportation officials worked closely with the developer in designing and constructing various transportation improvements to facilitate traffic flow, they were not, understandably, enthusiastic about the additional traffic volumes which they

anticipated Cumberland Mall to produce (interviews conducted by the author with local public officials, November 1980 to March 1981).

Today, the multi-use development constructed by Carter and Associates includes Cumberland Office Park, Cumberland Club Apartments, Seven Pines at Cumberland Condominiums, a convenience center, a tennis center, and restaurants in addition to Cumberland Mall. The latter covers 88 acres of land, of which a great percentage is devoted to the 5,700 parking spaces. The total store area encompasses 1,220,000 square feet, featuring four department stores (Davison's J.C. Penney, Sears, and Rich's) and 114 smaller tenants (Carter and Associates, Cumberland Mall Fact Sheet, no date).

Reflective Assessment of Cumberland Mall's Success

Officials from Carter and Associates expressed extreme satisfaction with the sales performance of Cumberland Mall since its opening in 1973. Its sales volume increases 10-15 percent each year. The primary factors contributing to the success of the mall was identified as being the good access afforded by I-285, I-75, and Cobb Parkway, and the tremendous growth of the residential population of Cobb County. The importance of these two factors in determining the success of the mall was explained by an official from the firm:

> Cumberland wouldn't be there if it weren't for I-285; you know, which came first? It's obvious that the traffic arteries came first; and then from that came the location relative to where the growth area in Atlanta was experienced; and then the shopping center and everything else. . . . There's more traffic because of the fact of Cumberland. A mall would have been built right in that area, one way or another (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Local public officials concurred with Carter and Associates officials' belief that Cumberland Mall owes its success to its excellent accessibility; specifically, to its proximity to I-285. The nearness of the mall to major highways is important because, after all, "who's going to shop at a place they can't get to?"--observed one local public official who was interviewed. Some of the local public officials interviewed, in fact, contended that Cumberland Mall would not survive without the type of location that it now has, while some felt that other factors were also responsible for its success (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Cumberland Mall has also prospered as a result of the proliferation of new commercial real estate enterprises which have been constructed in its periphery since 1973. The occurrence of such development, according to an official from Carter and Associates, has been "pretty much what we hoped and expected," and the area "probably has grown faster than we anticipated." This is good for the mall because "outside competition brings more people" to the mall area:

> Commercial growth that's taken place has not detracted from the sales of the mall at all. . . . It's probably just added a better comparison shopping to people that come. They generally come to the Cumberland area. And you know everyone identifies whatever they are [i.e., a business] as being so many miles this side or that side of Cumberland Mall (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

Office park development nearby has brought prospective shoppers to the area. "Folks that work there are going to shop there," stated

one local public official (interviews conducted by the author with local public officials, November 1980 to March 1981).

Carter and Associates officials expressed varied feelings regarding the presence of the Atlanta Galleria mixed-use development being constructed across the street from Cumberland Mall. The planned hotel (Waverly Hotel), they said, should be an asset to the mall. The retail complex should also be beneficial because its specialty shops draw a different kind of shopper than do the department stores within Cumberland Mall. The retail stores therefore represent a complement to the mall rather than competition. However, there is a concern over the density of the new office towers, and how they will affect the traffic patterns on adjacent streets (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

In spite of being located within an attractive setting, pointed out one local public official, it is possible for a commercial real estate venture like Cumberland Mall to fail due to internal factors such as improper marketing techniques: "You can [be] given your roads, your networks, your water, your sewer, your everything, and do a lousy job with a lousy product and not sell and be a complete bust and failure" (interview conducted by the author with an official from the Cobb County Planning Department, Marietta, Georgia, December 17, 1980).

The success of Cumberland Mall has helped dictate the future commercial real estate development plans of Carter and Associates. The firm has used the principles employed in the development of

Cumberland Mall as a model for the development of Southlake Mall in Atlanta and another regional shopping mall in Bowling Green, Kentucky (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

An official from the firm believed that fewer new regional shopping malls will be built in metropolitan Atlanta in the future due to market constrictions (contrary to this belief, several new regional shopping malls have been built since Cumberland Mall), and that local public officials should realize this:

> I think there should be a limitation [of new regional shopping malls built]; . . . they [(local officials)] can't afford to keep building them too close, because that would be ridiculous . . . you can't keep saturating the market areas as they are unless there's a growth . . .
>
> . . . . . .
>
> I think they [(local officials)] should be discouraging them [(new regional shopping malls)] now . . . (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

D. PRIMARY IMPACTS OF CUMBERLAND MALL

The primary impacts of Cumberland Mall in terms of its economic impacts, traffic impacts, and community facilities and services impacts are discussed in this section.

Economic Impacts

Cumberland Mall has played a significant role in the local economy in terms of its tax impacts, employment impacts, and retail sales impacts. Local public officials were understandably eager to expand the local tax base and gain a large new employment center. The

mall has brought tremendous tax revenues to Cobb County, which has helped solidify the local tax base. One public official stated that the mall has created a "critical mass of activity," by bringing other businesses into the area, which in turn have brought additional jobs (interviews conducted by the author with local public officials, November 1980 to March 1981).

Cumberland Mall is estimated to account for over $200 million in sales each year, of which $6 million or 3 percent are earmarked as state sales taxes. Its annual average sales rose from $151 per square foot in 1977 to $194.66 per square foot in 1979. The mall attracts over 400,000 customers each week, or 20.8 million shoppers annually (Carter and Associates, Cumberland Mall Fact Sheet, no date; and Landauer Associates, 1979).

According to Cobb County property tax data, Cumberland Mall contributed an annual property tax of $416,186.28 between 1977 and 1983, for a total of over $2.9 million during the seven-year period. The average annual increase in taxes paid by the mall was over $16,000, or 4.53 percent per year. The author further determined that this average annual increase represented a total increase of $98,839.14 during the seven-year period, or 27.15 percent. The mall therefore exhibited a trend of bringing increasing tax benefits to Cobb County each year (no data was available prior to 1977) (property tax data obtained by letter from an official from the Cobb County Board of Tax Assessors' Office, March 5, 1984).

Traffic Impacts

Cumberland Mall has been responsible for producing sizable traffic impacts on surrounding streets, particularly on Cobb Parkway. Some local public officials feared the coming of the mall because of the tremendous amount of traffic congestion it would create. Carter and Associates officials had attempted to minimize excessive traffic impacts through its award-winning traffic design they devised during the development of the mall. This design included the extension of Hargrove Road beginning at New Spring Road across I-185 to the mall site as an access road intersecting Cobb Parkway on the south of the site (interviews conducted by the author with local public officials, November, 1980 to March 1981; and with officials from Carter and Associates, Inc. of Atlanta, March 1981).

The extension of Hargrove Road, along with its bridge over I-285, was built under four separate contracts by Carter and Associates and the Georgia Department of Transportation with supervision provided by the Public Works Division of the Cobb County Engineering Department. The total cost of the extension of Hargrove Road plus the new bridge over I-285 was $481,340, in 1972 dollars. Of this total, Carter and Associates paid $312,804, or 65 percent. After these new facilities were constructed, they were turned over to Cobb County for minor intersection improvements and regular maintenance work (telephone conversation with an official with the Georgia Department of Transportation, February 29, 1984).

Carter and Associates officials were also required to install four new traffic signals in 1972, for which they provided 100 percent

of the total cost. Two of these signals were located at either intersection of Hargrove Road with Cobb Parkway. One signal was installed at the Cobb Parkway entrance to Cumberland Mall, while the fourth signal was installed at the Hargrove Road/Spring Road intersection (telephone conversation with an official with the Georgia Department of Transportation, February 29, 1984).

The final transportation improvement made to accommodate traffic from the mall was the widening of Cobb Parkway from two to six lanes (it has been further widened since the mall was built) from I-285 to Akers Mill Road/Hargrove Road South. The developer paid the entire cost (amount unknown) for this project, which was implemented during 1972-1973 (telephone conversation with an official with the Georgia Department of Transportation, February 29, 1984).

Nevertheless, traffic volumes within the study area have continued to increase since Cumberland Mall was built. Data obtained from the Georgia Department of Transportation have indicated that the traffic volumes within the study area have risen steadily between 1973 and 1980. The mall is regarded by transportation officials as the focal point for travel patterns within the study area. The average traffic count registered each year from 1973 to 1980 on Cobb Parkway directly in front of Cumberland Mall (traffic count station #0094) was 19,561 average daily trips (ADT). During that period, the lowest count of 16,174 ADT was recorded in 1973-1974 and the highest count of 23,526 ADT was recorded in 1978 in front of the mall. No counts were taken at that location in 1972 or after 1980 (research conducted by the author at the office of the Georgia Department of Transportation;

interviews conducted by the author with local public officials, November 1980 to March 1981; and Cobb County Planning Department, Cobb County Data Report--1983, 1983, p. 97).

At another location on Cobb Parkway, in front of Richway (traffic count station #0097), the traffic volume from 1973 to 1980 averaged 31,247 ADT. The lowest count of 25,130 ADT was recorded in 1975, while the highest count of 33,946 ADT was recorded in 1979. No data for that location were available in 1972. However, in 1982, a traffic count of 38,470 ADT was recorded, representing the highest count ever recorded in front of Richway (research conducted by the author at the office of the Georgia Department of Transportation; interviews conducted by the author with local public officials, November 1980 to March 1981; and Cobb County Planning Department, Cobb County Data Report--1983, 1983, p. 97).

The traffic volumes on New Spring Road have also risen from 1973 to 1980, indicative of City of Smyrna residents driving to Cumberland Mall. At a location on New Spring Road just west of the study area boundary (traffic count station #0968), an average of 24,023 ADT were recorded from 1973 to 1980. The lowest count of 19,960 ADT was recorded in 1973-1974; while the highest count of 28,191 ADT was recorded in 1979. No data for that location were available in 1972. However, a 1982 count of 24,072 ADT was recorded (research conducted by the author at the office of the Georgia Department of Transportation; interviews conducted by the author with local public officials, November 1980 to March 1981; and Cobb County Planning Department, Cobb County Data Report--1983, 1983, p. 97).

Fluctuations in these traffic counts may be due to changes in the shopping frequencies of patrons of Cumberland Mall and peripheral retail enterprises. All of these traffic volumes represented a monumental increase compared to the mere 279 ADT recorded in 1972 at a location on Cobb Parkway just south of the mall site (traffic count station #0188, which was used only until 1972). These data have demonstrated how the traffic volumes on Cobb Parkway escalated suddenly after the mall was built, and continued to rise as further commercial development within the study area took place (research conducted by the author at the office of the Georgia Department of Transportation; interviews conducted by the author with local public officials, November 1980 to March 1981; and Cobb County Planning Department, Cobb County Data Report--1983, 1983, p. 97).

Traffic safety problems within the study area have also been compounded over the years, according to Georgia Department of Transportation officials. These problems are due not only to the sheer volume of traffic, but also to traffic flow patterns and the structural design of the roads (street geometrics). Carter and Associates officials have estimated that approximately seven million vehicles visit the mall each year. This shopper traffic backs up on Cobb Parkway as vehicles attempt to exit from or gain access to the I-285 ramps. A particular problem exists at the I-185 bridge over Cobb Parkway, where vehicles are stopped by two signals. A relocation of these signals and two of the I-285 ramps at that location should alleviate this adverse situation, but the plans for such actions have been on the drawing boards at the Georgia Department of Transportation

for many years and their implementation is not expected to occur soon (research conducted by the author at the office of the Georgia Department of Transportation, and Carter and Associates, Inc., Cumberland Mall Fact Sheet, no date).

Local public officials continue to take steps toward improving traffic flow and safety conditions within the study area. Cobb Parkway has been widened several times and is now nine lanes wide in front of Cumberland Mall. Signalization improvements have also been made. These efforts have not been enough, though, according to local public officials who were interviewed. In fact, the situation is expected to worsen as the Atlanta Galleria comes into full operation. A private traffic consultant estimated that this new development will add 1,000 more vehicles per day to Cobb Parkway when complete (interviews conducted by the author with local public officials, November 1980 to March 1981; interview conducted by the author with an official from John Edwards Traffic Planning Associates (later renamed the RBA Group) of Atlanta, March 3, 1981; and personal observation by the author).

To alleviate these existing traffic problems, the Georgia Department of Transportation has several major road construction projects planned. Certain ramps at the I-285/Cobb Parkway Interchange are to be redesigned. A new I-285 interchange at Akers Mill Road is a possibility. Already listed on Cobb County's Transportation Improvement Program for 1984-1991 is the construction of the Galleria Connector. This would be a new access road which, in a fashion similar to that of Hargrove Road, would provide access over I-285 via a

bridge. The road would be located east of the Atlanta Galleria site, connecting Akers Mill Road and Circle 75 Parkway (interviews conducted by the author with Georgia Department of Transportation officials, February 19, 1981; and Cobb County Planning Department, Transportation Improvements Program (1984-1991) for Cobb County, Georgia, 1983).

Community Facilities and Service Impacts

Cumberland Mall has also produced other identifiable community facilities and service impacts. The discussion on the development of the mall mentioned the fact that a cooperative effort between Carter and Associates and local public officials took place for the purpose of expanding the water and sewerage service provisions to the vicinity. Although the needed improvements were already planned by the Public Works Division of the Cobb County Engineering Department, the schedule was altered to accommodate the development of Cumberland Mall by placing a higher priority on these improvements. The development of Cumberland Mall and peripheral commercial enterprises, in the opinion of local public officials interviewed, has been beneficial since all this new development is concentrated in one area, thus making service to it much easier (interviews conducted by the author with local public officials, November 1980 to March 1981).

The Rottenwood Creek sewer line was constructed through a joint effort between Carter and Associates and the Public Works Division of the Cobb County Engineering Department, while the latter was wholly responsible for extending a new 36-inch water main to the Cumberland Mall property. The developer contributed $88,000 ($1,000 per acre)

for the sewer line, which represented a very small percentage of the total cost for this task (telephone conversation with an official from the Public Works Division of the Cobb County Engineering Department, February 3, 1984).

Regarding the issue of whether private real estate development places too many demands on public services, one local public official felt that the public sector was obligated to keep up with these demands:

> You have to meet the needs, whatever they are. You have to supply the needs; you have to supply the services. And the developers . . . , particularly in water and sewer provision, . . . have to bring the system up to meet their demands . . . they have to bring what's there up to code that'll handle their volumes. As far as police and fire protection, we have to provide it, whatever it takes (interview conducted by the author with an official from the Cobb County Zoning Department, December 12, 1980).

This section of the chapter has described the primary impacts of Cumberland Mall, including the economic, traffic, and community facilities and services impacts. It is evident that the mall has had substantial impacts in terms of those which are solely attributed to the mall as well as those which the mall has made considerable contributions to.

E. SECONDARY IMPACTS OF CUMBERLAND MALL

In addition to those primary impacts which are measurable and directly ascribed to the mall, various secondary impacts which have been produced by Cumberland Mall have also been recognized by local

public officials. These include prestige impacts, population impacts, and commercial real estate market impacts.

Prestige Impacts

In the opinion of several public officials who were interviewed, Cumberland Mall has been largely responsible for bringing favorable publicity and stability to the surrounding area, which has translated into prestige. As a result of this prestige, the mall has indirectly induced nearby population growth and stimulated commercial real estate development activity in the periphery. Cumberland Mall is increasingly being used as a landmark for purposes of reference and identity of a specific part of metropolitan Atlanta. The term, "Cumberland Area," is applied by many merchants in their advertising. Banks and certain firms which operate establishments in various locations around the metropolis, for instance, tend to utilize the term when designating the address of those affiliated establishments found within the vicinity of Cumberland Mall. Other enterprises have even incorporated the word "Cumberland" into the name of their establishments. Examples include Cumberland Square North shopping Center, Cumberland Crossing shopping center, Cumberland Men's Shop, and Cumberland Ski Shop (interviews conducted by the author with local public officials, November 1980 to March 1981; and personal knowledge and observation of the author).

Population Impacts

Partially as a result of this prestige, the mall, along with other commercial real estate enterprises located within the vicinity,

has helped to induce nearby population growth by drawing people to a vibrant employment and activity center. Evidence cited in Chapter VII attested to a trend toward increased population growth in the surrounding area, which was capitalized upon by new commercial enterprises locating in the periphery that needed strong market support. Nonetheless, the vicinity continued to expand upon further development occurring within the study area. One local public official believed that the population growth "was coming anyway," but that it was accelerated by the construction of Cumberland Mall (interviews conducted by the author with local public officials, November 1980 to March 1981; and personal knowledge and observation of the author).

Commercial Real Estate Market Impacts

Cumberland Mall has been highly influential on the commercial real estate market conditions of its periphery, believed those interviewed local public officials. This phenomenon has occurred, they contended, for three basic reasons: 1) the mall acts like a magnet in generating traffic, which peripheral retail establishments can draw upon as shared business; 2) the mall provides an economic anchor to the area to both retail and nonretail commercial enterprises; and 3) the mall offers a prestigious location for commercial enterprises by virtue of one or both of the previous two reasons. Cumberland Mall, they believed, was responsible for accelerating the onset of development which they had anticipated would occur in the mall vicinity at some time. It also set a trend for the type and quality

of development to take place (interviews conducted by the author with local public officials, November 1980 to March 1981).

The combination of the presence of Cumberland Mall and major transportation facilities was regarded by several local public officials as being responsible for attracting peripheral commercial development. The mall, in their opinion, only reinforced the good location already existing due to the excellent access conditions. Thus, the good accessibility made the area desirable for the mall, and the mall increased this desirability:

> I don't know whether the mall attracts additional development; or you could say that because this is the intersection of these three major transportation facilities, . . . both of them [(the mall and peripheral commercial enterprises)] help each other. . . . The additional development came there because of the transportation; also because the mall attracts so much traffic--they like to be right next to it. The major attractant is the major intersection. . . . (interviews conducted by the author with an official from the Georgia Department of Transportation, February 19, 1981; and with local public officials, November 1980 to March 1981).

Other sources have made references to Cumberland Mall as "an additional draw" to commercial development along Cobb Parkway and to retail development "spurred" by the mall (Salter, March 1, 1981; and Atlanta Regional Commission, Major Development Trends in the Atlanta Region: January, 1979 to August, 1980, December 1980, p. 17).

Cumberland Mall was responsible for initiating the development of the area in which it is located, believed local public officials who were interviewed. The mall was constructed in response to the good access conditions. Only an enterprise of such a magnitude as a regional shopping mall could economically risk venturing into an

untested market, contended the local public officials. In this sense, Cumberland Mall acted as a pioneer to the area, opening it up for all types of development. Once peripheral development began, additional enterprises soon sprang up in the corridor. The mall thus represented an economic anchor to the area:

> It [(Cumberland Mall)] was first in the area. . . . They [(developers of the mall)] just happened to be first in getting in there. . . . Someone had to be first, and they [(peripheral enterprises)] weren't scared once the mall went in (interview conducted by the author with an official from the Cobb County Department of Building Permits and Inspections, February 20, 1981).

> . . . I think it's proven over the years that development begets development. Once you get an area started, that . . . just encourages other development because you have some activity--something that's already drawing people to the area. Now, there again, the accessibility encourages it, because that's a very accessible area--you have three major highways right there (interview conducted by the author with an official from the Cobb County Zoning Department, February 19, 1981).

Today the presence of the mall is of great benefit to these peripheral commercial enterprises because of the traffic it generates:

> Everytime they [(patrons of Cumberland Mall)] traveled by a piece of property on the way [to the mall], they were liable to stop to eat [at a nearby restaurant located on Cobb Parkway] . . . or look at a car [at an automobile dealership within the study area on Cobb Parkway] . . . or something else (interview conducted by the author with an official from the Cobb County Planning Department, December 17, 1980).

> The mall itself breeds service-type establishments . . . the mall . . . is the focus of an ever-expanding area . . . in terms of servicing complexes around it . . ., and it brings in more traffic (interview conducted by the author with an official from the Cobb County Engineering Department, December 22, 1980).

A few other local public officials believed that the existing commercial development would have been constructed even in the absence of Cumberland Mall, not only because of good access, but also simply because this area of Cobb County and Atlanta was on the verge of a major population boom. "The majority of the development would have been there if Cumberland [Mall] wasn't . . . it's just a prime section of the county and very accessible." However, this development, they believed, would probably have been built on a much smaller scale than if the mall was not there (interviews conducted by th author with an official from the Cobb County Zoning Department, February 19, 1981; and with other local public officials, November 1980 to March 1981).

In summary, the distribution of responses from those local public officials interviewed regarding the influence of Cumberland Mall on peripheral market conditions was as follows: one official believed that the presence of the mall was the sole reason for such development, representing the focal point for the study area; seven officials believed that the mall has had substantial influence on this development by virtue of the traffic it generates; one official believed that the mall had considerable influence over peripheral commercial development, insofar as the mall enhanced an area which was already desirable due to the excellent accessibility; and two officials believed that the mall has had some influence over surrounding commercial development, causing development which was expected in this growing area to occur a little sooner than otherwise would have taken place. In the latter instance, other factors were regarded as being more responsible for such development than was the mall (interviews

conducted by the author with local public officials, November 1980 to March 1981).

The result of the perceived influence on the market conditions of the periphery of Cumberland Mall, according to those local public officials who were interviewed, has been a rise in land values, increases in the numbers of building permits issued and commercial rezonings granted, and the consequent new commercial development. Local public officials believed that the land values have perhaps tripled since the mall was built, and that the land values of adjacent properties are probably directly correlated to the distance of each property from Cumberland Mall. Many parcels of land which had frontage on Cobb Parkway were split into 1/2-acre tracts having a minimum frontage of 100 feet. This action was a prelude to strip commercial development on these tracts, which occurred due to the desire of entrepreneurs to secure good visibility for their establishments relative to Cumberland Mall (interviews conducted by the author with local public officials, November 1980 to March 1981).

Although their opinions were naturally biased, it was interesting to discover the reasons why officials from Carter and Associates felt that Cumberland Mall has had such an enormous impact on peripheral commercial development, and the magnitude of this impact:

> I'd say it's [(Cumberland Mall)] probably been the single largest factor to that area of Cobb County. . . . [It has been so influential] because [1] some people like to live near shopping--it has quality merchandise; [2] it did have an effective traffic plan where it did not hamper the ability to get to and from the mall or to and from where you live to

> other places; [3] it gave a quality of life to the area, which stimulated residential growth; and [4] coupled with the progressive county government led by [Cobb County Commission Chairman] Ernest Barrett, where they insisted on a balanced growth of residential forms--single-family and multi-family--. . . really brought a great stability to that area. It's the most conservative county in the metropolitan area, which was an area of fast growth. . . . It's contributed to almost all of the commercial growth that's taken place in and around the mall, from the Chattahoochee River out. . . . Look at all the automobile dealerships that have sprung up there; look at . . . the other shopping centers; look at the office parks that were not there. . . . (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

The degree of influence, if any, which Cumberland Mall has had on peripheral commercial development in the eyes of entrepreneurs who operate commercial enterprises within the study area represents the subject of Chapter IX.

F. PERIPHERAL COMMERCIAL REAL ESTATE DEVELOPMENT ACTIVITY OCCURRING FROM 1972 TO MARCH 1981

A general description of the phenomenon of peripheral commercial real estate development activity which has occurred from 1972 to March 1981, as well as an enumeration of the actual development-related actions which have taken place, are made in this section of the chapter. Although the author conducted interviews until March 1981, most of the information presented here does not include the first three months of 1981 due to the nonavailability of the data during the study period, as well as the desire to use whole years for simplicity of comparison. Between January and March 1981, a few strip commercial establishments closed but were reopened as new businesses,

thus not affecting the total number of existing commercial enterprises.

General Description of the Phenomenon

Prior to the construction of Cumberland Mall, the author remembers the study area as consisting basically of woods and a few scattered commercial enterprises. The mall site featured rough terrain. The corridor remained virtually unscathed, as if dormant, until Cumberland Mall arrived. By the end of the study period in March 1981, however, the study area had changed drastically, exhibiting a proliferation of commercial real estate development (personal observation of the author prior to and after construction of Cumberland Mall; and field research conducted by the author, November 1980 to March 1981).

Commercial enterprises were not clustered in one part of the corridor, but rather were dispersed throughout the study area:

> The transformation of the area can be traced first to the completion of Interstates 75 and 285 through the area, and finally to the development of Cumberland--. . .
> During the period of the early 1970's, the development pattern in the area, both at Cumberland and in the surrounding environs, changed from one of limited commercial and residential uses to extensive commercialization and intensification of residential uses. . . . (Landauer Associates, Inc., 1979, p. 15).

An excellent description of the development which has occurred in the study area and adjacent environs since the construction of Cumberland Mall appeared in a local newspaper article. It described

the area before development occurred and marveled at the pace and amount of development which has ensued in the last decade or so:

> Where a decade ago there were woods, scattered houses, tiny roadside stores and open fields, now there are a mammoth shopping mall, clusters of medium-rise office buildings and plush hotels.
>
> The area around Cumberland Mall in southeast Cobb County is bursting at the seams with growth, most noticeably office complexes to house the growing influx of executive manpower.
>
> Some say the area--which surrounds Cobb Parkway, Windy Hill Road and the intersection of Interstates 75 and 285--is the fastest-growing retail-commercial concentration in the Southeast. . . .
>
> . . . . . .
>
> Since Cumberland Mall rose from the muddy hilltop overlooking the Cobb Parkway-I-285 interchange in 1973, nearby hills and valleys have been swept up in a storm of development. . . .
>
> . . . . . .
>
> (Gilroy, "Growing Up and Out: Cumberland Area's Office Expansion Rivals Rest of Southeast," February 8, 1981).

Enumeration of Commercial Development-Related Actions

A statistical summary pertaining to peripheral commercial real estate development activity occurring from 1971 to 1980 is presented from a historical perspective in this section. Data are provided for the numbers of property sales transacted and land values, commercial rezonings granted, and commercial building permits issued regarding the study area. These data are then compared in a summary table. Finally, the numbers, types, and names of the actual commercial real estate development enterprises constructed are identified.

Property sales transacted and land values. The property sales occurring within the study area were indicative of the land values there, and vice versa. Local public officials interviewed have stated

that the average sale price of land per acre in the Cumberland Mall periphery has doubled or tripled since the mall was built, varying according to the location of an individual parcel of land, and continues to escalate. This phenomenon, they contended, can be attributed to several things--the good accessibility of the area, the presence of the mall, the increased "people activity" within the area, and the improving economy (interviews conducted by the author with local public officials, November 1980 to March 1981).

Data regarding the number of property sales transacted within the study area between 1972 and 1980 and the number of parcels involved are presented in Table VIII-1. The recession years of 1974 and 1975 had a marked impact in reducing land transfer activity during those times. Throughout the nine-year period, a total of 120 property sales occurred, which involved 236 parcels of land. This represents an average of over 13 transactions per year and over 26 parcels involved in transactions per year. The number of parcels involved per transaction varied greatly, presumably because of the size of each parcel and the size of the desired tract of land assembled (research conducted by the author at the offices of Real Estate Data, Inc. of Atlanta, and Cobb County Engineering Department, Marietta, Georgia, November 1980 to March 1981).

Actual sales prices increased dramatically over the years. For property located within a few blocks of the mall, an official from the Cobb County Tax Assessor's Office cited average property sales of $25,000 per acre in 1972, $75,000 per acre in 1973 (the year Cumberland Mall opened), and $125,000 per acre in 1980 (interview conducted

TABLE VIII-1

PROPERTY SALES WHICH OCCURRED IN THE STUDY AREA FROM 1972 TO 1980

Year	Property Sales	
	No. of Transactions	No. of Parcels Involved
1972	15	22
1973	25	20
1974	5	46
1975	4	23
1976	13	9
1977	12	19
1978	12	37
1979	24	26
1980	10	34
Totals	120	236
Annual Averages	13.33	26.22

Sources: 1) Data on the number of transactions obtained through research by the author at the Office of Real Estate Data, Inc. of Atlanta, November 1980 to March 1981. 2) Data on the number of parcels involved obtained through research by the author at the Cobb County Tax Assessor's Office, Marietta, Georgia, November 1980 to March 1981.

by the author with an official from the Cobb County Tax Assessor's Office, February 15, 1981). The site where the Atlanta Galleria mixed-use development is now located was purchased in 1973 by Barton Properties, Inc. of Atlanta, who originally intended to build the project, for an average price of $74,257 per acre for 56.5 acres. The same tract of land was purchased in 1979 by Trammell Crow, Inc. of Atlanta, who later developed the project, for an average price of $105,500 per acre for the same tract of land (additional tracts were also purchased). This represented a 42.1 percent increase in the price of land per acre over a six-year period, or 7.02 percent per year (press release published by Barton Properties, Inc. of Atlanta, July 31, 1973, p. 1; and research conducted by the author at the office of Real Estate Data, Inc. of Atlanta, November 1980 to March 1981).

It is interesting to note the average price per acre paid for the sites of several large commercial enterprises located within the study area. Prices paid ranged from $110,000 to $120,000 per acre for the Cumberland Mall site in 1972, while land for Ellman's was obtained for $74,000 per acre in 1972 and $90,000 in 1973. The site where Cumberland Square North shopping center is now located sold for $40,215 per acre in 1973 and $76,016 in 1978. The Akers Mill Square Shopping center site captured $79,208 per acre in 1976. Only $22,745 per acre was paid in 1978 for the Riverview Village shopping center site, probably because of its residential zoning classification at that time. Land assembled for Loehmann's Plaza shopping center was bought for $129,478 in 1979 (research conducted by the author at the

office of Real Estate Data, Inc. of Atlanta, November 1980 to March 1981).

In the opinion of a local commercial real estate broker, the land values around Cumberland Mall "shot up" immediately after the mall was opened in 1973. The value of a particular parcel of land, the broker believed, was dependent upon seven factors: 1) its zoning classification; 2) the presence of utilities; 3) public access characteristics; 4) topography of the site; 5) traffic counts on adjacent roads; 6) ingress and egress characteristics; and 7) the location of the property relative to the type of market to be served. The realtor cited ballpark land values estimates for property located within the study area, comparing the situations existing in 1980 to that of 1972. Property located closes to the Cumberland Mall site was worth $25,000 per acre in 1972 with all utilities available, and increased in value to approximately $100,000 per acre in 1980. In the area south of the mall site down to the Chattahoochee River, land was worth a mere $5,000 per acre in 1972 and $25,000 per acre in 1980. From Hargrove Road northward to Windy Hill Road, property was valued at $10,000 to $15,000 per acre in 1972, and lots along Cobb Parkway which had a depth of 250 to 350 feet were valued at $2,000 per front foot or approximately $250,000 to $350,000 per acre (telephone conversation conducted by the author with an official from Cody Holman Properties of Atlanta, March 10, 1981).

Commercial rezonings granted. Research was conducted by the author at the Cobb County Zoning Department to determine the amount of

commercial rezoning activity which occurred from 1973 to 1980 (records for 1972 were not readily accessible) within the study area. As shown in Table VIII-2, a total of 43 applications were approved to rezone property from a noncommercial zoning designation to a commercial zoning designation. These rezonings affected 111 parcels of land.

TABLE VIII-2

COMMERCIAL REZONINGS GRANTED FROM 1973* TO 1980

Year*	No. of Applications	No. of Parcels Rezoned
1973	7	15
1974	5	13
1975	4	8
1976	3	3
1977	7	12
1978	10	27
1979	5	27
1980	2	6
Totals	43	111
Annual Averages	5.38	13.88

*Data for 1972 was not readily accessible.

Source: Research conducted by the author at the Cobb County Zoning Department, November 1980 to March 1981.

The data suggest a rather constant entrepreneurial interest in the area, save for the lean recession years of 1975 and 1976. The author learned from an official at the Cobb County Zoning Department, however, that much of the land within the study area had been rezoned to a commercial zoning classification as far back as the 1960s for speculative reasons. The properties lay "dormant" pending the completion of I-285 through the corridor (research conducted by the author at the office of the Cobb County Zoning Department, November 1980 to March 1981; and interview conducted by the author with an official from the Cobb County Zoning Department, February 19, 1981). A substantially greater number of rezonings would probably have occurred otherwise.

Building permits issued. According to data obtained from the Cobb County Department of Building Permits and Inspections, a total of 59 building permits were issued from 1972 to 1980 to applicants wishing to construct new commercial enterprises wtihin the study area. These data are presented in Table VIII-3. It is interesting to note that a sharp increase in the number of building permits issued occurred between 1972 and 1973. The largest number of building permits were issued in 1978 and 1979. The recession years of 1974 and 1975, again, showed relatively low entrepreneurial activity (research conducted by the author at the office of the Cobb County Department of Building Permits and Inspections, November 1980 to March 1981).

Commercial real estate development enterprises constructed. Including Cumberland Mall, a total of 85 commercial real estate enterprises existed wtihin the study area as of March 1981, excluding a few

vacant buildings. For purposes of identification and analysis, the author classified these enterprises into four categories: 1) commercial complexes, which includes shopping centers, office parks, and a mixed-use development; 2) large, freestanding retail enterprises; 3) strip commercial establishments which cater to the traveling

TABLE VIII-3

NUMBER OF COMMERCIAL BUILDING PERMITS ISSUED
FOR THE STUDY AREA FROM 1972 TO 1980

Year	No. of Commercial Building Permits Issued
1972	3
1973	11
1974	5
1975	5
1976	7
1977	3
1978	13
1979	12
1980	0
Totals	59
Annual Averages	6.56

Source: Compiled by the author from data obtained from the office of the Cobb County Department of Building Permits and Inspections, November 1980 to March 1981.

public; and 4) other commercial real estate enterprises. The numbers of each type of commercial enterprise are depicted in Table VIII-4 (field research conducted by the author, November 1980 to March 1981).

The names of the commercial complexes, the large, freestanding commercial enterprises, and the other commercial enterprises are indicated on Figure VIII-3. Those enterprises which were at least

TABLE VIII-4

NUMBER OF COMMERCIAL ENTERPRISES, BY CATEGORY, LOCATED WITHIN THE CUMBERLAND MALL PERIPHERY AS OF MARCH 1981*

Category and Type of Commercial Enterprise	No. of Enterprises Represented
Commercial Complexes	
Shopping Centers	7
Office Parks	4
Mixed-Use Development	1
Total	12
Large, Freestanding Commercial Establishments	5
Strip Commercial Establishments	63
Other Commercial Enterprises	4
Total Peripheral Commercial Enterprises	84

*Excludes a few vacant buildings.

Source: Field research conducted by the author from November 1980 to March 1981.

Figure VIII-3. Location of Major Commercial Enterprises Constructed Within the Study Area as of March 1981.

Major Commercial Enterprises Constructed:

1. Cumberland Mall
2. Akers Mill Square
3. Cumberland Square North
4. Loehmann's Plaza
5. Windy Hill Plaza
6. Riverview Village
7. Vinings Junction
8. Hargrove-41 Plaza
9. Cumberland Office Park
10. Circle 75 Office Park
11. Tajico Emerson Center
12. Syntak Office Park
13. Atlanta Galleria
14. Ellman's
15. Haverty's Furniture
16. Drexel Heritage Home Furnishings
17. Walton Clothes
18. Richway

Source: Field research conducted by the author from November 1980 to March 1981.

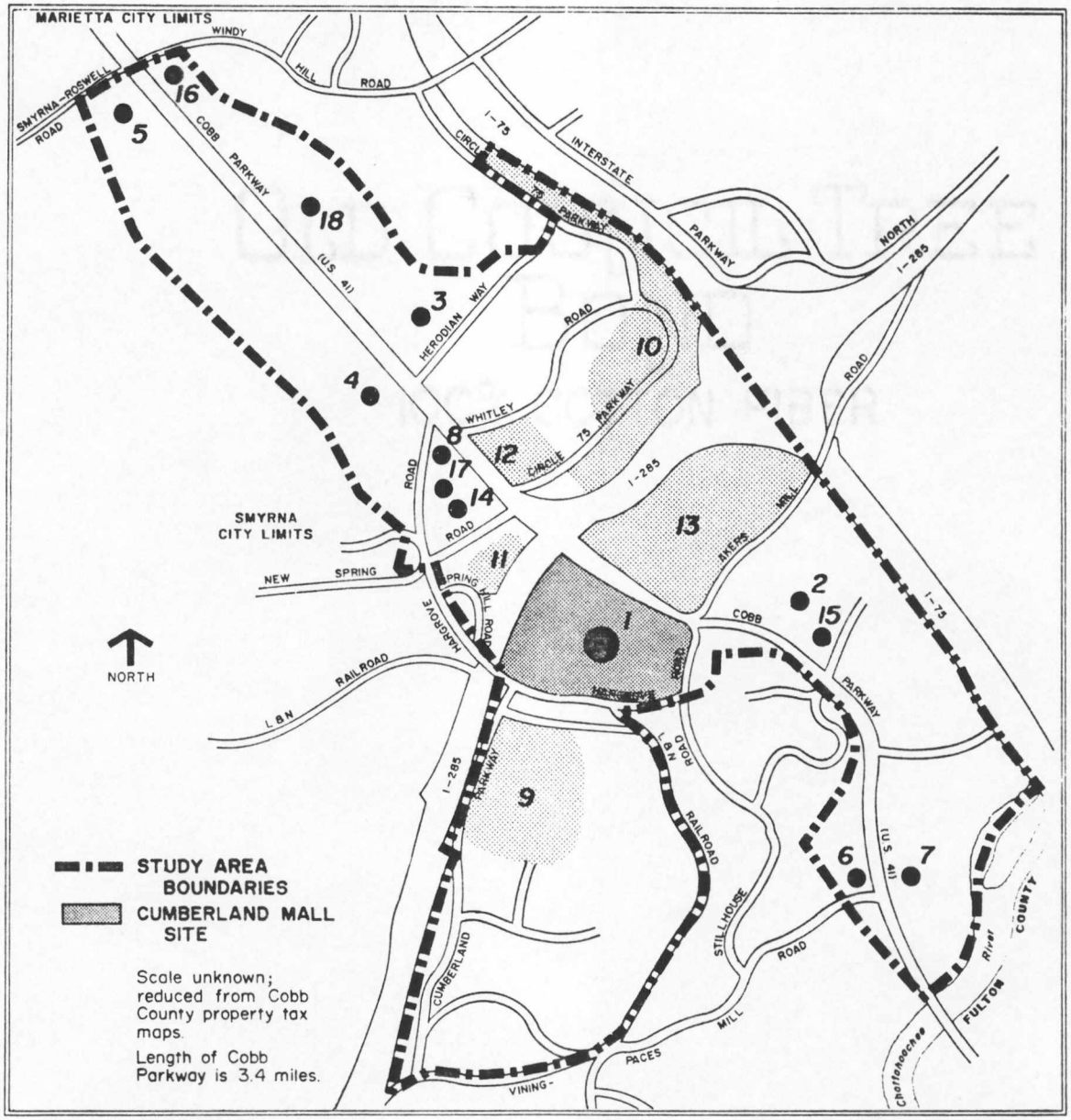


Figure VIII-3

partially existing (some were built in phases) before Cumberland Mall was built have an asterisk (*) after their names.

Regional Shopping Mall:

--Cumberland Mall

Commercial Complexes:

Shopping Centers

--Akers Mill Square (community shopping center)

--Cumberland Square North (community shopping center)

--Loehmann's Plaza (community shopping center)

--Windy Hill Plaza (community shopping center)

--Riverview Village (community shopping center)

--Vinings Junction (neighborhood shopping center)

--Hargrove-41 Plaza (neighborhood shopping center)*

Office Parks

--Cumberland Office Park*

--Circle 75 Office Park*

--Tajico Emerson Office Park*

--Syntak Office Park (originally named 41-Perimeter Park and today known as Atdan Office Park)*

Mixed-Use Development

--Atlanta Galleria

Large, Freestanding Retail Enterprises:

--Ellman's (catalog showroom)

--Haverty's Furniture Showroom (furniture sales)

--Drexel Heritage Home Furnishings (furniture sales)

--Walton Clothes (men's apparel outlet)

--Richway (discount house)

Other Commercial Enterprises:

--AT&T Long Lines Station (utilities office)*

--Curtis 1000 (office building)*

--Eastern Airlines Reservation Center (office building)*

--Unnamed office building having several tenants

--An unoccupied office building (field research conducted by the author, November 1980 to March 1981; and interviews conducted by the author with officials representing the enterprises located within the study area during the study period, November 1980 to March 1981).

Tables VIII-5, VIII-6, and VIII-7 provide more detailed information on individual shopping centers, office parks and mixed-use development, and large, freestanding retail enterprises, respectively. Specifically, they list for each enterprise the name of the developer or parent firm; the numbers of acres, square feet of building space, buildings and tenants; the type of operation; the name of the major tenant(s), and the construction year(s).

The seven shopping centers are dispersed throughout the study area and vary greatly in size. Most include several outparcels as part of the site. Hargrove-41 Plaza existed prior to Cumberland Mall, while Windy Hill Plaza was under construction when development of the mall began. The latter opened under the name of Decour Plaza. Akers Mill Square is the largest shopping center, and new phases continue to be added. The newest shopping center within the study area was Riverview Village. Its developer had to undergo a lengthy battle in the Cobb County Superior Court in order to obtain permission to build

TABLE VIII-5

DELINEATION OF SHOPPING CENTERS LOCATED WITHIN THE CUMBERLAND MALL PERIPHERY AS OF MARCH 1981

Name of Shopping Center	Name of Developer	No. of Acres	No. of Sq. Ft.	No. of Tenants	Name of Major Tenant(s)	Const. Year(s)
Akers Mill Square S.C.	Mall Properties, Inc. (Atlanta)	29.50	296,000	35	K-Mart (discount house) and Food Giant (super-market)	1976-1978
Cumberland Square North S.C.	V.P.I. Corp. (Marietta)	11.00	92,443	23	Winn-Dixie (supermarket)	1977
Loehmann's Plaza at the Promenade S.C.	Center Developers (Smyrna)	10.50	90,000	22	Loehmann's (women's apparel) and Promenade-6 Theatres	1980
Windy Hill Plaza S.C.	J.H. Ewing and Sons &Atlanta)	9.00	83,000	14	Lionel Play World (toys)	1974-1975
Riverview Village S.C.	Tri-Kell Invest-ments, Inc. (Atlanta)	18.00	73,000	15-20	Kroger (super-market)	1981
Vinings Junction S.C.	Brannon/Butler Realty Company (Atlanta)	3.87	16,450	12	------	1979

TABLE VIII-5 (continued)

Name of Shopping Center	Name of Developer	No. of Acres	No. of Sq. Ft.	No. of Tenants	Name of Major Tenant(s)	Const. Year(s)
Hargrove-41 Plaza S.C.	Dean Stokes Developers (Chamblee)	0.75	8,000	6	------	1972

Source: Interviews with shopping center developers and personal observation by the author, November 1980 to March 1981.

TABLE VIII-6

DELINEATION OF OFFICE PARKS AND MIXED-USE DEVELOPMENT LOCATED WITHIN THE CUMBERLAND MALL PERIPHERY AS OF MARCH 1981

Name of Complex	Name of Developer	No. of Acres	No. of Sq. Ft.	No. of Buildings	No. of Tenants	Const. Year(s)
Cumberland Office Park	Carter and Associates, Inc. (Atlanta)	75.00	500,000	10	150	1970-1981
Circle 75 Office Park	Franklin Property Company (Atlanta)	160.00	85,000 (plus new tower built in 1983)	1 in 1981 2 in 1983	45 in 1981 more in 1983	1974-1982
Tajico Emerson Center	Fletcher Emerson Company (Atlanta)	6.20	105,000	3	120	1972
Syntek Office Park*	Contemporary Dev., Inc. (Atlanta)	12.00	120,000	9	78	1973-1974
Atlanta Galleria (MXD)	Trammell Crow Company (Dallas, Texas, and Atlanta)	85.00	mall--250,000 office--unknown hotel--530 rooms	7	under const.	1981-1990

*Name later changed to Atdan Office Park.

Source: Interviews with office park and mixed-use development developers, and personal observation by the author, November 1980 to March 1981.

TABLE VIII-7

DELINEATION OF LARGE, FREESTANDING RETAIL ENTERPRISES LOCATED WITHIN THE CUMBERLAND MALL PERIPHERY AS OF MARCH 1981

Name of Enterprise	Name of Parent Firm	Type of Operation	No. of Acres	No. of Sq. Ft.	Const. Year(s)
Walton Clothes	Walton Mftg. Co., Inc. (Loganville)	Men's clothing mftg. and sales	10.00	150,000	1977
Ellman's	Ellman's, Inc. (Smyrna)	Catalog showroom	8.00	117,000 plus exp. in 1982	1973 & 1982
Haverty's Furniture	Haverty's Furniture (Chamblee)	Furniture sales	1.00	26,000	1980
Drexel Heritage Furniture	Unknown (no interview granted)*	Furniture sales	1.00?*	26,000?*	1980

*No information was available on Drexel Heritage Home Furnishings since the owner would not grant the author an interview. Figures given are estimates made in comparison to those listed for Haverty's Furniture.

Source: Interviews with personnel from the enterprises, and personal observation by the author, November 1980 to March 1981.

since the site lay within the Chattahoochee River Protection Area (interview conducted by the author with officials representing the respective shopping centers, November 1980 to March 1981; inspection of 1972 aerial photographs of the study area; and personal observation by the author).

Of the four office parks found within the study area as of March 1981, Cumberland Office Park was the largest by far. Located immediately west of Cumberland Mall, it is a part of a large multi-use project begun by Carter and Associates, Inc. in 1970. Other components of the multi-use project included the mall, Cumberland Club Apartments, the Seven Pines at Cumberland Condominiums, a tennis center, and a convenience center. Cumberland Office Park was built in phases and was completed in 1981 (interview conducted by the author with an official from Carter and Associates, Inc. of Atlanta, representing Cumberland Office Park, January 15, 1981).

A few comments should be made regarding the other three office parks. Circle 75 Office Park is located along Circle 75 Parkway, enjoying extensive frontage on both I-75 and I-285. In March 1981 only one office building existed within the park, while the second one--a high rise tower--was observed to be completed in early 1983. The location, excellent visibility, and ample amount of vacant land still available are indicators of a tremendous development potential for this office park. Tajico Emerson Center was originally planned to consist of five office buildings, but early leasing problems necessitated that part of the site be sold and the office park was limited to the existing three buildings. The fourth office park, located

adjacent to Circle 75 Office Park, has had three different names. It opened under the name of 41-Perimeter Park, was renamed and known as Syntak Office Park during the study period, and today is called Atdan Office Park (interviews conducted by the author with officials representing the respective office parks, January 5 and 22, 1981, and February 25, 1981; inspection of 1972 aerial photographs of the study area; and personal observation by the author).

The only mixed-use development found within the study area during the study period was the Atlanta Galleria, for which construction had just begun. It is located across from Cumberland Mall on a large site bounded by Cobb Parkway, I-75, and I-285, affording it excellent visibility. The total project buildout was to include five office towers, an enclosed retail specialty mall, and a hotel. The specialty mall was observed to be completed in Fall 1982, while one office tower and the Waverly Hotel were completed in Fall 1983, representing Phase I of the project (interview conducted by the author with an official from Trammell Crow Company of Atlanta, representing the Atlanta Galleria, January 9, 1981; and personal observation by the author).

Of the five large, freestanding retail enterprises located within the study area as of March 1981, only Richway existed prior to Cumberland Mall. The others included a men's apparel factory outlet, two furniture stores, and a catalog showroom. The latter (Ellman's) opened at about the same time as the mall, and later expanded its facilities in 1982 (interviews conducted by the author with officials representing the large, freestanding retail enterprises, January 7 and

15, and February 14, 1981; inspection of 1972 aerial photographs of the study area; and personal observation by the author).

The strip commercial establishments found within the study area as of March 1981 were further classified as one of six types: 1) restaurants; 2) sales and services establishments; 3) gas stations; 4) automobile dealerships; 5) financial institutions; and 6) entertainment establishments. Table VIII-8 indicates the number of establishments represented by each type, followed by a list of the names of

TABLE VIII-8

NUMBER OF STRIP COMMERCIAL ESTABLISHMENTS, BY TYPE, LOCATED WITHIN THE STUDY AREA AS OF MARCH 1981*

Type of Strip Commercial Establishment	No. of Establishments Represented
Restaurants	29
Sales and Services Establishments	11
Gas Stations	9
Automobile Dealerships	7
Financial Institutions	5
Entertainment Establishments	2
Total Establishments	63

*Excludes abandoned buildings.

Source: Field research conducted by the author, November 1980 to March 1981.

each strip commercial establishment which existed within the study area as of March 1981 (some no longer exist in 1984), excluding abandoned buildings. Those existing prior to Cumberland Mall have an asterisk (*) beside their names.

Restaurants

--Arby's
--Burger King
--Casa Gallardo Mexican Restaurant
--Coco's/Reuben's
--Danvers
--Denny's
--Dunkin Donuts
--El Toro Mexican Restaurant
--Hardee's
--Honey Baked Ham
--Jilly's the Place for Ribs
--Krystal
--McDonald's
--Mighty Casey's
--Old Hickory House
--Pelican's Landing
--Pizza Hut
--Round the Corner
--Simon's Seafood
--Sizzler Family Restaurant
--Sons of Italy Pizza
--Steak and Ale
--Steak and Shake
--Swenson's
--Taco Bell
--Taco Town
--Victoria Station
--Waffle House
--Wendy's

Sales and Services Establishments

--American Outdoors, Inc. (outdoor recreational equipment)
--CMC Stereo (stereo equipment)
--Color Tile (home decorations)
--Cumberland Men's Clothing (men's clothing)

--Eye Sight (opticians)

--Ferguson Poole (boats)*

--Majik Market (convenience foods)*

--Mini Mart (convenience foods)*

--Pacific Stereo (stereo equipment)

--Skinflints (liquor)

Gas Stations

--Amoco Oil*

--Exxon*

--Fitzgerald*

--Gulf Oil*

--Mobil Car Wash

--Mr. Pride Car Wash

--Shell Oil*

--Standard Oil/Chevron*

--Tenneco

Automobile Dealerships

--Boomershine Pontiac

--Capitol Cadillac

--Chris Imports

--Ed Voyles Oldsmobile

--John Smith Chevrolet

--Mark Singleton Buick

--Peter Gregg Porsche

Financial Institutions

--Citizens and Southern Bank of Cobb County

--Decatur Federal Savings and Loan Association

--First Bank and Trust Company of Cobb County*

--First National Bank of Cobb County

--Fulton Federal Savings and Loan Association

Entertainment Establishments

--Ice Land of Atlanta Skating Rink*

--Wet Willy's Slide (field research conducted by the author, November 1980 to March 1981).

Figures VIII-4 to VIII-14 consist of several photographs of Cumberland Mall and of the study area as it appeared during the study period. It is evident that the existing commercial enterprises have been constructed in a string-like fashion along Cobb Parkway.

G. REFLECTIVE ASSESSMENT OF PERIPHERAL COMMERCIAL REAL ESTATE DEVELOPMENT ACTIVITY

In reflection of peripheral commercial development which has occurred around Cumberland Mall over the years, several observations have been made. Local public officials who were interviewed regarded the whole corridor as a commercial center, citing the boom in economic activity which has caused this corridor to be a heavy tax and employment generator for Cobb County as well as inducing the development of many apartment complexes nearby. Few problems pertaining to the provision of public services have been encountered thus far. However, traffic problems are another matter. Road improvements are anxiously awaited as is the desired introduction of mass transit service to Cobb County via MARTA (interviews conducted by the author with local public officials, November 1980 to March 1981).

In retrospect, some local public officials believed that it would have been better to have restricted new commercial rezonings to

Figure VIII-4. Photographs of the Sign Identifying the Entrance to Cumberland Mall. May 1984.

Figure VIII-5. Photograph of Cobb Parkway, Looking from Smyrna-Roswell Road/Windy Hill Road and Windy Hill Plaza, South Toward Herodian Way and Hargrove Road. December 1980.

Figure VIII-6. Photograph of Cobb Parkway, Looking from Loehmann's Plaza at the Promenade, North Toward Smyrna-Roswell Road/ Windy Hill Road. December 1980.

Figure VIII-7. Photograph of Loehmann's Plaza at the Promenade and adjacent establishments. December 1980.

Figure VIII-8. Photograph of Cumberland Square North, Looking from Loehmann's Plaza at the Promenade. December 1980.

Figure VIII-9. Photograph of Cumberland Mall in the Distance, Looking South from Whitley Road. December 1980.

Figure VIII-10. Photograph of Syntek Office Park with Cumberland Mall and the Cleared Atlanta Galleria Site in the Distance, Looking South from Whitley Road. December 1980.

Figure VIII-11. Photograph of Cumberland Mall and the I-285/ U.S. 41 (Cobb Parkway) Intersection, Looking South from New Spring Road. December 1980.

Figure VIII-12. Photograph of the I-285/U.S. 41 (Cobb Parkway) Intersection and Establishments Located Along Cobb Parkway, Looking from Cumberland Mall North Toward Whitley Road. December 1980.

Figure VIII-13. Photograph of the Cleared Atlanta Galleria Site Prior to Construction, Looking Across Cobb Parkway from Cumberland Mall. December 1980.

Figure VIII-14. Photograph of Akers Mill Square and Adjacent Establishments, Looking East from Stillhouse Road. December 1980.

Source: Photographs taken by the author in December 1980 and May 1984.



Figure VIII-4



Figure VIII-5



Figure VIII-6



Figure VIII-7



Figure VIII-8



Figure VIII-9



Figure VIII-10



Figure VIII-11



Figure VIII-12



Figure VIII-13



Figure VIII-14

PSC (Planned Shopping Center District) rather than GC (General Commercial District) zoning designations in order to maintain greater control over the types of commercial enterprises which could have been built within the study area. This idea suggests that strip commercial development is not highly regarded as a type of land use in terms of compatibility with adjacent land uses, aesthetics, and traffic safety (due to the large number of curb cuts produced). Commercial complexes such as shopping centers and office parks, on the other hand, represent more orderly forms of land use and offer room for growth when phased development plans are utilized. The existing commercial complexes within the study area are neither fully occupied by tenants nor fully developed as projects. Their continued buildout is favorably regarded, and are perceived as giving strength to the economic viability of Cumberland Mall and the entire corridor (interviews conducted by the author with local public officials, November 1980 to March 1981).

Local public officials were asked their opinions on the extent to which both Cumberland Mall and existing peripheral commercial development owe their success to the presence of the three major highways: I-285, I-75, and U.S. 41 (Cobb Parkway). Officials from seven of the ten local government offices contacted believed that these enterprises "would not survive" without this location. This means that they thought the roads were the primary focal point for the area, and Cumberland Mall acts as a secondary focal point. Two other officials believed that their location near these highways is "a major reason" for their success, but not the only reason, while one official

regarded the good accessibility as "only one of the reasons" for their success. Other contributing reasons mentioned were that this was a good economic area which was bound to develop anyway, and that nearby population growth represented a good market for new shopping facilities and employment centers (interviews conducted by the author with local public officials, November 1980 to March 1981).

Officials from Carter and Associates viewed peripheral commercial development as the type of land use they had anticipated, but stated that it has occurred more rapidly than they had expected. Cumberland Mall set a "great trend" for the influx of other business. "It was the reason for [U.S.] 41 developing like it did," contended one official from the firm. He claimed that there probably would not be "anything out here if it weren't for the mall," because people would otherwise have no reason to stop when driving through the corridor. In return, peripheral retail enterprises have helped bring business to the mall. This is due to the fact that they complement rather than compete with the mall because of the type of merchandise they sell (interviews conducted by the author with officials from Carter and Associates, Inc. of Atlanta, March 1981).

H. CONTINUING PERIPHERAL COMMERCIAL REAL ESTATE DEVELOPMENT ACTIVITY

Since the end of the study period in March 1981, the author has visited the Cumberland Mall vicinity several times to observe new commercial development that has occurred. A rather frequent turnover in the tenants occupying existing strip commercial establishment

buildings has taken place. It seems that at any given time, three or four such buildings are likely to be vacant, while the demand to be located within the Cumberland Mall periphery apparently remains strong. Possibly the rents required at this prime location are too high for many small enterprises to remain in business. Several of the establishments represented by persons interviewed are no longer located within the study area. In some cases, particularly with restaurants, the name of the business has changed to reflect new ownership. It was surprising to discover that the long-standing Ice Land of Atlanta Skating Rink has closed, and the building has been remodeled and reopened for business as Lowe's Furniture Store (personal observation by the author, April 1981 to June 1984).

New shopping center development activity has also transpired. Loehmann's Plaza at the Promenade, Riverview Village, and Vinings Junction shopping centers became fully occupied and the finishing touches were made to them. The retail specialty mall located within the Atlanta Galleria opened for business in the fall of 1982, and its tenant spaces are steadily being filled. The third phase of Akers Mill Square shopping center should soon be completed. Land for a new neighborhood shopping center was sold by Carter and Associates, Inc. to Columbia Square Corporation of Marietta, Georgia. This firm developed Cumberland Crossing shopping center, which opened in October 1981. It is located on Hargrove Road next to McDonald's, just outside the study area boundary (personal observation by he author, April 1981 to June 1981; and telephone conversation conducted by the author with

an official from Carter and Associates, Inc. of Atlanta, March 13, 1981).

Office development activity within the study area has been bustling. Local realtors believed that this phenomenon has occurred and will continue to occur because of the proximity to executive housing, and more lately, to many nearby new apartment complexes which are attractive to clerical workers. The typical office park tenant is a regional office of a major corporation. Demand for office space within the study area is expected to remain strong during the 1980s. This high demand has caused land prices to skyrocket, making high-rise office construction a financial necessity (Gilroy, "Growing Up and Out: Cumberland Area's Office Expansion Rivals Rest of Southeast," February 8, 1981).

Existing office complexes are continuing to be built out. The final phase of Cumberland Office Park has just been completed, slightly ahead of schedule. A tall office tower within Circle 75 Office Park was finished in 1982. Much land still remains to be developed within Circle 75 Office Park, however. One parcel of land was sold several years ago to Genuine Parts Company, which built a new headquarters building in late 1981. The office towers comprising the Atlanta Galleria continue to be constructed in phases, with one building already completed and a total of five ultimately planned. A small, unnamed office building was built in late 1981 on New Spring Road, next to Casa Gallardo Mexican Restaurant. It has multiple tenants. At the corner of Cobb Parkway and Vinings-Paces Mill Road, next to Riverview Village shopping center, a sign has, for some time,

advertised the coming of a new four-story office building, to be named "Paces at Cumberland." Thus far, however, it has not been built (personal observation by the author, April 1981 to June 1984; general promotional literature published by Trammell Crow Company of Atlanta for the Atlanta Galleria; and interview conducted by the author with an official from Franklin Property Company of Atlanta, representing Circle 75 Office Park, January 6, 1981).

Lake Park Office Park is a new office complex which is being developed in phases by Lincoln Property Company. Located off Cobb Parkway across from Richway, the first phase was completed in 1982. The total project buildout will feature 360,000 square feet of office space on 36 acres of land. When interviewed by telephone, the developer stated that the presence of Cumberland Mall nearby had a big influence in site selection for the new office park. He perceived it as a "main drawing card," where secretaries like to go eat and shop, thus it represents an attraction for good labor. Post Properties, Inc. has recently developed a new apartment complext adjacent to Lake Park Office Park (personal observation by the author, April 1981 to June 1984; and telephone conversation conducted by the author with an official from Lincoln Property Company of Atlanta, representing Lake Park Office Park, March 12, 1981).

Hotel development has included the completion in 1983 of the 530-room Waverly Hotel within the Atlanta Galleria, and the announcement of a proposed hotel to be built off Whitley Road. The latter is to be developed by Cumberland Hotel Corporation and should have 300 guest rooms (personal observation by the author, April 1981 to June

1984; general promotional literature published by Trammell Crow Company of Atlanta for the Atlanta Galleria; and Willis, "Another Big Hotel Planned," March 5, 1981).

The future is thought to promise an "inevitable" continuation of commercial development within the study area, according to the local public officials who were interviewed. Such a trend is perceived as desirable provided that needed transportation improvements are made to relieve existing and potential bottlenecks. It is wise to recognize that this is an established commercial area, believed local public officials, and to take steps to accommodate proposed new commercial development in the most appropriate manner. There is no reason to try to prevent new commercial development from occurring or to encourage other types of land uses (such as residential or industrial) from proliferating the corridor, they felt. Additional office parks and mixed-use developments are viewed as particularly desirable and likely to be built. Encroachment into adjacent residential areas must be prohibited. In order to maintain its economic stronghold, the Cumberland Mall vicinity must project a good image so that desirable new entrepreneurs will be inspired to invest in the corridor (interviews conducted by the author with local public officials, November 1980 to March 1981).

Local realtors believed that the area would continue to diversify, with more hotels and shopping facilities being built to serve the growing work force represented by nearby office parks (Gilroy, "Growing Up and Out: Cumberland Area's Office Expansion Rivals Rest of Southeast," March 5, 1981).

The purpose of this chapter has been to provide information on the commercial real estate development activity which has ocurred within the study area between 1972 and March 1981. Both a descriptive narrative and detailed statistical data were presented. Existing conditions before and since the construction of Cumberland Mall, up to the present (June 1984) were portrayed. The development of the mall itself was reviewed, and its primary and secondary impacts were identified. An in-depth discussion of peripheral commercial real estate development which occurred during the study period ensued. A reflective assessment was made regarding such peripheral commercial development. Finally, continuing peripheral commercial development was discussed in terms of actions which have occurred since the study period as well as trends which are anticipated to occur in the near future.

Chapter IX represents a detailed discussion and analysis of the interviews conducted by the author with entrepreneurs involved with development decisions in the study area during the study period.

REGIONAL SHOPPING MALLS AS CATALYSTS OF SATELLITE COMMERCIAL REAL ESTATE DEVELOPMENT: URBAN PLANNING IMPLICATIONS

A Thesis

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CHAPTER IX

THE EMPIRICAL STUDY: SURVEY FINDINGS AND ANALYSIS

A. INTRODUCTION

This chapter is the focus of the empirical study. It presents and analyzes the findings obtained from the personal interviews conducted by the author with entrepreneurs who were representing selected commercial real estate enterprises that existed within the study area between November 1980 and March 1981. The results obtained from the interviews with entrepreneurs from each category of commercial enterprise (commercial complexes, large, freestanding retail enterprises and shopping center anchor tenants, and strip commercial establishments) are presented and analyzed, including comparisons between the results obtained for each category.

This Introduction describes the survey purpose, the methodology used, and the organizations of the results obtained.

Purpose

The purpose of conducting personal interviews with the entrepreneurs was to procure first-hand knowledge of the reasons why commercial enterprises were constructed within the periphery of Cumberland Mall; the influence, if any, that the anticipation of or presence of the mall had on the locational and development decisions for these enterprises; and the involvement of local public officials in these entrepreneurial decisions. Many factors which could have

influenced these entrepreneurial decisions were identified in Chapters VII and VIII.

Rather than assuming that all of those factors actually were responsible for the culmination of entrepreneurial development decisions within the Cumberland Mall periphery, the author believed that the best way to acquire reasonably accurate information was to interview the original person(s), when possible, who were responsible for or involved with the locational and development decisions pertaining to those commercial enterprises existing (or under construction) within the study area between November 1980 and March 1981.

After the responses from all of the interviews were assembled and analyzed, the author felt that some generalizations could be made regarding the reasons why peripheral commercial enterprises were located within the study area at that time. The relative influence, if any, and the strength of the influence of Cumberland Mall over peripheral commercial development could also be determined. Conclusions could then be drawn pertaining to the development phenomena that occurred during the study period, from which postulates could be formulated concerning commercial development occurring within regional shopping mall peripheries in general.

Methodology

The methodology used by the author in preparing the questionnaires, conducting the surveys, and compiling the survey results is described here.

Use of personal interviews. Personal interviews were conducted by the author with entrepreneurs representing selected commercial real estate enterprises that existed within Cumberland Mall periphery as of March 1981. The author believed that more candid and complete responses would be given through personal interviews than through telephone or mail-in survey questionnaires. A tape recorder was used (except for a few interviews in which the respondent prohibited it) as a backup system for noting the responses.

Preparation and modification of questionnaires. For each category of commercial enterprise from which entrepreneurs were to be interviewed, the author prepared a rather detailed survey questionnaire (interview schedule). Two different types of survey questionnaires were devised in order to accommodate the different types of entrepreneurs to be interviewed. This approach gave recognition to the fact that each type of entrepreneur would be employed in a different aspect of the commercial real estate business, hence the responses proffered would reflect these varying viewpoints. One survey questionnaire was prepared for interviews with personnel representing the commercial complexes, while another questionnaire was prepared for use with interviews from all other commercial enterprises.

The effectiveness of these questionnaires was then tested by conducting several trial interviews with entrepreneurs who were responsible for constructing commercial enterprises within the periphery of West Town Mall, a regional shopping mall located in the

Knoxville, Tennessee, metropolitan area. Appropriate modifications were made to the questionnaire as a result of these trial interviews. Within Appendices D and E are found blank copies of the questionnaires as they appeared in final form for use in the survey research pertaining to commercial development within the Cumberland Mall periphery.

Matching commercial enterprises to questionnaires. For interviewing purposes, the commercial enterprises located within the Cumberland Mall periphery, from which entrepreneurs were to be interviewed, were grouped according to one of three categories. These were: 1) commercial complexes (including shopping centers, office parks, and a mixed-use development); 2) large, freestanding retail enterprises and certain shopping center anchor tenants; and 3) strip commercial establishments. The actual names of the enterprises which represented each catgory were listed in Chapter VIII.

The same questionnaire was utilized for interviews on behalf of the large, freestanding retail enterprises, the shopping center anchor tenants, and the strip commercial establishments. The reason for this was because these enterprises each represented a single business, whereas the commercial complexes were built to house a number of individual tenants. For analysis purposes, however, a distinction was made between large, freestanding retail enterprises and strip commercial establishments for two reasons: 1) the freestanding retail enterprises were generally much larger than the strip commercial establishments, thereby representing a substantially greater investment preceded by a perhaps (and necessarily) stronger conviction of

the market strength of the study area; and 2) the types of business operations were generally different, with many of the strip commercial establishments operating as franchises.

Total number of interviews conducted. A total of 43 interviews were conducted with entrepreneurs from the peripheral commercial enterprises. A breakdown of the number of interviews conducted for each category and type of commercial enterprise appears in Table IX-1.

No smaller tenants from within commercial enterprises were interviewed because the author believed that such tenants represented relatively minor commitments to the study area compared to the individual enterprises for which substantial amounts of resources were committed for the purchase of the land and/or buildings and the subsequent construction of the enterprises. Tenants within shopping centers and office parks typically rented their spaces, thus they were free to leave whenever their leases expired. Their locations within the study area could therefore be regarded as trial or short-term. The rather frequent turnover of tenants within the shopping centers and office parks in the study area supports this idea.

Interviews pertaining to commercial complexes. The author thought that it was important to interview entrepreneurs from all 12 commercial complexes since these enterprises were built at different times during the study period, plus the fact that this category included three different types of commercial complexes, thereby necessitating the representation of each individual complex in order

TABLE IX-1

NUMBER OF COMMERCIAL ENTERPRISES, BY CATEGORY AND TYPE, LOCATED* WITHIN THE STUDY AREA BETWEEN NOVEMBER 1980 AND MARCH 1981 FOR WHICH INTERVIEWS WERE CONDUCTED

Category and Type of Commercial Enterprise	No. of Total Enterprises Represented	No. of Interviews Conducted
Commercial Complexes:		
Shopping Centers	7	7
Office Parks	4	4
Mixed-Use Development	1	1
Total	12	12
Large, Freestanding Enterprises	5	3
Strip Commercial Establishments:		
Restaurants	29	12
Sales and Services Establishments	11	4
Gas Stations	9	3
Automobile Dealerships	7	3
Financial Institutions	5	3
Entertainment Establishments	2	1
Total	63	26
Shopping Center Anchor Tenants**	2**	2**
Other Commercial Enterprises***	4***	0***
Total Peripheral Commercial Enterprises	86**	43**

*Enterprises that were existing or under construction.

**The two shopping center anchor tenants for which interviews were conducted were K-Mart Discount Store #3263 from Akers Mill Square and Loehmann's from Loehmann's Plaza at the Promenade.

***No interviews were conducted for the other commercial enterprises because those enterprises were all built prior to Cumberland Mall, and the locational decisions made for them were regarded by the author and by local public officials as isolated instances rather than as part of a development trend.

to gain an accurate understanding of the locational and development strategies pertaining to each type of commercial complex.

Interviews pertaining to large, freestanding retail enterprises and certain shopping center anchor tenants. Along with the three large, freestanding retail enterprises whose entrepreneurs were interviewed, the author also contacted entrepreneurs from two shopping center anchor tenants. One interviewee represented K-Mart Discount Store #3263, located within Akers Mill Square, and another represented Loehmann's, located within Loehmann's Plaza at the Promenade. These two anchor tenants were interviewed since it may often be the case that a shopping center developer will not proceed with plans for a proposed shopping center until a firm commitment from one or more anchor tenants has been secured. Or sometimes the anchor tenant, prior to making a commitment, may dictate to the shopping center developer the location, design, and management of the shopping center. In such a case, it is really the anchor tenant rather than the shopping center developer who is more responsible for the locational and development decisions for the shopping center. On the other hand, the anchor tenant must have strong reasons for desiring to be located within a shopping center rather than alone as a freestanding retail enterprise.

Interviews pertaining to strip commercial establishments. The author did not interview personnel from all 63 strip commercial establishments due to the fact that such an endeavor would have represented a rather massive undertaking, and because the findings obtained would

likely be repetitious and therefore pointless to carry out. Instead, a stratified sampling procedure was used to select those establishments from which entrepreneurs would be interviewed. That is, the author classified each establishment as one of six types--a restaurant, a sales and services establishment (this term is used in a loose sense), a gas station (including car washes), an automobile dealership, a financial institution, or an entertainment establishment. Using random numbers, a predetermined number of each type of strip commercial establishment were selected for interviewing purposes. These predetermined numbers were judged as being adequate to represent each respective type of establishment.

Efforts were made to obtain interviews from 27 strip commercial establishments. Table IX-1 lists the number of interviews actually obtained for each type of establishment. Whenever no one was willing to grant an interview for a selected establishment, another establishment of the same type classification was selected through the sampling procedure. Since the efforts to contact one of the entertainment establishments were unsuccessful, only one interview was conducted for this type of establishment.

Location of interviews. All of the interviews took place within metropolitan Atlanta. For the commercial complexes, the interviews occurred at the Atlanta office of the respective developers. In most cases, the interviewees were the original persons who were responsible for the locational and site selection decisions. A few of the interviewees were working for different firms than the one which

developed the enterprises. For strip commercial establishments, the interviews were conducted either at the establishments themselves or at the regional headquarters of the establishments, depending on the ownership location. One-of-a-kind establishments tended to invite interviews at the sites themselves, while franchise establishments (such as McDonald's or Wendy's) required that the interviews be conducted at the regional office of the firm, which handled all regional franchise locational decisions.

Information addressed by questionnaires. The questionnaires addressed four types of information and devoted a section to each. In the first section, questions about the general background of the firms which developed the enterprise were asked, while the second section addressed the locational and development decisions used by the firms in their real estate development policies and practices in general. The third and most important section of the questionnaire dealt with the site selection and development decisions made for the subject commercial enterprises, and the influence of Cumberland Mall on these decisions. In the fourth and final section of the questionnaire, the reflections of each entrepreneur regarding the site selection and development decisions and the success of the subject enterprises were probed, as well as their perceptions of peripheral commercial development.

Format of questionnaires. The questionnaires consisted of both close-ended and open-ended questions. For the close-ended questions, a list of possible responses was provided. The interviewee could

select one or more of these responses or give a response not listed. An explanation of the response(s) given was then sought. Questions dealing with the methods and strategies utilized by an entrepreneur or the factors considered in site selection are examples of this approach. Open-ended questions were used to obtain information on such matters as the background of the firm and perceptions of commercial development phenomena occurring within the Cumberland Mall periphery, for which a myriad of responses were possible. Ample space was provided for indicating the reasons and other comments offered by the respondent.

Two separate questionnaires were utilized for the interviewing process. One was prepared and used for entrepreneurs representing the commercial complexes, while another questionnaire was used to interview the remainder of the commercial entrepreneurs. A longer questionnaire (24 pages compared to 19 pages) was used for the commercial complexes in order to obtain more detailed information about the developers. Several extra questions were therefore included to address relevant issues. The two questionnaires were otherwise the same except for a few terminology differences pertaining to the category of commercial enterprise being discussed, enabling comparison to be made between the respective responses.

After interview completion. After all of the interviews were completed, the author played back the cassette tape used for each interview in order to check the accuracy of the responses jotted down and to fill in material for which there was insufficient time to jot

down at the time of the interview. For some interviews, no tape was used because the interviewee did not want the responses to be recorded.

Organization of the Results

Due to the great number of open-ended questions contained within the questionnaires, the author believed that the survey findings should be analyzed in a subjective manner. The large variety of responses possible with open-ended questions and the issues of human perception they addressed made a subjective analysis seem to be the best approach. Matrices were used to help organize those responses which could be tabulated.

For ease of discussion, headings and subheadings are utilized to denote different subject areas addressed by the questionnaires. Although the questionnaires were organized into four sections, the discussion in this chapter is presented with 10 major headings for purposes of clarification and delineation.

Tables are also used abundantly throughout the discussion so that quantitative data may be presented in an organized manner. Unless exceptions are noted, the responses given to a particular question are fairly evenly distributed among the categories of commercial enterprises. Cross-tabulations are used in a few instances where greater clarification is needed. Only the most important elements within each table are described in the discussion.

In many cases, the responses given to several questions used in the surveys are combined under one subheading, and a few of the

questions are discussed in a slightly different sequence than that used in the questionnaires. Some questions were combined under one subheading to facilitate organization of the great number of questions found within the questionnaires, and to serve discussion purposes in comparing the responses. The combination of certain questions also compensated for the fact that some interviewees did not answer those particular questions due to a lack of knowledge or no opinion about the issues addressed, or to the nonapplicability of the question to the subject enterprise. A slight re-arrangement in the sequence of questions discusssed was made in order to accommodate the differences in the two questionnaire forms used and to facilitate a more logical flow of the discussion.

The typical response given by the interviewees representing a particular category of commercial enterprises to a question is identified, as well as any notable deviations from the typical response. When appropriate and ensuring that the confidentiality of the firms would not be violated, the typical response indicated pertaining to a specific type of enterprise within a category (such as an office park as a type of enterprise within the category of commercial complexes) is pointed out. Quotes are used moderately, especially in the latter sections, for the purpose of citing those responses which conformed precisely to the point being made in the discussion and which were expressly worded. Interpretations are offered where necessary.

The order of the sections discussed is as follows. A general background of the firms representing the subject commercial enterprise is first given. That is followed by an identification of the policies

and decision-making process used by the firms and the locational preferences and perceptions of the firms regarding their commercial enterprise development activities in general. Basic information is cited regarding the subject commercial enterprises. The steps involved in the decision-making process for the subject enterprises, including interactions made between the firms and local public officials, are then traced. Responses received regarding the reflections of the success of the subject enterprises and the satisfaction of the firms with the locational and development decisions made pertaining to the subject enterprises are reviewed. A summary is made of the overall entrepreneurial perceptions regarding Cumberland Mall and peripheral commercial development. Finally, the general opinions held by entrepreneurs regarding the attitudes and roles of local public officials pertaining to future commercial development within the study area are discussed.

B. GENERAL BACKGROUND OF THE FIRMS

The purpose of this section is to provide descriptive information about the firms for which interviews were conducted. Such information was sought to aid in understanding the policies, practices, and perceptions of the respective firms regarding commercial development within the study area. The discussion is organized under six subheadings, plus a summary.

The term, "the firm," as used in this thesis, refers to the company or developer which developed the subject commercial enterprise within the study area. The firm may be the subject enterprise itself

if that is the only such enterprise in existence, the franchise, the franchisor, the regional office, or the headquarters office of a company. The variation is due to the nature of control manifested over individual commercial enterprises, and the perceptions of the interviewees as to who "the firm" was. The term "entrepreneur" may be used to refer to the firm in a general sense. However, it is more often used to refer to the interviewee in those cases in which the interviewee was the person who actually made the locational decision for the subject enterprise, or the person who was responsible at the time of the interview for the locational decisions pertaining to commercial enterprises developed by the firm.

Length of Time the Firms Had Been in Business

The length of time the firms had been in business varied from as few as two years to as many as 110 years. The average length of time that the firms in each category of commercial enterprises represented is shown in Table IX-2. For strip commercial establishments, the average number of years the firms had been in business varied greatly. Firms having a national orientation, including gas stations and automobile dealerships, had generally been in business much longer than firms having a regional or local orientation. Some of the restaurant chains may have been in business only a few years and were founded in response to recent trends in consumer preferences for the fast food and family types of restaurants.

TABLE IX-2

AVERAGE LENGTH OF TIME THE FIRMS HAD BEEN IN BUSINESS

Category and Type of Firm*	Average Number of Years Firm Had Been in Business
Commercial Complexes:	
Shopping Centers	19
Office Parks	17
Average	18.3
Freestanding Establishments and Anchor Tenants:	
Freestanding Establishments	51
Anchor Tenants	73
Average	63
Strip Commercial Establishments:	
Restaurants	20
Sales and Services Establishments	10
Gas Stations	68
Automobile Dealerships	43
Financial Institutions	51
Average	30.6

*The mixed-use development and entertainment establishment were excluded for reasons of confidentiality.

Location of the Firms' Headquarters

About half of all the firms represented had headquarters within metropolitan Atlanta, while most of the other firms operated out of regional offices based in Atlanta which reported to headquarters located in other states. The first group of firms thus had a first-hand opportunity to be very familiar with the Atlanta market and to select appropriate sites for their enterprises. Those enterprises that were found at only a single location (within the study area) were run by the firms at the sites of the enterprises.

Structure of the Firms

Table IX-3 reports the structure of the firms represented within the study area, as indicated by the interviewees contacted. About

TABLE IX-3

STRUCTURE OF THE FIRMS

Type of Structure of the Firm	Number of Firms
Subsidiary of a Parent Company or Owned Subsidiaries	13
Franchise or Operated Several Franchises	19
Had Multiple Locations (not franchises)*	19
A Few Locations	7
Single Location Only	4

*Enterprises in this group were also part of one of the other groups.

two-thirds of the firms were accountable to larger organizations or operated other types of business themselves. This information could have implications regarding the size, extent of influence, and decision-making control of each firm. The latter issue is discussed in a later section of this chapter.

Types of Real Estate Activities Engaged in by the Firms

Except for those firms which had developed commercial complexes within the study area, all other firms concentrated their real estate development activities on building the type of enterprises they had constructed within the study area. The commercial complex developers also engaged in the development of other types of commercial complexes, hotels, institutional facilities, and banks. In addition, a few firms operated commercial brokerage and commercial management businesses. Most firms specialized in building the type of enterprise they had constructed within the study area. This was substantiated by the fact that nearly all interviewees stated that their firms devoted 90 percent to 100 percent of their real estate activities to the development of that type of commercial enterprise.

Locations of Real Estate Enterprises in General Developed by the Firms

Interviewees were asked about the locations in general of real estate enterprises developed by their firms. There was considerable variation in the responses, as shown in Table IX-4. All but 12 of the interviewees stated that their firms had built commercial enterprises outside of Georgia. This fact is a possible indication of the experience of the firms in recognizing suitable markets in different areas,

TABLE IX-4

LOCATIONS OF REAL ESTATE ENTERPRISES IN GENERAL DEVELOPED BY THE FIRMS

Types of Locations Where Real Estate Enterprises Have Been Developed	Firms	
	Number	Percent
At Subject Site Only	4	9.3
Atlanta Area	5	11.6
Georgia	3	7.0
Southeast	5	11.6
Eastern States	1	2.3
Georgia and Selected States	11	25.6
All Over U.S. and Canada	10	23.3
International Locations	4	9.3
Total Responses	43	100.0

as well as the willingness of these firms to test new markets. Four of the five firms which had establishments only within metropolitan Atlanta were financial institutions, which is attributable to legal restrictions pertaining to the banking industry. The firms representing the two anchor tenants both had establishments located all over the United States and Canada. Three of the four firms which had establishments at the subject site only were automobile dealerships. However, although these business were individually owned, they were part of the national and international automobile sales industry. Two

of the four firms having international locations were gas stations, which was no surprise.

Commercial Enterprises Developed by the Firms

Regarding the development of commercial enterprises by the firms, interviewees were asked to state how many had been built, how often they were built, how many were underway (if any), and whether more were planned.

Number of real estate enterprises developed. Interviewees representing commercial complex firms were asked the number of total commercial complexes their firms had developed, as well as how many of these were located within metropolitan Atlanta. An average of 22 total commercial complexes had been developed by the firms. Most of the interviewees did not know how many commercial complexes had been built within metropolitan Atlanta, but the average amount was less than 10 such enterprises (see Table IX-5).

Interviewees representing all other types of commercial enterprises found within the study area were only asked to state how many such enterprises had been constructed within metropolitan Atlanta, since most of these firms had built in excess of 50 enterprises of that type. Restaurant firms had the greatest number of establishments within metropolitan Atlanta per firm, possibly due to policies of these firms to scatter restaurant franchises throughout the metropolis in order to saturate the market.

TABLE IX-5

AVERAGE NUMBER OF COMMERCIAL ENTERPRISES DEVELOPED BY THE FIRMS WITHIN METROPOLITAN ATLANTA

Commercial Enterprise Category	Average No. of Enterprises Developed in Metro Atlanta
Commercial Complexes	Less than 10
Freestanding Enterprises and Anchor Tenants	8
Strip Commercial Establishments	24

Frequency with which real estate enterprises were developed. The interviewees were asked the frequency with which their firms constructed new commercial enterprises. About half of the respondents were not sure about this question. From those interviewees who were able to give a definitive answer, the author learned that commercial complex firms built only a handful of enterprises each year, restaurant firms opened an average of 85 new restaurants per year, and gas station firms did not plan to build any more gas stations within the near future due to the international oil situation. Restaurant firms, again, apparently were attempting to obtain a national saturation; that is, to have at least one restaurant in each city having a certain minimum population size. Most of the interviewees commented that the frequency with which their respective firms developed new enterprises was largely determined by the national prevailing economic conditions.

Commercial enterprises now under construction. Interviewees representing commercial complex firms only were questioned about the number of commercial establishments that were under construction at the times of the respective interviews. It was learned that 7 of the 11 firms had new commercial complexes under construction, while two firms did not. One firm was no longer in the development business, while the remaining firm no longer existed. Two of the firms had commercial complexes under construction within metropolitan Atlanta.

Plans for future commercial enterprises. Commercial complex interviewees were asked whether their firms had plans to develop other commercial complexes which were not already under construction. Seven of the firms had definite plans to build more commercial complexes, at a time to be determined by general economic conditions and the financial situation of the firm. The other interviewees were unsure or the question was not applicable.

Summary

General descriptive information about the firms was presented in this seciton of the chapter. Considerable variations were evident in the length of time the firms had been in business, the locations of the headquarters of the firms, and the structures of the firms. Most of the interviewees stated that their firms primarily built the type of real estate enterprise represented within the study area. Diverse responses were also received regarding the locations of real estate enterprises in general developed by the firm, as well as the past, present, and future practices of the firms pertaining to the

development of commercial enterprises. As it will be evident throughout the remainder of the chapter, these characteristics of the firms played an important role in determining the policies and actions taken by these firms.

C. LOCATIONAL PREFERENCES AND PERCEPTIONS OF THE FIRMS REGARDING COMMERCIAL ENTERPRISE DEVELOPMENT IN GENERAL

In this section, the regional and intraurban locational preferences and perceptions of the firms regarding the commercial real estate market of metropolitan Atlanta are identified. An understanding of the locational policies and perceptions of the firms pertaining to commercial enterprise development in general should provide insights into the locational policies and perceptions applied by the firms with respect to commercial enterprises found within the study area.

Regional Locational Preferences of the Firms

The responses given to the question about the regional locational preferences of the firms with respect to the development of commercial enterprises as a particular type of real estate development were similar to those given to the question reviewed in the previous section. These similarities in responses, no doubt, were attributable to the fact that few of the firms were engaged in the development of any types of real estate enterprises other than the type of commercial enterprise built by the respective firms within the study area. The survey findings are depicted in Table IX-6.

TABLE IX-6

REGIONAL LOCATIONAL PREFERENCES OF THE FIRMS REGARDING COMMERCIAL ENTERPRISE DEVELOPMENT

Type of Regional Location Preferred	Firms	
	Number	Percent
N/A--Subject Site Only	4	9.3
In a Specific Part of Atlanta	2	4.7
Within Metropolitan Atlanta	4	9.3
In Georgia	3	7.0
In Georgia and Selected Other States	10	23.3
In the Southeast	4	9.3
In Eastern States	2	4.7
In Large Cities	5	11.6
All Over the U.S. and Canada	4	9.3
International Locations	5	11.6
Total Responses	43	100.0*

*Does not total exactly 100.0 percent due to rounding.

Reasons were cited as to why particular types of regional locations were preferred by the firms for the development of commercial enterprises. Locating commercial enterprises within metropolitan Atlanta was certainly advantageous for those firms that had their regional or headquarters offices in metropolitan Atlanta. These firms were able to plan and monitor the development of commercial enterprises within the metropolis with relative ease. Southeastern locations were preferred by some firms because of perceptions of better climate, fewer zoning restrictions, and a general sense of simplicity of doing business. Certain retail firms preferred large cities due to the population growth patterns and disposable incomes there, to perceptions of a greater acceptability of high-quality merchandise, and to the needs of the firms for large-volume business in order to justify the operation of a warehouse to store the merchandise. Large cities were also thought to be good locations for office parks for purposes of recognition by executives. Firms that preferred particular states for the commercial enterprises looked for certain market characteristics, such as population growth potentials, disposable incomes within a certain range, various amenities, the presence of little competition, particular types of traffic patterns, and consumer tastes regarding specific kinds of merchandise and services. Some firms allegedly planned to branch out into other types of regional locations within the near future.

Intraurban Locational Preferences of the Firms

Firms usually have preferences for particular parts of an urban area in which to locate their commercial enterprises. As shown in Table IX-7, the type of location mentioned as being most desirable was in the suburbs, followed by growing areas and populous areas. Suburban areas offer cheaper and larger tracts of land, which are required for commercial complexes. One shopping center interviewee preferred suburban locations "because that's where the growth is, and we consider ourselves 'growth-oriented.'" Office park entrepreneurs perceive suburban locations as being away from "commercial clutter," although that is debatable in areas where the suburbs have become the new hubs of retail activity in replacement of dying downtowns. A proximity to growing and populous areas is important for retail facilities to ensure adequate customers, while office firms need to be near executive and other white collar residential areas to ensure an adequate labor supply within a convenient distance.

It is interesting to note that only commercial complex interviewees mentioned preferences for locations along major highways. Shopping centers (community-oriented shopping centers in particular) rely on these heavy traffic locations to draw shoppers, while office parks and hotels need the good visibility obtained by major highway locations for survival. Strip commercial establishments also having a community orientation, it would seem, would need such locations for their impulse business, while neighborhood-type operations require locations near residential areas. Perhaps the interviewees representing strip commercial establishments, particularly for those

TABLE IX-7

INTRAURBAN LOCATIONAL PREFERENCES OF THE FIRMS

Type of Intraurban Location Preferred	Responses	
	Number	Percent
In the Suburbs	23	28.8
In Growing Areas	12	15.0
In Populous Areas	11	13.8
Along Major Highways	8	10.0
In or Near Large Commercial Areas	4	5.0
At the Junction of Major Highways	3	3.8
In the Central City	2	2.5
Downtown	1	1.2
Good Visibility Areas	1	1.2
Large Labor Supply Areas	1	1.2
Near Executive Homes	1	1.2
Away from Competitors	1	1.2
Away from Commercial Clutter	1	1.2
Depends on Community Needs	1	1.2
Various Types of Locations	3	3.8
No Particular Preferences	3	3.8
N/A--Subject Site Only	4	5.0
Total Responses*	80*	100.0**

*Some interviewees gave more than one response

**Does not total exactly 100.0 percent due to rounding.

establishments relying on shared business, did not mention a preference for locations along major highways because such locations per se would not be adequate to ensure survival of the businesses. That is, the establishments would need to be near a large generative commercial enterprise in order to benefit from a major highway location.

It should be observed that most of the responses given cited types of locational characteristics which represented an excellent description of the study area characteristics.

Perceptions of the Firms Regarding the Metropolitan Atlanta Commercial Real Estate Market

Interviewees representing commercial complex firms were asked about their perceptions of the metropolitan Atlanta commercial real estate market pertaining to its conduciveness to the development of commercial complexes. The respondents referred to metropolitan Atlanta as a "growing, dynamic place" which was "self-sustaining." They believed that it featured such amenities as good transportation and communications systems, a pleasant climate, an international airport, favorable taxation, the presence of Federal Government offices, and the absence of geographical barriers which might hinder urban expansion. The entrepreneurs viewed the local real estate market as being characterized by the presence in certain areas of town of relatively high disposable income levels, densely-settled areas, good accessibility, desirable traffic flow patterns, and relatively high population growth rates. Many new businesses were settling within metropolitan Atlanta, thought the interviewees, because the abundance

of money lenders made it easier for firms to obtain mortgage financing.

The commercial complex entrepreneurs who were interviewed felt that the metropolitan Atlanta market was near the saturation point for new regional shopping malls (although the author disagrees, based on the initiation of construction of several new malls since the study period), but that the overall demand for new office space was at an all-time high. The market for specialty retail facilities (such as the recently-completed retail specialty mall within the Atlanta Galleria and several new smaller facilities in eastern Cobb County) was at an all-time high. Office space demand was high, according to the interviewees, due to the large number of regional office firms present in metropolitan Atlanta. Sites found adjacent to I-285 were regarded as prime locations for both retail and office facilities.

These perceived market conditions made the propositions of real estate investment and development seem attractive for commercial complex entrepreneurs in metropolitan Atlanta.

Summary

This section reviewed the regional and intraurban locational preferences of the firms, and examined the perceptions of commercial complex entrepreneurs regarding the metropolitan Atlanta commercial real estate market. While the regional locational preferences were quite divergent, there seemed to be a common agreement that the best types of intraurban locations were in the suburbs, in growing areas, and in populous areas. Several factors were named by commercial

complex interviewees which gave the impression that their respective firms were very enthusiastic concerning the metropolitan Atlanta commercial real estate market.

D. ENTREPRENEURIAL POLICIES AND THE DECISION-MAKING PROCESSES APPLIED BY THE FIRMS IN COMMERCIAL ENTERPRISE DEVELOPMENT IN GENERAL

It is important to comprehend the types of policies and the decision-making processes applied by the firms in their commercial enterprise development activities in general so that this information may be a background to the policies and decision-making processes utilized pertaining to the study area. In addition, any deviations between the customary policies and procedures and those followed regarding the subject commercial enterprises may be noted.

Specifically, this section of the chapter examines several characteristics of the firms pertaining to their commercial enterprise development activities in general. These are: 1) the locational and site selection methods and the source of responsibility; 2) the factors considered in locational and site selection decisions; 3) the market status of prospective locations and sites; 4) perceptions of the firms regarding desirable types of facilities near which to locate commercial enterprises; and 5) financial arrangements made by the firms regarding selected sites.

Locational and Site Selection Methods and Sources of Responsibility

The types of locational and site selection methods used as well as the sources of responsibility for carrying out these methods were investigated.

Types of locational and site selection methods used. Most of the firms used a combination of methods for learning about prospective sites for new commercial development and evaluating the business potentials of these sites, as Table IX-8 indicates. The two responses that were most often mentioned--a reliance by the firm on its familiarity with the area, and the engaging of the firm in an active search for a suitable location and site--represented opposite extremes for selecting locations and sites for proposed commercial enterprises. It is probable that those firms which had their regional offices or headquarters within an area being considered represented the first set of responses, while those firms not operating out of these areas engaged in active searches.

A considerable number of firms utilized such traditional methods as discussions with real estate personnel and chamber of commerce officials, and the use of business publications and demographic data. Only 10 interviewees stated that market analysis consultants were hired or the firm performed a feasibility study. This is perhaps an indication of the financial statuses of the firms and/or the previous familiarities of the firms with the areas being considered.

TABLE IX-8

LOCATIONAL AND SITE SELECTION METHODS USED BY THE FIRMS IN COMMERCIAL ENTERPRISE DEVELOPMENT IN GENERAL

Types of Locational and Site Selection Methods Used by the Firms	Responses	
	Number	Percent
Relies on a Familiarity With the Area	20	21.7
Engages in an Active Search	15	16.3
Contacts Real Estate Personnel	10	10.9
Relies on Business Publications	8	8.7
Relies on Demographic Data	8	8.7
Utilizes Market Analysis Consultants	8	8.7
Caters to the Wishes of Prospective Anchor Tenants	7	7.6
Contacts Chamber of Commerce Officials	4	4.3
Conducts Feasibility Studies	2	2.2
Reacts to Presentations Made by Others	2	2.2
Reacts to Publicity of an Area or Site	1	1.1
Observes the Success of Similar Enterprises Within an Area	1	1.1
Firm Already Owned the Sites	1	1.1
Not Sure	1	1.1
N/A--Subject Site Only	4	4.3
Total Responses*	92*	100.0

*Some interviewees gave more than one response.

The importance of catering to the locational wishes of prospective shopping center anchor tenants was emphasized by six of the seven shopping center interviewees. In some instances the shopping center developer already had plans to build a shopping center within a general location, then sought advice from a prospective anchor tenant regarding the specific site. The reverse situation also occurred, in which the firm became aware of the desire of a particular anchor tenant to locate within an area, then worked with the company representing that anchor tenant in finding a suitable location. One of the shopping center entrepreneurs insisted that "the retailers [(anchor tenants)] dictate where the shopping centers get built, not the developers." (This belief is the reason why two shopping center anchor tenants were interviewed.)

The firms thus utilized a variety of methods, depending on the type of commercial enterprise to be developed, the locations being considered, and the particular circumstances of the firm at the time.

Sources of responsibility for location and site selection procedures. The sources of responsibility for making the final decisions pertaining to location and site selection for a proposed commercial enterprise often differed from the source of responsibility entrusted by a firm with the recommendations on such matters, as shown in Table IX-9. While the greatest number of firms relied on the regional office to make recommendations on location and site selection, more disparate responses were given in regard to the source of responsibility for the final decisions on these issues. This, again,

TABLE IX-9

SOURCE OF RESPONSIBILITY FOR LOCATIONAL AND SITE SELECTION RECOMMENDATIONS AND DECISIONS

Source of Responsibility for Locational and Site Selection Procedures	Responses			
	Recommendations		Final Decisions	
	Number	Percent	Number	Percent
The Owner	5	10.4	8	17.4
Market Analysis Consultants	5	10.4	0	---
Franchisee	1	2.1	1	2.2
The Regional Office	18	37.5	11	23.9
Prospective Anchor Tenants	5	10.4	2	4.3
Real Estate Personnel	3	6.3	0	---
Management	1	2.1	0	0.0
Corporate Headquarters	4	8.3	19	41.3
Franchise Offices	1	2.1	1	2.2
Anyone	1	2.1	0	---
N/A--Subject Site Only	4	8.3	4	8.7
Total Responses*	48*	100.0	46*	100.0

*Some interviewees gave more than one response per question.

could be indicative of the organizational structures of the firms, whereby recommendations are left up to the regional offices which are fairly familiar with particular areas, but the final say rests with the corporate headquarters to ensure that the best interests of the firms are advanced (particularly in the case of strip-commercial establishments).

Factors Considered in Locational and Site Selection Decisions

The interviewees were asked to name those factors that were considered by their firms regarding locational and site selection decisions pertaining to new commercial enterprises in general, and then to identify the three most important of these factors.

Factors mentioned. Those factors that were mentioned by the commercial entrepreneurs as receiving consideration in locational and site selection decisions are delineated in Table IX-10 by category of commercial enterprise represented. The type of factor obtaining the most mention as a whole as well as for each category was the need to be located within a specific city or region. This could be due to the locational policies of the firms, their prior experience in particular areas, and/or the presence of favorable demographic and economic characteristics in those areas.

Following close behind was the mention of the attractiveness of various transportation factors, including accessibility, visibility, and a moderate traffic flow. This factor was highly regarded by interviewees representing all categories of commercial enterprises. The importance in locating in an area and at a site where the business

TABLE IX-10

FACTORS CONSIDERED IN LOCATIONAL AND SITE SELECTION DECISIONS FOR COMMERCIAL ENTERPRISES IN GENERAL: FACTORS MENTIONED

Types of Factors Considered in Locational and Site Selection Decisions	Factors Mentioned by Commercial Enterprise Category							
	Commercial Complexes		Freestanding Establishments/ Anchor Tenants		Strip Commercial Establishments		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Specific City or Region	9	9.9	5	10.9	17	9.7	31	9.9
Trade Area Size	7	7.8	4	8.7	7	4.0	18	5.8
Specific Part of Urban Area	7	7.8	4	8.7	8	4.5	19	6.1
Growing Area	9	9.9	2	4.3	15	8.5	25	8.0
Population Buying Power	6	6.6	4	8.7	13	7.4	23	7.4
Near Residential Areas	7	7.8	3	6.5	10	5.7	20	6.4
Large Labor Supply	2	2.2	2	4.3	4	2.3	8	2.6
Favorable Business Climate	3	3.4	2	4.3	8	4.5	13	4.2
Agglomeration Economies	0	-	1	2.2	5	2.8	6	1.9
Shared Business Opportunities	0	-	3	6.5	8	4.5	11	3.5
Transportation Factors	10	10.0	5	10.9	13	7.4	28	9.0
Utilities Factors	0	-	1	2.2	1	0.6	2	0.6
Zoning Factors	2	2.2	0	-	1	0.6	3	1.0
Taxation Factors	1	1.1	0	-	0	-	1	0.3
Government Policies and Inducements	1	1.1	0	-	5	2.8	6	1.9
Site Characteristics	3	3.4	0	-	6	3.4	9	2.9
Real Estate Market	3	3.4	0	-	5	2.8	8	2.6
Land Purchase Price	3	3.4	0	-	2	1.1	5	1.6
Pioneering Opportunities	2	2.2	0	-	2	1.1	4	1.3

TABLE IX-10 (continued)

Types of Factors Considered in Locational and Site Selection Decisions	Factors Mentioned by Commercial Enterprise Category							
	Commercial Complexes		Freestanding Establishments/ Anchor Tenants		Strip Commercial Establishments		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Dictates of Prospective Anchor Tenants	6	6.6	0	-	0	-	6	1.9
Social/Cultural Factors	1	1.1	0	-	6	3.4	7	2.2
Near Major Activity Centers	1	1.1	1	2.2	16	9.2	18	5.8
Near Regional Shopping Malls	0	-	3	6.5	6	3.4	9	2.9
Demographics Factors	3	3.4	0	-	2	1.1	5	1.6
Community Needs	1	1.1	0	-	0	-	1	0.3
Familiarity With Area	1	1.1	0	-	0	-	1	0.3
In or Near Commercial Areas	0	-	1	2.2	1	0.6	2	0.6
Suburban Location	0	-	2	4.3	0	-	2	0.6
Shopping Patterns	0	-	1	2.2	0	-	1	0.3
Minimal Competition	0	-	1	2.2	2	1.1	3	1.0
Being in a Large City	0	-	1	2.2	0	-	1	0.3
Peculiarities to the Business	0	-	0	-	4	2.3	4	1.3
Visibility Factors	3	3.4	0	-	4	2.3	7	2.2
Desires of Franchises	0	-	0	-	1	0.6	1	0.3
N/A--Subject Site Only	0	-	0	-	4	2.3	4	1.3
Total Responses*	91*	100.0**	46*	100.0**	176*	100.0**	312*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

could take advantage of a relatively large traffic volume was emphasized by one bank executive: "You can almost use the McDonald's [(restaurant)] philosophy--where McDonald's is, is a good location--I'm serious!" However, other interviewees warned that a large traffic volume can also be detrimental to a business if the traffic becomes so congested that potential shoppers are discouraged from patronizing the business.

Four types of factors that received frequent mention were: 1) being in a growing area; 2) having the availability of sufficient buying power of the trade area population; 3) being near residential areas; and 4) having a trade area of a certain designated size. The importance of these factors clearly showed that the firms were looking for assurances that the tade area currently had a large enough population which was financially able to support the types of goods and services to be offered by the proposed commercial enterprises, and that this current situation would be augmented in the future by the continued growth of nearby residential areas.

Strip commercial establishment interviewees indicated a strong preference for locating their businesses near major activity centers in addition to being near residential areas. This suggests that these firms need to be where the people are in order to capture impulse business. They are thus counting on people who are already in the area for the purpose of visiting one of these major activity centers (such as a school, hospital, or large entertainment facility) to stop at their establishments on the spur of the moment. For example, office park employees visit nearby restaurants for lunch.

Similar desires were expressed by the strip commercial establishment interviewees to be located in an area which offered shared business opportunities. The idea of being near major activity centers was thus taken a step further in implying that these firms wanted to select sites located near large generative types of commercial enterprises, from which they could draw their own business. Being near a regional shopping mall, in fact, was specifically mentioned as advantageous by 6 of 26 strip commercial establishments interviewees. According to one restaurant interviewee: "The best destination point in the world for any fast food [restaurant] is a regional mall."

Regarding the presence of competition, those firms which featured a specialized type of business steered away from any such competition, while those businesses which thrived on agglomeration economies (such as fast food restaurants and automobile dealerships) actively sought sites in areas where much competition existed. One interviewee representing the latter group declared: "If we can get on a street right next to a competitor, we'll do it."

Site characteristics were of considerable importance to most types of firms. Shopping centers and automobile dealerships require relatively flat sites for their operations. Other firms needed sites having certain locational characteristics relative to traffic flow. Gas stations allegedly do the greatest volume of business when positioned on corner sites located closest to Interstate off-ramps. Banks are able to draw more business in the afternoon than in the morning as customers stop there on their way home from work, thus it is more profitable for banks to be located on the going-home side of

the road. The same is also true of certain restaurants which cater to breakfast business. They need to be located on the going-to-work side of the road. Ease of ingress and egress is important to most types of firms. The presence of any center median in the main road leading to an enterprise was thought to severely hinder this ease of access.

Certain market pecularities were important locational and site selection factors for some types of firms. Banks, for example, examined the loan potentials of an area being considered for a new branch bank office, while restaurants serving specialized types of foods were interested in knowing the extent of preference for these types of foods in a particular area.

Factors most important. The factors which were rated by the interviewees as being the most important (the top three factors) were generally the same factors that were most frequently mentioned. Transportation factors were the type of factor mentioned by the greatest number of interviewees (20 of 43) as being most important. Apparently, a business cannot count alone on being located in a promising market area for survival; it must also be easily visible and accessible by a considerable amount of the traveling public. Being located in a specific city or region and being near major activity centers was regarded as of top importance by many strip commercial establishment interviewees. Commercial complexes relied heavily on the wishes of prospective anchor tenants, as previously discussed.

Market Status of Prospective Locations and Sites

Interviewees were asked whether their firms generally sought inexpensive suburban property for their new commercial enterprises, sought pioneer locations (those locations which were regarded as promising in the future but currently were relatively undeveloped), or were fairly dependent on the presence of a well-established market. More than one response was given by a few of the interviewees in reflection of the different types of market areas selected by their firms in the past.

As shown by Table IX-11, the vast majority of firms, including a considerable number of representatives from each category of commercial enterprise, were dependent on the presence of a well-established market as a major consideration of a location for a new establishment. This could be interpreted to mean that these firms preferred to observe the successes and failures of similar businesses within an area over a period of time prior to making any commitments to that area themselves. The author was somewhat surprised by this finding for two reasons: 1) with the increased amount of urbanization and commercial development occurring today, there seem to be many examples of successful commercial enterprise locations already existing from which to judge the relative desirability of particular types of locations; and 2) with the increasing sophistication of various market analysis techniques, the probability of predicting the success of a proposed commercial enterprise in a certain market area seems more enhanced.

TABLE IX-11

PREFERRED MARKET STATUS OF PROSPECTIVE LOCATIONS AND SITES

Preferred Type of Market Status Policy Utilized by the Firm	Responses	
	Number	Percent
Firm Depends on a Well-Established Market	29	59.2
Firm Seeks Pioneer Locations and Sites	11	22.4
Firm Seeks Inexpensive Suburban Property	2	4.1
Firm Varies Its Policies	3	6.1
N/A--Subject Site Only	4	8.2
Total Responses*	49*	100.0

*Some interviewees gave more than one response.

Two of the eleven interviewees whose firms favored pioneer locations represented sales and services establishments. They stated the reasons why their firms held these preferences:

> I prefer to pioneer in an area--initial [development] costs are lower, and it gives you an opportunity to project how you see the development of that market area . . .
>
> We like to anticipate where the growth is going to occur and start reviewing various locations in anticipation of putting a store there; sometimes it may even be in advance of the time that growth is going to occur, and that by the time we open our store there'll be a substantial base to support the store. . . . Property costs are going to continue to increase as the pressure builds.

Although not stated above, the author suspects that another reason why these firms may prefer pioneer locations and sites is so that they can beat their competition to a new area and establish their own clientele before competitors do enter the market area.

Three interviewees representing commercial complexes, however, made remarks which challenged the feasibility of pioneering:

> No developer likes to pioneer. They may tell you they do, but they really don't. I really can't believe that anybody likes to go in and stick their neck out--development is difficult enough and dangerous enough [already]. . . . In the shopping center development business, you're not pioneering as much as you would be in an apartment development--there's far more risk.
>
> We're looking for some growth, but I'm not interested in being out in the middle of nowhere just because land is cheap; that is not a thrilling prospect generally.
>
> [Our firm has engaged in] pioneering to a very limited extent, and it hasn't turned out to be very profitable.

While commercial complexes represent a much larger investment than freestanding or strip commercial establishments, it would seem, contrary to the above passages, that the former would be in a better position to risk a pioneer location because of the generative nature of their business than would the latter, which must depend on customer traffic drawn from generative businesses or other activity centers.

A policy followed by one commercial complex firm which did see some logic in pioneering was to secure speculative holdings in a pioneer area, then wait until the area was "ripe" for development. When that time came, the best tract of land would be developed and the

remaining tracts would be sold at substantial profits. This firm thus preferred to be one of the last ones to develop in an area.

The ideal situation, contended another interviewee, was to find some inexpensive property that was located in a well-established area. However, he confessed, few such sites remain for development today.

Desirable Types of Facilities Near Which to Locate Commercial Enterprises

Reference was made earlier to the types of factors considered in locational and site selection decisions. Some of those factors involved the proximity to certain types of facilities, which are more specifically identified here.

Identification of desirable types of facilities near which to locate. Table IX-12 lists the types of facilities perceived by the firms as being desirable neighbors for their commercial enterprises. In conformance with the responses given to an earlier question, the most desirable facilities were major highways and residential areas of a particular character. A major highway intersection was regarded as "a pivotal point for growth."

The advantages of being located in or near various types of commercial facilities was indicated by the considerable number of preferences expressed for locations that were in or near shopping areas, in or near strip commercial areas, in or near regional shopping malls, and near similar businesses. Firms having these preferences were probably those which relied heavily on agglomeration economies and/or shared business for the survival of their enterprises. Such

TABLE IX-12

ENTREPRENEURIAL PREFERENCES ON DESIRABLE FACILITIES
NEAR WHICH TO LOCATE COMMERCIAL ENTERPRISES

Preferences on Desirable Types of Facilities Near Which to Locate Commercial Enterprises	Responses	
	Number	Percent
Along or Near Major Highways	32	20.1
In or Near Residential Areas	27	17.0
In or Near Shopping Areas	20	12.6
In or Near Strip Commercial Areas	19	11.9
In or Near Regional Shopping Malls	15	9.4
Near Similar Businesses	11	6.9
In or Near Entertainment/Recreational Centers	10	6.3
Near Offices	7	4.4
In or Near Industrial Areas	5	3.1
In or Near Airports	3	1.9
Near Schools	2	1.3
Near Major Activity Centers in General	1	0.6
"Wherever People Happen to Be"	2	1.3
Varies	1	0.6
N/A--Subject Site Only	4	2.5
Total Responses*	159*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

statements as "the more [commercial development], the merrier" and "the busier [an area is], the better" are supportive of this premise. According to one respondent: "All things considered, I think the more an area builds up in its retail capacity and ability to attract consumers, I think we're all [(commercial entrepreneurs)] better off." It should be noted that some strip commercial establishment firms preferred locations inside a shopping center, regional mall, or office park (a restaurant in the latter case), but sometimes were unable to obtain such a location (due to the nonavailability of space or excessive tenant rental charges) and must settle instead for a "pad" (outparcel of a shopping center) location or a highway site near these facilities.

Other specific types of facilities that would be desirable to locate near, as perceived by the interviewees, included entertainment/recreational centers (such as movie theaters, night clubs, sports centers, and parks), offices, industrial areas, airports, and schools. All of these types of locations were viewed as drawing large crowds of people who represented potential business for retail establishments. Office parks benefited from such locations since their employees could conveniently visit these facilities at lunchtime or after work.

Similar enterprises owned by the firms which were located near regional shopping malls. The interviewees were asked whether their firms owned other commercial enterprises which were located near regional shopping malls. The majority of interviewees responded "yes" to this question, as depicted in Table IX-13. Furthermore, a great number of those interviewees answering in the affirmative represented

TABLE IX-13

PRIOR EXPERIENCE OF THE FIRMS IN LOCATING COMMERCIAL ENTERPRISES NEAR REGIONAL SHOPPING MALLS

Question: Does the Firm Own Other Commercial Enterprises Which are Located Near Regional Shopping Malls? Response:	Firms	
	Number	Percent
Yes	28	65.1
No	10	23.3
Not Sure	1	2.3
N/A--Subject Site Only	4	9.3
Total Responses	43	100.0

strip commercial establishments. From Table IX-14 it may be gathered that the bulk of those firms which did have other commercial enterprises located near regional shopping malls had chosen those sites specifically because of the presence of the regional shopping malls. Two cases in point were indicated by the following responses:

> I would seriously consider a location near a mall because of the mall.
>
> I would even go so far as to say that if there's a regional shopping mall without a store [of the subject type nearby], they're [(the firm's headquarters)] probably looking for a location [near the mall].

Many of the firms represented in the study area thus had prior experience in developing commercial enterprises within the peripheries of regional shopping malls. Interviewees who stated that the presence

TABLE IX-14

INFLUENCE OF THE PRESENCE OF REGIONAL SHOPPING MALLS IN SELECTING LOCATIONS FOR OTHER COMMERCIAL ENTERPRISES

Question: Was the Presence of a Regional Shopping Mall a Major Determinant in the Locational Decision? Response:	Responses	
	Number	Percent
Yes	20	71.4
No	7	25.0
Not Sure	1	3.6
Total Responses*	28*	100.0

*Question was asked only of those interviewees whose firms owned other commercial enterprises located near regional shopping malls.

of a regional shopping mall was not a major determinant in the locational and site selection decision for their firms' commercial enterprises explained that those enterprises either were built prior to the proximate malls or else the malls were not felt to be vital to the success of the enterprises since the enterprises would be sharing a market already being tapped by the mall.

Financial Arrangements Made Regarding Selected Sites

Various types of financial arrangements can be made by a firm once a site has been selected for a new commercial enterprise. Most of the firms represented in the study area relied on one type of arrangement, while a few firms utilized more than one type of

arrangement according to the type of commercial enterprise being developed or the particular circumstances at hand.

Roughly half of the interviewees, as indicated in Table IX-15, stated that their firms usually purchased the raw land and constructed their own building(s). This response was prevalent among all categories of commercial enterprises. These firms, therefore, must have felt fairly certain of the long-range prospects for their new commercial enterprises in order to justify their commitments to sizable

TABLE IX-15

FINANCIAL ARRANGEMENTS MADE REGARDING SELECTED SITES

Type of Financial Arrangement Made by the Firm	Responses	
	Number	Percent
Purchases Raw Land and Constructs Its Own Building(s)	27	52.9
Leases a Building or Buildings Constructed to Suit the Firm	11	21.6
Negotiates a Sale-Leaseback	3	5.9
Firm Constructs the Shell and Tenants Complete the Interiors	3	5.9
Firm Initiates the Project, then Sells it to the Developer	2	3.9
Firm Purchases Land and Building(s)	1	2.0
N/A--Subject Site Only	4	7.8
Total Responses*	51*	100.0

*Some interviewees gave more than one response.

capital outlays for the purchase of the land and construction of the building(s). Some of the strip commercial establishment firms preferred to lease an existing building, perhaps indicating a lesser commitment to the market area and/or a lesser financial ability of the firm to purchase the land and construct the building(s). Some commercial complex firms allowed the tenants to complete the interiors after the shell of a new commercial complex had been built, or sold the entire project to a developer after it had been completed. These firms appeared to be more interested in obtaining profitable returns on their property investments than in overseeing the final outcomes of the projects.

Summary

A review was made in this section of the chapter of the policies and decision-making procedures utilized by the firms in their development of commercial enterprises in general. While many firms employed several methods in location and site selection analysis, the more common methods used were a reliance on the familiarity with an area and an active search for a site. Most firms allowed their regional offices to make recommendations for the locations and sites for proposed commercial enterprises, but differed in the source of responsibility for making the final decision on these matters. The factors considered and deemed most important in the locational and site selection process included being within a specific city or region, transportation factors, and various market characteristics relative to demographics. Sites located within well-established

market areas were preferred by most firms over pioneer locations. Desirable types of facilities near which to locate commercial enterprises were perceived to be major highways, residential areas, and commercial facilities, including regional shopping malls. It was seen that the preferred type of financial arrangement for a new commercial enterprise was for the firm to purchase the land and construct its own building(s).

These policies and practices of the firms in general are to be considered in assessing the policies and procedures applied by the firms regarding their commercial enterprises which were built in the Cumberland Mall periphery.

E. DESCRIPTIVE INFORMATION PERTAINING TO THE SUBJECT COMMERCIAL ENTERPRISES

The purpose of this section of the chapter is to provide background information of a general descriptive nature on the commercial enterprises within the study area for which interviews were conducted. This includes size data, identifications of types of development issues addressed and financial arrangements made, a delineation of the development timetables utilized by the subject commercial enterprises, and a summary of these issues.

Size Data

The subject commercial enterprises varied greatly in their number of acres, number of square feet of building space, and number of tenants.

Number of acres. The average number of acres comprising the property of each commercial enterprise, by category, is delineated in Table IX-16. Commercial complexes, and office parks in particular, required more land, as would be expected, than other types of commercial enterprises. Greater investments of capital and time are thus required for the purchase and assembly of large tracts of land for the commercial complexes.

TABLE IX-16

AVERAGE NUMBER OF ACRES OCCUPIED BY THE SUBJECT COMMERCIAL ENTERPRISES, BY CATEGORY

Commercial Enterprise Category	Average Number of Acres Occupied
Commercial Complexes	35.2
Freestanding Establishments/Anchor Tenants	10.3
Strip Commercial Establishments	2.3

Number of square feet of building space. Table IX-17 exhibits the average number of square feet of building space existing at the subject commercial enterprises. Again, commercial complexes, and office parks in particular, had the largest building space. Considerable variation was evident in the sizes of the shopping centers, which may be attributed to the classifications of these enterprises as neighborhood or community shopping centers.

TABLE IX-17

AVERAGE NUMBER OF SQUARE FEET OF BUILDING SPACE EXISTING AT THE SUBJECT COMMERCIAL ENTERPRISES, BY CATEGORY

Commercial Enterprise Category	Average Number of Square Feet of Building Space
Commercial Complexes:	133,718
Shopping Centers	94,413
Office Parks	202,500
Freestanding Establishments/ Anchor Tenants	51,036
Strip Commercial Establishments	5,326

Number of tenants. The number of tenants leasing space within the subject shopping centers during the study period ranged from as few as six tenants to as many as 35 tenants, for an average of 18 tenants. Due to the uncertainty expressed by one office park interviewee on this issue, no average can be given for the number of tenants within office parks. However, it should be noted that two of the office parks had 150 tenants each.

Development Issues Addressed

Questions were asked regarding the nature and extent of development issues encountered by the firms for the subject sites. These included matters pertaining to land assembly, zoning, and various development deficiencies.

Land assembly. Commercial complex interviewees were asked to state the number of parcels of land that had to be assembled for the subject tracts and how many property owners were involved. About half of the interviewees were unsure of this information. From those interviewees who did have responses, however, it appeared that fewer than five parcels of land and five property owners were involved in the real estate transactions.

Rezoning. Most of the commercial complex sites were rezoned from a residential zoning classification to a commercial or office/institutional zoning classification. A few of the sites previously had zoning classifications that designated the sites as being reserved for some type of unspecified future development. These were regarded as holding areas, where intense forms of development could be foreseen in the near future.

Developers of the Riverview Village Shopping Center faced stiff opposition in seeking a rezoning of their site from a residential to a commercial zoning classification. The rezoning was initially denied by the Cobb County Planning Commission for environmental reasons relating to the location of the site within the Chattahoochee River Protection Area, as regulated by the Atlanta Regional Commission. Appeal was made by the developers to the Superior Court of Cobb County in 1978, which ruled that the rezoning must be granted (Atlantic Realty Company and Great Southern Enterprises, Inc. vs. Ernest W. Barrett et al.; Superior Court of Cobb County, State of Georgia; Civil Action Number 78-2533, August 30, 1978).

The interviewee stated that the developers felt that the long rezoning battle was worthwhile because of the excellent potential of the proposed shopping center by virtue of the perceived superiority of the location with respect to the market.

Development deficiencies. The firms had to overcome various types of development deficiencies in order to build the subject commercial enterprises. As shown in Table IX-18, the most frequent response was the need to make site alterations. This included such actions as grading, drainage provision, and curb cut design. Utilities improvements had to be made by many of the firms. Several commercial complex developers worked with local public officials and helped finance the extension of water and sewerage facilities to the subject sites. Three interviewees regarded as a development deficiency the perception that the study area was not well-known at the time when the firms made commitments to the respective sites.

Financial Arrangements Made

It was apparent, as indicated in Table IX-19, that most of the firms had made the same type of financial arrangements for their commercial enterprises located within the Cumberland Mall periphery as they had made for other enterprises previously developed by the firm. For most of the subject enterprises, the firms had purchased the raw land and constructed the establishments themselves, thereby assuming full responsibility for the project development. These firms thus continued their traditional policies regarding financial arrangements for selected sites.

TABLE IX-18

PERCEIVED DEVELOPMENT DEFICIENCIES AT THE SUBJECT SITES

Type of Perceived Development Deficiency	Responses	
	Number	Percent
Site Characteristics	25	37.9
Utilities Improvements Needed	12	18.2
Rezoning Needed	9	13.6
Area Was Not Well-Known	3	4.5
Existing Building Needed Remodeling	3	4.5
High Land Cost	2	3.0
Traffic Congestion in Vicinity	1	1.5
Traffic Light Needed Near Site	1	1.5
Rental Difficulties	1	1.5
Not Sure	2	3.0
No Deficiencies	7	10.6
Total Responses*	66*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

TABLE IX-19

FINANCIAL ARRANGEMENTS MADE BY THE FIRMS
REGARDING THE SUBJECT ENTERPRISES

Type of Financial Arrangement Made by the Firm	Responses	
	Number	Percent
Purchased Raw Land and Constructed Its Own Building(s)	30	61.2
Negotiated a Sale-Leaseback	8	16.3
Leased a Building Constructed to Suit the Firm	3	6.1
Purchased Raw Land and Leased a Building Constructed by Someone Else to Suit the Firm	2	4.1
Leased an Existing Building	2	4.1
Firm Constructed the Shell and Tenants Advised or Undertook the Completion of the Interiors	2	4.1
Purchased Both Land and Building(s)	1	2.0
Negotiated a Sale-Buyback	1	2.0
Total Responses*	49*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

Project Development Timetable

Several types of information were sought pertaining to the project development timetable for the subject commercial enterprises. These included the degree of completeness of the enterprises, the year that the property was acquired, the year construction began or building space was leased, the year of completion, the opening date, the date the first tenant (if applicable) occupied space within the enterprise, and the timing of development decisions relative to Cumberland Mall. Some information was sought only for commercial complexes. The timing of these development activities was thought to have some bearing on the nature of the perceptions held by the respective entrepreneurs toward the phenomena that have occurred within the study area.

Degree of completeness. All but two of the commercial complexes within the study area had at least the first phase of the project completed by March 1981. The two that were not completed at that time were Riverview Village Shopping Center and the Atlanta Galleria. Most of the other commercial complexes had been developed in several phases. Of these, about half had their final phase completed, while expansion of the other half via an additional phase was still a future possibility. The developers of these commercial complexes had apparently chosen to construct their enterprises in phases as a response to continual improving market conditions and the steady absorption of available tenant space within these complexes. Phasing of development was also wise from the financial standpoints of

the firms. Sufficient land was available for the expansion of some of the commercial complexes, particularly Circle 75 Office Park and Akers Mill Square Shopping Center. Expansion activities did occur at both of these complexes in 1983.

Year property was acquired. The year the property was acquired referred to either the purchase of the land or the signing of a contract to lease or obtain the property by some means. Sixteen of the forty-three interviewees stated that the property for the subject enterprises was acquired by their firms prior to 1973 (the year Cumberland Mall was opened), as shown in Table IX-20. Half of the commercial complex interviewees fell into this group. Land was held for speculative purposes for several years, then development of the existing enterprises began in phases as warranted by economic conditions. Restaurant properties tended to be acquired later than properties for other types of commercial enterprises. This could perhaps have been due to the fact that restaurants usually require relatively small tracts of land, thereby improving the chances of finding suitable sites, as well as the desirability of studying travel patterns over the years to determine the adequacy of potential business for the restaurants.

Year construction began or building space was leased. A comparison of Tables IX-20 and IX-21 reveals that 10 of the 16 firms that had acquired the subject properties prior to 1973 went ahead and developed the subject commercial enterprises, while the remaining six firms waited until after 1973 to develop their enterprises. Those

TABLE IX-20

YEAR THE PROPERTIES WERE ACQUIRED BY THE FIRMS

Year Property Was Acquired	Firms	
	Number	Percent
Prior to 1973	16	37.2
1973	2	4.7
1974	4	9.3
1975	0	---
1976	4	9.3
1977	2	4.7
1978	2	4.7
1979	8	18.6
1980	4	9.3
Not sure	1	2.3
Total Responses	43	100.0*

*Does not total exactly to 100.0 percent due to rounding.

TABLE IX-21

YEAR THAT CONSTRUCTION BEGAN FOR THE ENTERPRISES

Year That Construction Began	Enterprises	
	Number	Percent
Prior to 1973	10	23.3
1973	4	9.3
1974	4	9.3
1975	3	7.0
1976	2	4.7
1977	4	9.3
1978	1	2.3
1979	10	23.3
1980	5	11.6
Total Responses	43	100.0*

*Does not total exactly to 100.0 percent due to rounding.

enterprises that were built before 1973 were either isolated strip commercial establishments, or, in a few instances, the first phase of particular commercial complexes. Strip commercial establishments were generally constructed later than the other categories of commercial enterprises, which gives possible support to the statements made on their behalf that well-established markets were preferred for strip commercial establishments.

Year of completion. Commercial complex interviewees only were asked about the date of project completion due to phasing considerations. The completion years seemed to be evenly spread out over the period 1972-1980. Three of the commercial complexes were not expected to be completed until after 1981.

Opening date. In most instances, the commercial enterprises were officially opened by their firms within a few months after their completion. For those firms that leased an existing tenant space, the businesses were opened as soon as they could move into the leased spaces.

Date the first tenant occupied space within the commercial complexes. The dates the first tenant occupied space within the commercial complexes were found to be nearly coincident with the opening dates for these enterprises. The shopping centers were regarded as being opened for business when the anchor tenants were ready to open their doors, even though, in some cases (as may be expected), the other tenant spaces remained unleased and unoccupied.

Timing of development decisions relative to Cumberland Mall. The vast majority of the subject commercial enterprises were opened for business after Cumberland Mall had been built (see Table IX-22). A few enterprises were developed at about the same time as the mall. Those which were built prior to the mall may be considered as isolated development decisions since their existence represented no definite land use pattern.

Firms which opened their businesses before or at about the same time as Cumberland mall could have been influenced to do so by the presence or awareness of the coming of the mall. Approximately one-third of the firms, as indicated by the data in Table IX-23, were in this position. One bank interviewee explained how the knowledge of the coming of the mall was a large determinant in the decision made by the firm to construct the bank within the study area:

> [The knowledge that Cumberland Mall would be built in that area influenced the firm's development plans for the bank] a good bit. . . . If we didn't think that [area] wasn't [sic] going to develop pretty much like it was, or was 10, 15 years away, we wouldn't have gone over there. But we were confident that it was going to develop, because of this regional shopping center that was going to come in. And Richway had already come out there, and Treasure Island [discount center]; and those people were pretty good on knowing where to go. And I guess [that] just living there, it's the feeling you get about an area.

This interviewee seemed to be saying that if the market of the vicinity was strong enough to support a regional shopping mall, it should certainly be able to support the proposed bank. Furthermore, the mall was anticipated to bring in even more potential business for the enterprise than was currently available.

TABLE IX-22

TIMING OF OPENING DATE OF ENTERPRISES RELATIVE TO THE MALL

Timing of Opening Date Relative to the Mall	Enterprises	
	Number	Percent
Before the Mall	7	16.3
After the Mall	30	69.8
About the Same Time as the Mall	6	13.9
Total Responses	43	100.0

TABLE IX-23

FIRMS' AWARENESS OF PLANS FOR THE MALL WHEN THE LOCATIONAL DECISIONS FOR THE SUBJECT ENTERPRISES WERE MADE

Awareness of the Firm of the Mall's Plans Prior to Locating the Subject Enterprise	Firms	
	Number	Percent
Yes	9	20.9
No	4	9.3
Firm Owned Site Prior to the Mall but Opened Business After the Mall	2	4.7
N/A--Site Acquired and Business Opened After the Mall	27	62.8
Not Sure	1	3.3
Total Responses	43	100.0

Summary

This section of the chapter provided general background information on the commercial enterprises for which interviews were conducted. A great variation in size existed among the enterprises according to the type of operations to be carried out. The development issues addressed generally included the assembly of a few tracts of land involving just a few property owners, rezoning of the land from a residential to a commercial zoning designation, site work, and utilities extensions. Most of the firms were seen to have made financial arrangements whereby the firm both purchased the property and took responsibility for constructing the establishment. It was noted that expansion is a future possibility for two of the commercial complexes. Quite a few firms had purchased the land for their subject enterprises prior to the development of Cumberland Mall, but did not build until after the mall was constructed. Strip commercial establishments tended to be built during the latter part of the study period. The majority of the subject enterprises were constructed after the mall, while a few opened at about the same time as Cumberland Mall. Many of the firms that had built their enterprises around the same time as the mall was developed or soon after it opened were aware of the plans for the mall at the time that the locational and site selection decisions were made for the subject enterprises. Several interviewees regarded the plans for Cumberland Mall as influential to the firms in making these decisions.

F. THE DECISION-MAKING PROCESS APPLIED BY THE FIRMS FOR THE SUBJECT COMMERCIAL ENTERPRISES AND THE INFLUENCE OF CUMBERLAND MALL

This section of the chapter provides a detailed review of the decision-making process utilized by the entrepreneurs regarding the selected sample of commercial enterprises, and identifies the nature and magnitude of influence of the plans for or presence of Cumberland Mall. The steps leading up to the development decisions for the subject commercial enterprises are traced and the factors considered in these decisions are identified.

Ten subheadings and a summary comprise the discussion. The initial knowledge of and interest in the subject properties by the firms are first reviewed, as well as an identification of the source of responsibility for the decision-making and the initial motives of the firms in acquiring these properties. Historical perceptions held by the entrepreneurs about development conditions and land values in general within the study area are then identified, along with an assessment of the influence of these perceptions on the decision-making processes applied to the subject commercial enterprises. The methods used by the firms to evaluate the business potentials of the subject sites are identified. Probably the most important subject areas in this section are the factors considered by the entrepreneurs in the locational and site selection decisions for the subject enterprises, and the extent of the influence of Cumberland Mall on the decision-making processes used by the firms for the commercial

enterprises they developed within the study area. Finally, the other locations and sites that were considered by the firms for the subject businesses are examined.

Initial Knowledge of the Subject Properties

The firms learned about the subject properties through several methods. The responses given were similar to those cited by the interviewees in regard to the methods typically utilized by the firms in becoming aware of the availability of certain sites for commercial development. Table IX-24, similar to Table IX-8 (p. 346), indicates that the two most popular methods for learning about prospective sites for the subject enterprises were the reliance of the firms on their prior familiarity with the area being considered, and the undertaking of active searches for suitable sites. Realtors and market consultants were contacted by several firms, while others reacted to presentations or other means of publicity for certain sites. In contrast to the usual approaches taken by the firms in their locational and site selection processes, there was less reliance on business publications and chambers of commerce in obtaining property recommendations. Perhaps the entrepreneurs preferred to have a more direct means of contact with persons employed in some aspect of the real estate development industry at the local level.

The fact that many of the firms operated out of regional offices in metropolitan Atlanta could explain why many of the entrepreneurs were already familiar with the area. Over half of the strip commercial establishment interviewees, however, stated that their

TABLE IX-24

METHODS USED TO LEARN ABOUT THE SUBJECT PROPERTIES

Types of Methods Used to Learn About the Subject Properties	Responses	
	Number	Percent
Already Familiar With the Area	14	19.4
Engaged in an Active Search	13	18.1
Through Realtors	9	12.0
Through a Presentation	6	8.3
Through Publicity of the Site	5	6.9
Through Market Analysis Consultants	4	5.6
Firm Already Owned the Property	3	4.2
Firm Was Offered a Deal	3	4.2
Through Business Publications	2	2.8
Prospective Anchor Tenants Approached Firm	3	4.2
Firm Approached Prospective Anchor Tenants	2	2.8
Accidental Discovery	2	2.8
Through the Chamber of Commerce	1	1.4
Referred by Contacts	1	1.4
Headquarters Wanted a Business There	1	1.4
Not Sure	3	4.2
Total Responses	72*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

firms had engaged in an active search for a site. This could be tied in with the concept of franchises, whereby the firm desires to saturate a market area with its establishments, thus seeks to have a rather even distribution of establishments over the market area. Once a general location is chosen, the next task is to pinpoint an appropriate site.

Initial Interest in the Subject Properties

Interviewees were asked to identify the factors that caused their firms to first become interested in the subject properties once they were aware of the availability of these properties for development. These were the factors which first evoked the attention of the firms, and may not necessarily have been the determinant factors in the locational and site selection decisions, as will be discussed later in this section of the chapter.

As indicated in Table IX-25, the three most commonly-mentioned responses were: 1) the presence or anticipation of a high traffic volume on Cobb Parkway; 2) the presence or anticipation of Cumberland Mall; and 3) a general feeling that the vicinity was a good area for commercial development. These responses were prominent in all three categories of commercial enterprises. In addition, there seemed to be a link between these three factors. That is, the author deduced from the responses that the entrepreneurs perceived the study area as already highly desirable from a market standpoint due to its demographic and accessibility characteristics, and this situation was augmented by Cumberland Mall, which gave prestige to the vicinity and

TABLE IX-25

FACTORS THAT INITIALLY AROUSED THE INTEREST OF THE FIRMS IN THE SUBJECT PROPERTIES

Factors Arousing the Initial Interest of the Firms in the Subject Properties	Responses	
	Number	Percent
High Traffic Volumes on Cobb Parkway	20	17.1
Presence or Anticipation of the Mall	17	14.5
Good Accessibility in the Vicinity	14	12.0
Perceived as a Good Area in General	10	8.5
Population Growth of the Area	7	6.0
Demand for Subject Enterprise in the Area	7	6.0
Residential Areas Nearby	5	4.3
Buying Power of the Trade Area Population	4	3.4
Desirable Site Characteristics	4	3.4
Much Commercial Development Present Already	3	2.6
Desire to "Jump on the Bandwagon"	3	2.6
Firm Already Owned the Property	3	2.6
Visibility Factors	2	1.7
Office Parks Nearby	2	1.7
Potentials for Agglomeration Economics	2	1.7
Other Factors	13	11.1
Not Sure	1	0.9
Total Responses*	117*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

brought in the traffic that was necessary to ensure the success of the subject enterprises.

Several of the firms representing strip commercial establishments apparently had been monitoring the study area for years before Cumberland Mall was developed, and had been waiting for just the right time to enter the market, as indicated by the responses listed below. They probably felt that the stage was set for a commercial development boom in the vicinity, but that it needed the introduction of some large project which would "open up" the area to development. Cumberland Mall was perceived to be the catalyst that the firms had been waiting for:

> We knew what was going to be happening over there on the Cobb Parkway corridor. . . . We knew that one of these developments [(Cumberland Mall or the once-proposed Cousins Properties Mall)] was going to become a reality. . . . that corridor was going to develop anyway. . . .
>
> [We became interested in the area] because of the growth potential in that area; because of the mall. And that's a hot strip [(Cobb Parkway)] anyway. But the mall was really the icing on the cake. . . . If you've got a good retail area already, the mall is just icing on the cake.
>
> That's [(the development of Cumberland Mall)] what caused me to look down here.

As the study area developed after the mall was built, entrepreneurs became anxious to partake of the perceived vast market potential there, and felt that it was essential that their firms be represented within the vicinity:

> We had been looking to get into the Cumberland Mall market for a long time [(four years)].

> [We entered the market] primarily [because of] our need to locate in that area. . . . we felt that it was a good market area to be tapped . . . it was basically an unserved market.

Several strip commercial establishment interviewees attributed the desirability of the corridor to the traffic brought in by Cumberland Mall.

> U.S. 41 is a highly-trafficked artery.

> [The area] had thirty-some thousand cars a day on [U.S.] 41; it was near Cumberland Mall. It didn't take a real genius to figure out that it was a good location.

> I felt it would be wise to be on U.S. 41 and [be] as close to Cumberland Mall as possible [to benefit from the traffic it generated].

> The regional mall, of course, was the biggest single factor [in arousing our interest in the area]. . . . That's the best destination point you could be close to, because it generates the most traffic of the type you're interested in [i.e., impulse business generated by traffic from a major activity center].

The perception of good accessibility in the vicinity due to the presence of I-285 also received frequent mention as a desirable study area characteristic. This may, again, be tied to the need of retail establishments for a high volume of potential shopper traffic, and the desire of office park tenants to be conveniently located with respect to their employees.

Sources of Responsibility for Subject Site Recommendations and Final Decisions

The source of responsibility for recommending the appropriate site was fairly evenly distributed among the owner of the business,

the regional office, and the headquarters office, while the final decision-making was more commonly made by the headquarters office. These findings are delineated in Tables IX-26 and IX-27. The recommendations and final decisions for the strip commercial establishments tended to be made by the owner. This was true for those firms which were smaller, nonfranchise operations. These responses were comparable with those given by the firms in reference to their general policies on location and site selection.

Initial Motive for Acquiring the Subject Properties

The initial interest expressed by the firms in their subject properties was translated into the actions of property acquisition (whether by outright purchase of the land, leasing, or some other type of financial arrangement). From Table IX-28 it can be seen that the vast majority of interviewees stated that their firms acquired the properties specifically for the purpose of placing the subject enterprise there. These firms thus had definite and immediate purposes in mind when they acquired the sites, indicating a reasonable certainty about the future market prospects of the study area.

Historical Perceptions on Development Within the Study Area

The perceptions held by the entrepreneurs of the study area prior to the opening of their enterprises there had much influence on their firms' decisions to locate these enterprises within the study area. In addition, these perceptions may have changed slightly between the time the firm acquired the property and the time that the

TABLE IX-26

SOURCE OF RESPONSIBILITY FOR SUBJECT SITE RECOMMENDATIONS

Source of Responsibility for Subject Site Recommendations	Firms	
	Number	Percent
The Owner	12	27.9
The Regional Office	12	27.9
The Headquarters Office	11	25.6
Prospective Anchor Tenants	3	7.0
Market Analysis Consultants	2	4.7
The Franchisee	1	2.3
Not Sure	2	4.7
Total Responses	43	100.0*

*Does not total exactly 100.0 percent due to rounding.

TABLE IX-27

SOURCE OF RESPONSIBILITY FOR SUBJECT SITE FINAL DECISIONS

Source of Responsibility for Subject Site Final Decisions	Firms	
	Number	Percent
The Headquarters Office	21	48.8
The Owner	12	27.9
The Regional Office	7	16.3
The Franchisee	1	2.3
Not Sure	2	4.7
Total Responses	43	100.0

TABLE IX-28

INITIAL MOTIVES FOR ACQUIRING THE SUBJECT PROPERTIES

Initial Motive for Acquiring the Subject Property	Firms	
	Number	Percent
Acquired with Intent to Open the Subject Enterprise Shortly Thereafter	33	76.6
Acquired with Intent to Open at a Specified Date Some Other Type of Development Than Exists	3	7.0
Acquired with Intent to Open at a Specified Future Date (Long-Range) the Subject Type of Enterprise	1	2.3
Acquired for Future Development as the Subject Type of Enterprise, When Conditions Became Favorable	1	2.3
Acquired for Undetermined Future Development, When Conditions Became Favorable	1	2.3
Acquired for General Investment Purposes	1	2.3
Not Sure	1	2.3
Total Responses	43	100.0*

*Does not total exactly 100.0 percent due to rounding.

development decision was made, in those instances in which these two actions were not made simultaneously by the firm.

Perceptions held at the time the firms acquired the properties. The perceptions held by the entrepreneurs at the time the firms acquired the properties varied according to the year that these actions occurred. Those entrepreneurs which developed their enterprises before or around the same time that Cumberland Mall was built gave responses that described the existing conditions of that time. The interviewees mentioned the facts that the area was rural and largely undeveloped, with I-285 and the mall not yet existing or recently completed. Other observations were that Cobb Parkway had not yet been widened and the construction of office parks in the vicinity had just begun. In general, development within the area was "embryonic," and it was "a guess as to what would happen."

Despite these expressed uncertainties about the manner and speed with which development would occur within the study area, the firms had enough faith in the future prospects of the vicinity to justify making a real estate commitment there. The responses below are evidence of this faith:

> [The area was] up and coming and growing.
>
> I think that the [U.S.] Highway 41 corridor . . . was obviously going to be a strong growth area; particularly evident after Cumberland [Mall] was built. . . . I would say that we were very bullish on the entire area.
>
> We knew it [(Cumberland Mall)] was going to be good [for the development of the area], but we had no idea it would reach so many people as it has pulled in.

As the study area further developed, those firms that had acquired their properties later during the study period held perceptions reflecting this development:

> [The study area was] a suburban growth area with heavy concentrations of commercial establishments, . . . heavy traffic flows, and excellent drawing capability.
>
> Every week you would see a new construction going on up and down [U.S.] Highway 41.
>
> [It was] the finest area in Atlanta, if not in the Southeast.

Perceptions on study area development held at the time the firms made the development decisions for the subject enterprises. For those firms that had acquired their properties prior to the construction of Cumberland Mall and/or made the development decisions for their enterprises by 1975, the strong influence of the mall on these decisions was clearly evident. The responses of the interviewees implied that the mall was the catalyst for the development of the study area in general due to the large investment that a regional shopping mall represents. Cumberland Mall was also perceived as the catalyst of much commercial development in an area previously earmarked for residential construction.

> The opening of Cumberland Mall dramatically changed the complexion of the area. . . .
>
> A lot of the mystery [of the area] was out of it by the time [(1975)] we decided to build. . . .
>
> . . . as commercial development occurred in the Cumberland Mall area, I think that it gradually changed our minds from building any more apartment units on the site, to going ahead with a retail establishment [i.e., a shopping center].

> When I first bought it [(property for the subject enterprise)] I had a lot of people tell me I was making a mistake . . . a year later, though, a superior said, "You know, I thought you was [sic] an idiot when you opened out there . . . Now, I believe if you told me you could walk on water, I'd believe it."

Historical Perceptions on Land Values Within the Study Area and Their Relation to the Decision-Making Processes for the Subject Enterprises

The land values within the study area have increased "dramatically" since 1972, according to several commercial complex interviewees. The general explanation for this phenomenon was that "the area became a major regional activity center with its own momentum." The more specific elements responsible were attributable to four types of factors: 1) transportation; 2) development activity; 3) market characteristics; and 4) general economic conditions.

The transportation factors mentioned as influencing land value increases within the study area were the completion of I-285, the proximity of I-75, the widening of Cobb Parkway, and the greater traffic volumes carried by Cobb Parkway. These factors yielded greater accessibility and visibility for properties within the study area.

The proliferation of new development within the study area was perceived as a continuing trend that should be capitalized on by landowners, who sought increased prices for their properties. The greater demand for land around Cumberland Mall resulted in an increase in the land values.

Market characteristics also were perceived as influencing land value increases. The population growth and residential development

occurring within the vicinity were described in Chapter VII. Because of these phenomena, retail entrepreneurs apparently envisioned a much greater demand for their goods and services, while office park firms could draw upon the new populace for employment. The firms could therefore benefit immensely by being located near these built-up residential areas.

Inflation and a trend toward higher land rents were regarded as a fourth type of factor leading to land value increases within the study area. Speculative landowners, the author reasons, realized that they could seek higher prices for their properties in order to cover increased personal expenses and/or expenses of the firm. The tremendous commercialization of the study area enhanced the prospects for selling these properties due to the greater demand for them, thus the entrepreneurs seized the opportunity to sell their lands at substantial profits.

Cumberland Mall was regarded as "the major reason" for land value increases in the periphery, probably because the entrepreneurs felt it would ensure the economic viability of the vicinity. Other entrepreneurs could therefore benefit from locating their enterprises near the mall, and this increased demand for sites within the periphery drove up the land values:

> . . . there's no better catalyst for making things [(real estate development)] happen than a regional shopping mall.
>
> The opening of Cumberland Mall . . . dramatically affected not only the nature of the area but the cost of property in surrounding areas. . . . "I'm sure that when that project was announced, [at] all the quadrants of the [I-285/Cobb Parkway] intersection land costs began to increase substantially.

> Probably when the mall was announced, the land costs started to accelerate . . . everybody who owns property in the vicinity of it certainly feels like it's appreciated in value.

The increases in land values within the study area had some influence on the entrepreneurs' decisions pertaining to the subject commercial enterprises. One interviewee stated that the firm realized that the area would develop, and wanted to purchase land while it was still relatively inexpensive. A few firms which had acquired their sites some time before they decided to build noticed a substantial increase in the value of their properties in the interim. Most interviewees, however, were unsure of the relationship between the increasing land values within the study area, and their firms' decisions relative to the subject enterprises.

Evaluation of the Business Potentials of the Subject Properties

Several types of methods were used by the firms to evaluate the business potentials of the subject properties. The four types of methods that received the most mention were used by a considerable number of firms representing all categories of commercial enterprises. As indicated in Table IX-29, the most common type of method used was a comparison with other sites. That is, the entrepreneurs found other properties similar to the subject properties (in terms of location, market characteristics, and the type of commercial enterprises erected upon them) and observed the relative successes of the businesses that existed on them. Other firms, particularly commercial complexes and franchisors, relied on judgment and their past experiences along these lines. Feasibility studies and formal market analyses were other

TABLE IX-29

METHODS USED BY THE FIRMS TO EVALUATE THE BUSINESS POTENTIALS OF THE SUBJECT PROPERTIES

Type of Method Used to Evaluate the Business Potential of the Subject Property	Responses	
	Number	Percent
Comparison with Other Sites	29	32.6
Based on Judgment and Experience	22	24.7
Feasibility Study by the Firm	20	22.5
Formal Market Analysis	10	11.2
Firm Already Owned the Property	2	2.2
Study Done by Anchor Tenant	1	1.1
Study Done by Headquarters	1	1.1
Consulted Demographic Data	1	1.1
Not Sure	3	3.4
Total Responses	89*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

types of methods used, particularly for commercial complexes and for those enterprises that came to the study area during the early stages of its development. Due to the relatively large investments they represented, commercial complexes required considerable market study prior to development. Firms that had located their enterprises on the subject properties soon after Cumberland Mall was built needed some assurance that the study area could support other commercial enterprises besides the mall.

Factors Considered in the Locational and Site Selection Decisions for the Subject Enterprises

Several questions in the surveys sought to determine those factors which were considered by the firms in the locational and site selection decisions of the subject enterprises, and to identify the three most important of these factors.

Factors mentioned. Those factors that were mentioned by the commercial entrepreneurs as receiving consideration in the locational and site selection decisions for the subject commercial enterprises are delineated in Table IX-30. It lists the responses given by all the interviewees in order to show the frequency of each response, and identifies these responses by category of commercial enterprise interviewee for the purpose of noting any differences among the enterprises. This is similar to Table IX-10 (p. 350), which presented the responses given by the interviewees regarding the types of factors considered by their firms for locational and site selection decisions

TABLE IX-30

FACTORS CONSIDERED IN LOCATIONAL AND SITE SELECTION DECISIONS FOR THE SUBJECT COMMERCIAL ENTERPRISES: FACTORS MENTIONED

Types of Factors Considered in Locational and Site Selection Decisions for the Subject Commercial Enterprises	Factors Mentioned by Commercial Enterprise Category							
	Commercial Complexes		Freestanding Establishments/ Anchor Tenants		Strip Commercial Establishments		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Near Residential Areas	10	8.8	5	8.2	19	7.1	34	7.7
Growing Area of Atlanta	11	9.7	5	8.2	16	6.0	32	7.3
Near Major Highways	8	7.1	4	6.6	19	7.1	31	7.0
Specific Part of Atlanta	8	7.1	5	8.2	16	6.0	29	6.6
Specific City or Region	6	5.3	5	8.2	18	6.8	29	6.6
Presence or Coming of Cumberland Mall	5	4.4	5	8.2	18	6.8	28	6.4
Populous Area of Atlanta	6	5.3	5	8.2	14	5.3	25	5.7
High Traffic Volume in Study Area	4	3.5	3	4.9	18	6.8	25	5.7
Population Buying Power	4	3.5	4	6.6	15	5.6	23	5.2
Presence of Other Commercial Development in Study Area	4	3.5	3	4.9	14	5.3	21	4.8
Favorable Business Climate	4	3.5	1	1.6	11	4.1	16	3.6
Previous Success of Firm in Atlanta	2	1.8	5	8.2	9	3.4	16	3.6
Purchase or Lease Price of Property	3	2.7	-	-	11	4.1	14	3.2
Trade Area Size	3	2.7	4	6.6	5	1.9	12	2.7

TABLE IX-30 (continued)

Types of Factors Considered in Locational and Site Selection Decisions for the Subject Commercial Enterprises	Factors Mentioned by Commercial Enterprise Category							
	Commercial Complexes		Freestanding Establishments/ Anchor Tenants		Strip Commercial Establishments		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Presence of Shopping Centers in Study Area	2	1.8	1	1.6	9	3.4	12	2.7
Presence of Office Parks in Study Area	1	0.9	1	1.6	10	3.8	12	2.7
Site Characteristics	4	3.5	-	-	7	2.6	11	2.5
Near Major Activity Centers	1	0.9	-	-	5	1.9	6	1.4
Demand for Enterprises in Study Area	3	2.7	-	-	3	1.1	6	1.4
Firm Was Offered a Good Deal	2	1.8	1	1.6	3	1.1	6	1.4
Firm Already Owned the Property	4	3.5	1	1.6	-	-	5	1.1
Dictates of Prospective Anchor Tenants	5	4.4	-	-	-	-	5	1.1
Visibility Factors	-	-	1	1.6	4	1.5	5	1.1
Knew Area Would Develop	-	-	-	-	4	1.5	4	0.9
Social/Cultural Factors	-	-	-	-	4	1.5	4	0.9
Site Was Highly Recommended	2	1.8	-	-	2	0.8	4	0.9
Knew It Was a Good Area	3	2.7	-	-	-	-	3	0.7

TABLE IX-30 (continued)

Types of Factors Considered in Locational and Site Selection Decisions for the Subject Commercial Enterprises	Factors Mentioned by Commercial Enterprise Category							
	Commercial Complexes		Freestanding Establishments/ Anchor Tenants		Strip Commercial Establishments		Total	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Similar Enterprises Were Doing Well There	2	1.8	-	-	1	0.4	3	0.7
Presence of Amenities	1	0.9	-	-	2	0.8	3	0.7
Zoning Factors	1	0.9	-	-	2	0.8	3	0.7
Taxation Factors	-	-	-	-	2	0.8	2	0.5
Government Policies and Inducements	-	-	-	-	2	0.8	2	0.5
Large Labor Supply	-	-	1	1.6	1	0.4	2	0.5
Utilities Factors	-	-	1	1.6	-	-	1	0.2
Demographic Characteristics	1	0.9	-	-	-	-	1	0.2
Relocation of Store to a Larger Site	1	0.9	-	-	-	-	1	0.2
Desires of Franchisor	-	-	-	-	1	0.4	1	0.2
Particularities of Business	-	-	-	-	1	0.4	1	0.2
No Mystery to Area	1	0.9	-	-	-	-	1	0.2
Not Sure	1	0.9	-	-	-	-	1	0.2
Total Responses*	113*	100.0**	61*	100.0**	266*	100.0**	440*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

with respect to all commercial enterprises developed by the firms in general.

As indicated in Table IX-30, several factors received frequent mention as being considered by the firms in their locational and site selection decisions for the subject commercial enterprises. The type of factor that was most often mentioned was a proximity to residential areas. For retail businesses, this was important in order to ensure a sufficient volume of customers within a certain distance. The population density of those residential areas was of particular concern. In addition, a relatively large trade area population was more likely to contain those demographic elements that were desirable for the subject enterprises (regarding buying power, age groups, consumer tastes, etc.).

Four similar factors were commonly-mentioned as being considered by the firms. These were: 1) location within a growing area; 2) location within a specific part of Atlanta; 3) location within a specific city or region; and 4) location within a populous area of Atlanta. As previously stated, some entrepreneurs were already familiar with the Atlanta market and/or had prior success in the area, which encouraged them to select sites located within metropolitan Atlanta. In addition, these entrepreneurs took notice of the growing areas of the city, and thought that it would be prudent to locate their new enterprises within these areas. The study area was a part of one such growth area.

> . . . the whole city had a tremendous North-to-Northwest growth developing; it was expected, and by all good judgments

> of everybody, the Northwest area would be the fastest-growing area, say from 1976 on, . . . and it's proved out to be so.

Transportation factors were also high on the list of factors considered. The proximity to three major highways (I-75, I-285, and U.S. 41/Cobb Parkway) provided excellent accessibility and visibility to sites found within the study area. I-285 was referred to as a "golden ribbon." Feeder roads (such as Windy Hill Road, Smyrna-Roswell Road, New Spring Road, and Vinings-Paces Mill Road) brought people into the study area from nearby residential areas and this traffic was collected on Cobb Parkway, as evidenced by its high traffic counts (as documented in Chapter VIII). According to one interviewee: "I would not have looked at this area if it didn't have the traffic flows [that it does]." Much of this traffic was perceived to be generated by Cumberland Mall, which could be drawn to the subject retail enterprises as impulse business.

The type of transportation facilities existing within the study area also influenced the amount of traffic present and the relative convenience for potential shoppers to reach the establishments:

> The influence of my location there was really the traffic on the Four Lane [(Cobb Parkway)] as well as the off-ramp facility of I-285, the northbound corridor. They [(local public officials)] had begun to widen [U.S.] Highway 41 [prior to the construction of the mall], increasing it by two lanes, and that's what brought me out here.

Certain strip commercial establishments preferred to be located on one side of the street as opposed to the other. This was due to the nature of their business and customer habits. For instance,

restaurants serving breakfast preferred to be located on the going-to-work side of Cobb Parkway (this is assumed to be the west side, since a substantial number of Cobb County residents travel south to work in downtown Atlanta), while banks, gas stations, and automobile dealerships preferred to be located on the going-home side of the street (the east side of Cobb Parkway) in order to capture business during lunchtime and after work.

The announcement of plans for Cumberland Mall before its development was a strong inducement for firms to locate their enterprises within the study area, according to many of the interviewees. One gas station interviewee put it bluntly: "The fact that a regional mall was going to be there was why we selected the site." A similar response was given by a sales and service interviewee: "That's what caused me to look down here." Both of these entrepreneurs probably envisioned high volumes of business for their establishments as a result of customer traffic generated by Cumberland Mall. Many firms approached the landowners of properties within the study area to purchase sites soon after hearing of the plans for the mall. Some entrepreneurs looked forward to the coming of the mall with a great anticipation of the benefits it would bring:

> I just had a feeling that the mall was going to be a great success . . . and it was billed to be the largest in the state, too. And it was in my county, and I knew that Cobb County was growing so rapidly, . . .

This interviewee apparently regarded the development of Cumberland Mall as a product of a growth trend already begun in Cobb County, and

also viewed its coming as a stimulus to even further growth. That is, "the mall made the difference." Other firms built their enterprises after the mall was in existence, and did so precisely because the mall was there. The success of the mall, in the opinion of one entrepreneur, was an indication that the study area had a "proven track record." This helped allay any lingering uncertainties of the firms about the risks of locating their enterprises within the study area. As a result, the remaining undeveloped land within the periphery of the mall got "grabbed up pretty quick[ly]."

Cumberland Mall was perceived by the entrepreneurs as being responsible for inducing the development of many other commercial enterprises within its periphery, which in turn were also beneficial to the subject enterprises via agglomeration economies. A regional shopping mall was thought to "breed" such commercial development. Strip commercial establishments were counting on people who had come to the study area to visit the mall to also stop by their establishments. Office parks benefited by their locations near the mall since their employees could shop there during lunch or after work.

Other responses given by the interviewees were indicative of beliefs that the study area was a very strong market for commercial development overall, due to many factors. The entrepreneurs felt that it was a good area at the time they acquired their properties and also held much faith in its future potential for commercial development. An office park entrepreneur stated that if the market was good for one type of business (presumably referring to Cumberland Mall), it most likely would be good for other types of real estate development due to

its excellent demographic and accessibility characteristics. Such a great location, declared one shopping center entrepreneur, would have justified any excessive land costs in the long run. Other reponses gave further support to these ideas:

> [We located the shopping center here because of] the strategic position of that property with respect to population, business, and [the] prospects for [residential and commercial] growth [within the vicinity].

> That area of [I-] 285 and Highway 41 . . . [was] building up so greatly that it was obvious [that] that's where most of the shopping malls, the bigger stores [(large, freestanding retail establishments)] . . . , the traffic-drawing [(generative)] stores, were going to be in that area, so that probably was our dominant motive for looking at that particular area.

Certain strip commercial establishments and freestanding retail enterprises relied on business from a particular type of clientele. Their entrepreneurs therefore examined the market carefully to determine the availability and number of such clientele within the trade area, and the extent of competition, if any, for these clientele. Firms specializing in unusual types of merchandise or services were in this position. The entrepreneurs had to determine the level of demand for these products and services: "I just knew the area personally . . . , and I know my concept, and I knew that my concept would go well in the area." The absence of competition within the vicinity enabled these firms to have "continued exclusivity" on that type of commercial enterprise within the vicinity.

Factors most important. Most of the interviewees had difficulty in naming the factor that was the most important in the

locational and site selection decisions for the subject enterprises. Many interviewees could not even rank the top three factors in proper order. However, the presence or coming of Cumberland Mall was named by most of the interviewees as one of the top three factors considered. The specific nature of the influence of the mall will be discussed in the next section.

Some variation existed among the categories of commercial enterprises regarding the most important factors considered. Commercial complex entrepreneurs seemed to be more concerned with various locational and demographic aspects of the market, as well as the dictates of prospective anchor tenants. Although interviewees representing freestanding and strip commercial establishments regarded locational and demographic factors as being of great importance, they also exhibited much concern over the presence of other commercial enterprises within the study area. The differences in these approaches may be attributed to the generative versus the shared nature of the enterprises comprising each category. Firms representing strip commercial establishments preferred to locate their businesses in areas where they had previous success, or at least in well-established or highly-trafficked areas. As a whole, though, those factors that received top consideration by commercial complex firms were also of great importance to the other types of commercial enterprises, with the latter considering pre-existing development conditions as well.

One interviewee who believed that Cumberland Mall was the most

important factor in the firm's locational and site selection decisions for the subject enterprise gave an elaborate response that provided some meaningful insights into the relative influence of the mall on peripheral commercial development. The indication is that the enterprise (a restaurant) would perhaps have been built within the study area at a later time if the mall did not exist:

> [The enterprise] was built when it was built because of Cumberland Mall. Had not Cumberland Mall come along, my personal opinion is that the network of roads there is such that there would have been other shopping centers, perhaps not as attractive as Cumberland Mall, that would have eventually let us go into that area. There would have been other destination points [(major activity centers)] constructed. But the direct answer to your question is: Yes, that Cumberland Mall was the main factor. We would not have built there when we did had it not been for the fact that Cumberland Mall was going in.

Influence of Cumberland Mall on the Locational and Site Selection Decision for the Subject Enterprises

Interviewees were asked to explain the nature of the influence of Cumberland Mall on the locational and site selection decisions for the subject commercial enterprises. This included a determination of the timing of these decisions relative to the opening of Cumberland Mall, and the influence of the presence or coming of the mall. The specific types of beneficial aspects of the mall, as perceived by the entrepreneurs, were questioned. In addition, entrepreneurs were asked whether their firms would have built the subject enterprises within the study area if Cumberland Mall had not been developed.

Timing of the site selection decisions and the influence of Cumberland Mall. It was important to ascertain the timing of the site selection decisions relative to the development of Cumberland Mall, and then to determine whether the presence or coming of the mall was of significance to the firms in making their site selection decisions. The survey results are portrayed in Table IX-31.

It was evident that 29, or 67 percent of the firms, located their enterprises at those sites because of Cumberland Mall. Some sites were selected before the mall was developed and others were selected afterward. In three instances, the firm selected the site before the mall was developed and constructed the enterprise after the mall was developed.

Almost half of the interviewees stated that their firms selected the sites for the subject enterprises after Cumberland Mall was opened, and that they did so because of the mall's presence. This was true of firms representing all three categories of commercial enterprises. Some firms had interest in the study area before the mall was developed due to its anticipated growth, but waited until after the mall came to acquire a site. One interviewee representing a large, freestanding retail enterprise stated that it was the firm's policy to locate all of their stores within the periphery of a regional shopping mall. Such a policy may be viewed as a complete faith in the potential success of such a location. Many entrepreneurs representing strip commercial establishments viewed Cumberland Mall as not only an economic anchor for the vicinity but also the first major commercial development commitment made within the study area. Many of

TABLE IX-31

TIMING OF ENTREPRENEURIAL SITE SELECTION DECISIONS AND THE INFLUENCE OF CUMBERLAND MALL

Timing of Site Selection Decisions and the Influence of Cumberland Mall	Firms	
	Number	Percent
Site Was Selected After and Because of the Mall's Presence	19	44.2
Site Was Selected Before and In Anticipation of the Mall's Development	7	16.3
Had No Knowledge of Plans for the Mall Prior to Site Selection	5	11.6
Site Was Selected After but Irregardless of the Mall's Presence	5	11.6
Site Was Selected Before the Mall's Development, but Enterprise was Built After and Because of the Mall's Presence	3	7.0
Site Was Selected Before and Irregardless of Plans for the Mall	2	4.7
Site Was Selected After but Only Partially Because of the Mall's Presence	1	2.3
Not Sure	1	2.3
Total Responses	43	100.0

these firms, which operated enterprises that relied on shared business, apparently perceived the mall as that generator from which their enterprise could draw its needed shared business. In this sense, Cumberland Mall could therefore be regarded as a catalyst for this commercial development. Further, since these enterprises were dependent upon the mall for their success, they may be thought of as satellite commercial enterprises. A passage used earlier is also applicable here:

> I knew that it [(the mall)] would draw so many people in the area shopping, that if we just got a percentage of the side-effects, or the "fallout" so to speak, or the overspill of the mall['s traffic], we knew that we could do well as a small store.

Other firms selected their sites before and in anticipation of the development of Cumberland Mall. These firms became interested in the study area because of promising population growth trends and the excellent accessibility already present. They did not make their final decisions, however, until they knew that Cumberland Mall would be the "nucleus" around which other commercial real estate development would occur.

Several firms selected their sites without any knowledge of the coming of Cumberland Mall. Office park entrepreneurs in particular fit into this group. They were presumably acting in response to indications of a population surge (from which the labor force could be derived), as well as the good accessibility and visibility opportunities brought by I-75, I-285, and Cobb Parkway. A few isolated establishments, such as gas stations, were also among this group. These

various locational decisions may be regarded as the first evidence of the commercial development boom to come within the study area. This idea was promulgated by a shopping center anchor tenant, as previously stated:

> I'm sure a lot of things are in this area because of Cumberland Mall. . . . What comes first--the chicken or the egg? . . . People probably moved into the area because they liked it, for whatever reasons. . . . People have to come into an area before a shopping mall will.

In some instances, the site was selected after but irregardless of the mall's presence. Firms in this situation had based their decisions on other factors, such as demographic and accessibility characteristics, and peculiarities to the enterprises. Cumberland Mall was viewed as a bonus, but not necessary to the success of the operation.

Two entrepreneurs selected their sites prior to but irregardless of their knowledge that Cumberland Mall would be constructed. These entrepreneurs were apparently convinced that the market already held enough promise even without a regional shopping mall. It should be pointed out, however, that Carter and Associates also had to have the same convictions about the attractiveness of the market potentials of the study area in order to justify their decision to develop Cumberland Mall there.

Beneficial aspects of the influence of Cumberland Mall on entrepreneurial site selection decisions. Several beneficial aspects of Cumberland Mall to the subject commercial enterprises were

perceived by the firms. These perceptions are delineated in Table IX-32. The most frequent response given was that the mall was beneficial to the subject enterprise because of the traffic it generated or was expected to generate. This response was prevalent among interviewees representing all three categories of enterprises. As nonretail enterprises, office parks would not seem to view traffic generated by the mall as particularly beneficial. A shopping center entrepreneur, however, regarded such traffic as highly desirable:

> We knew that there was always going to be a strong traffic flow up [U.S.] 41 because of Cumberland [Mall] being there; so that gives you comfort.

It should be noted that even though shopping centers are viewed as being generative in nature, they still benefit from a location near a major activity center, particularly near a regional shopping mall (in which case people are already within the vicinity for the purpose of shopping). These shopping centers not only receive their own generative business, but also that business resulting from shoppers who may stop by the shopping center on the way to or from the mall.

The entrepreneurs regarded Cumberland Mall as having other beneficial aspects. It induced the development of other commercial enterprises, which provided the opportunity for agglomeration economics. As agreed by the local public officials, the mall represented an economic anchor to the vicinity. Many interviewees stated that the mall gave prestige to the vicinity, as may be supported by the rapid rise in land values within the study area. Peripheral commercial enterprises benefited from being located within visibility of the

TABLE IX-32

BENEFICIAL ASPECTS OF THE INFLUENCE OF CUMBERLAND MALL ON ENTREPRENEURIAL SITE SELECTION DECISIONS

Type of Beneficial Aspects of the Influence of Cumberland Mall on the Site Selection Decisions	Responses	
	Number	Percent
Traffic Generated by the Mall	28	41.8
The Mall Brought In Similar Enterprises (Agglomeration Economies)	11	16.4
The Mall Anchors the Area Economically	8	11.9
The Mall Made the Area Prestigious and Gave It Identity Through Visibility	8	11.9
The Mall Was Merely "Icing on the Cake" (an Amenity)	2	3.0
Neutral Attitude Toward the Mall	4	6.0
N/A--Had No Knowledge of Plans for the Mall Prior to Site Selection	5	7.5
No Sure	1	1.5
Total Responses*	67*	100.0

*Some interviewees gave more than one response.

mall, and by association were identified with the mall. As observed by the author, many firms used advertising which pointed out the locations of their enterprises as being a certain distance from the mall, and a few entrepreneurs had even incorporated the name "Cumberland" within the names of their businesses.

The influence of Cumberland Mall was regarded as important not only because of these specific attributes, but also in a general sense as related to its location, setting, and timing of development. The mall was the first major enterprise located within a pioneer area, and thus was able to be the first one to capture an untapped market. It set the tone for subsequent commercial development in so doing. The presence of a regional shopping mall near the intersections of three major highways was a double attraction for satellite commercial enterprises. As described in Chapter VII, the economic and demographic characteristics of the Atlanta and Cobb County markets held great promise for accommodating new commercial development. This represented a third source of attraction to peripheral commercial enterprises. And finally, Cumberland Mall was built at the right time relative to the prevailing growth trends. As summarized by a bank executive:

> [Cumberland Mall] was important. Not because it was a mall, but it was a mall at that place. In other words, in that county with the environment that it had at the time that it was being built; a lot of things happened to coincide.

Development of the subject enterprises in absence of Cumberland Mall. Interviewees were asked whether they thought their firms would have developed the subject enterprises at those sites if Cumberland Mall had not been built within the study area. This question sought to further pinpoint the amount of influence the mall had on the locational and site selection decisions for the subject enterprises. The responses are tabulated in Table IX-33 by category of commercial enterprise.

The most frequent response was yes, the enterprise would have been developed there even in absence of Cumberland Mall. The entrepreneurs felt that the vicinity already contained many of the elements they were looking for--a strong market from which to draw shoppers and employees, excellent accessibility, and good visibility. The mall was perceived as being "ahead of its time." It was an additional benefit which had the general impact of accelerating both residential and commercial real estate development within the vicinity. The office parks would have come anyway because of the accessibility, the relatively high demand for new office space within the northwest corridor of metropolitan Atlanta, and the lack of competition from nearby office parks. Some of these ideas were advanced in the following response:

> What we were more concerned about was the other office parks in the area--that there might be too many, or maybe there wasn't enough; we were more concerned about our competition. It was nice Cumberland [Mall] was going in over there . . . (we weren't looking for retail customers); we felt [that] that was a small plus . . . for secretaries to go eat and shop there.

TABLE IX-33

DEVELOPMENT OF THE SUBJECT ENTERPRISES IN THE ABSENCE OF CUMBERLAND MALL

Question: Would the Enterprise Have Been Developed at This Site Even in the Absence of Cumberland Mall? Response:	Response by Category of Commercial Enterprise							
	Commercial Complexes		Freestanding Establishments/ Anchor Tenants		Strip Commercial Establishments		Total Enterprises	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Yes	6	46.2	2	40.0	9	36.0	17	39.5
Probably So	1	7.7	-	-	1	4.0	2	4.7
Possibly	1	7.7	-	-	-	-	1	2.3
Probably Not	-	-	-	-	2	8.0	2	4.7
No	1	7.7	-	-	11	44.0	12	27.9
N/A--Built Before the Mall	2	15.4	-	-	2	8.0	4	9.3
Not Sure	2	15.4	3	60.0	-	-	5	11.6
Total Responses	13	100.0*	5	100.0	25	100.0	43	100.0*

*Does not total exactly 100.0 percent due to rounding.

The retail entrepreneurs responding "yes" felt that the mall was an added attraction to the already-desirable market, but that its existence was not necessary to the success of the business. The mall was the first major commercial development constructed within the study area that took advantage of the desirable market conditions. The interviewees believed that their firms would have still built the subject enterprises in absence of Cumberland Mall, but at a later time when further commercial development had taken place. The quotes below are indicative of this thinking:

> Most likely, we would have developed in that market even if the mall had not come. However, the mall just made it much more attractive, and it may have been the mall that prompted the firm into acting at the time that it did.
>
> Cumberland Mall had a bearing on the site selection, but we would have gone there whether or not Cumberland Mall was there.
>
> We figured that the rest of the [locational and site selection] criteria were in our favor . . . If the mall had not been built, a lot of the other things would not be existing in the area, obviously, because the mall is the pioneer.
>
> I don't know what else would have happened if Cumberland Mall hadn't come. I think the mall there has been the reason for the area developing like it is and as fast as it has. [However,] I think we still would have gone over there because of the office park-type development that was going to go in that area. . . . Because we knew the thing [(the study area)] was going to develop, whether we had a Cumberland Mall going in there or not. Because you were already getting things like Richway, Treasure Island [(discount stores)], [and] Ed Voyles Oldsmobile.

The author thought there was some discrepancy in the responses given to this question and the responses given by the interviewees when they were asked to name the most important factors considered.

In the previous question, the majority of interviewees named the presence or coming of Cumberland Mall as one of the top factors considered in the locational and site selection decisions for the subject commercial enterprises. Here, however, some of the interviewees were saying that their firms would have developed the enterprises at these sites irregardless of the mall. In naming the most important factors, it is possible that the interviewees named those characteristics of the study area that they perceived as beneficial rather than the determining factors in the site selection process. The author also believes that it is doubtful that those strip commercial establishments which relied on shared business or agglomeration economies would have been developed at their sites, because without Cumberland Mall, few, if any, of these enterprises could afford to take the risk of pioneering in the area.

Two interviewees stated that their firms probably would have developed their enterprises within the study area, as indicated by the responses below. Market conditions were perceived as being already favorable:

> The area probably warranted the location of a store.
>
> There's a seventy-five percent chance that we still would have built there. . . . That's almost an ideal location [due to access provided by I-285].
>
> In 1972 it was still somewhat of a pioneer area, but it seemed to have all of the things we were looking for.

The interviewee who responded that the firm "probably" would have built there was less certain that the market was ripe for commercial development:

> Possibly, because of the access. But maybe not in the same time frame. It may have been several more years before the area would have come along, where we would feel like this was a good deal.

Other entrepreneurs felt that they probably would not have developed their enterprises in the absence of Cumberland Mall because without the mall, little commercial development would have occurred. The interviewees seemed to be fairly strong in their convictions:

> I think that [the absence of Cumberland Mall] probably would have had a serious [negative] impact on this whole area; who knows?
>
> [The firm owned the property prior to the construction of the mall, but waited until after the mall came to develop the enterprise.] They [(the firm)] might have waited until the mall had developed, waiting for more of the building that came later, after the mall. . . . But it kind of stood to reason that if the people were coming (the private homes . . .), we felt sure that the mall would become a reality because it just was in the cards at that time.
>
> The mall certainly drew my attention to the area. . . .

Eleven of the twelve interviewees who declared emphatically that their firms would not have opened the subject enterprises at the existing sites without Cumberland mall being nearby represented strip commercial establishments. The responses indicated that these enterprises were highly dependent upon traffic from the mall as a source of potential business, and also needed the presence of the mall for identity purposes. The interviewees insisted that the study area "just would have lacked . . . a major activity generator" to draw traffic, and that no other commercial enterprises would have been

built within the study area "because there just wouldn't be a trading area" without the mall. According to two restaurant entrepreneurs:

> I doubt it [(that we would have located the restaurant here in absence of the mall)]. I doubt that the whole area would have developed had Cumberland mall not been there. . . . The mall brings business to the area. . . . We have kind of developed our own trade now [(presumably through advertising and by word of mouth)], but I think the fact that we were out at [(located within)] the area of the mall helped our exposure.

> . . . most of what is there [(existing commercial development within the study area)] wouldn't be there if the mall was not there. None of those restaurants would be there. And the other traffic generators [(shopping centers)] that are there would not be there.

Other Locations and Sites Considered for the Subject Enterprises

The degree to which the firms were initially enthusiastic about locating their commercial enterprises within the study area at the time the site selection decisions were made could be evaluated on the basis of the locations of other sites, if any, that were considered for these enterprises and the perceived advantages of the subject sites over the other sites considered.

Other locations and sites considered. The survey findings indicated that almost half of the firms had examined other sites within the study area, as shown in Table IX-34. This suggests that the firms first targeted the study area as a desirable place for their enterprises, then searched for available and suitable sites there. Such a practice seemed to be more prevalent than a procedure whereby the firms would merely hear of available sites and then examine them. Therefore, many of the entrepreneurs appeared to have specific intent

TABLE IX-34

OTHER LOCATIONS AND SITES CONSIDERED BY THE FIRMS FOR THE SUBJECT COMMERCIAL ENTERPRISES

Other Locations and Sites Considered for the Subject Commercial Enterprises	Responses	
	Number	Percent
Other Sites Within the Study Area	20	41.7
Other Areas of Atlanta	13	27.1
Sites Located Just Outside the Study Area	3	6.3
Not Sure	8	16.7
No Other Sites Were Considered	4	8.3
Total Responses	48*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

to locate their enterprises within the study area. A few firms also considered sites that were situated just outside of the study area.

The fact that a substantial number of interviewees stated that they had considered locating their enterprises in other areas of Atlanta indicates convictions felt by the entrepreneurs of the strength and desirability of the Atlanta market. However, since other areas of Atlanta besides the study area were considered, these entrepreneurs believed that those other areas also held promise and would have been suitable for their enterprises. Nevertheless, the present sites were regarded as superior to the other sites considered for various reasons, as is discussed next.

Advantages of the subject sites over the other locations and sites considered by the firms. The interviewees gave a myriad of responses when asked what advantages the subject sites had over others considered for the enterprises, as portrayed in Table IX-35. The fact that the presence of a high traffic volume and better access within the study area received frequent mention was not surprising in view of the responses given to previous questions in the survey. A fair dispersal of responses occurred among the types of locational advantages listed as well as the categories of commercial enterprises.

The advantages named were similar to the types of factors mentioned as being considered in the locational and site selection decisions, as identified in a previous section of the chapter. It should be noted that among this group were such factors as the cheaper price of the subject properties relative to others considered, the inability of the firms to obtain other sites considered, the opportunity for the firms to receive good deals on the properties (in other respects besides financial), and the location of the enterprises a certain distance away from other similar enterprises owned by the firms within metropolitan Atlanta (as mentioned by an interviewee representing a large, freestanding retail enterprise).

Summary

This section of the chapter traced the nature of and the reasons involved in the decision-making processes for the subject commercial enterprises. Included within the discussion was an identification of the various perceptions held by the firms regarding existing

TABLE IX-35

ADVANTAGES OF THE SUBJECT SITES OVER THE OTHER LOCATIONS AND SITES CONSIDERED BY THE FIRMS

Type of Advantage of the Subject Site Over the Other Locations and Sites Considered by the Firm	Responses	
	Number	Percent
High Traffic Volume	8	11.3
Better Access	6	8.5
Cheaper Property	6	8.5
Access to Markets	6	8.5
Better Visibility	5	7.0
Population Growth	5	7.0
Site Characteristics	5	7.0
Firm Could Not Obtain the Other Sites	4	5.6
Proximity to Cumberland Mall	3	4.2
High Income Groups	2	2.8
Ease of Traffic Flow	2	2.8
Proper Zoning Already Existed	2	2.8
Firm Got a Good Deal	2	2.8
Other Commercial Development Present	1	1.4
Proper Distance from the Firm's Other Store	1	1.4
Favorable Property Taxes	1	1.4
Proper Sewerage Already Present	1	1.4
Not Sure	4	5.6
No Other Sites Were Considered	7	9.9
Total Responses	71*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

conditions within the study area, future commercial development trends, prospects for the success of the subject enterprises, and Cumberland Mall. The author believes that these perceptions (including interpretations of facts and trends as well as "hunches") were largely responsible for prompting the firms to take the actions they did at the times they did.

In becoming aware of the subject properties and in the source of responsibility applied for recommendations and decisions for the subject sites, the discussion revealed that the firms followed similar practices to those that they customarily utilized in the development of commercial enterprises. Firms that were already familiar with the metropolitan Atlanta market relied upon this prior knowledge in selecting the subject sites, while other firms (particularly franchisors) engaged in active searches for their sites. Recommendations for sites were made in fairly even distribution by the owner of the business, the regional offices, or the headquarters offices. The latter more frequently were responsible for making the final decisions, except in the case of strip commercial establishments, for which the owners assumed this responsibility.

The initial interest expressed by the firms in the subject properties was in large part attributed to five factors: 1) the excellent accessibility available; 2) the presence or anticipation of a high traffic volume on Cobb Parkway (especially important for strip commercial establishments); 3) the presence or anticipation of the construction of Cumberland Mall; 4) the growth of nearby residential areas; and 5) a general feeling of the entrepreneurs that the vicinity

was good for commercial development. Some linkage between these three factors was suggested. Cumberland Mall was regarded by strip commercial establishment interviewees as the real estate venture which took advantage of favorable market conditions and subsequently acted as the catalyst to peripheral commercial development.

The vast majority of firms acquired their sites for the express purpose of developing the subject enterprises shortly. This indicated that the entrepreneurs zeroed in on the sites with definite short-range plans.

The entrepreneurial perceptions of the study area regarding development trends and prospects had much influence over the actions taken by the firms with respect to the subject enterprises. These perceptions were dependent upon the year in which the subject sites were acquired. Firms that developed their enterprises during the early part of the study period were willing to undertake certain risks because of their beliefs concerning the good prospects for commercial development there. Firms that took these steps later, on the other hand, wanted to be a part of an accelerating commercial development boom and saw the benefits of locating their enterprises within a prestigious area that held much potential for commercial real estate development. Cumberland Mall was perceived as playing a major role in these phenomena.

Land value increases occurred as the study area became more attractive to commercial development. Factors centering on various transportation factors, recent development activity, market characteristics, and general economic conditions were also perceived as being

responsible for increased land values of properties within the study area. The mall, though, was regarded as the major reason for these increases in land values. Although to a few firms this signaled an opportunity for speculative land investment, most firms thought it would be prudent to acquire their sites while the properties were still fairly inexpensive, acting upon notions to develop the enterprises shortly thereafter.

In evaluating the business potentials of the subject sites, four main types of methods were used by a cross section of the firms. These were: 1) a comparison with other sites; 2) a reliance of the firm on judgment and experience; 3) a feasibility study undertaken by the firm; and 4) a formal market analysis.

An identification was made of the types of factors that were considered in the locational and site selection decisions for the subject commercial enterprises. The factors mentioned by the interviewees were each described, followed by a discussion of the most important of these factors. The responses were delineated by category of commercial enterprise in order to show differences between them. Many of the factors were similar. However, those receiving the most frequent mention may be assembled into five groups: 1) regional and intraurban locational preferences; 2) population growth trends and demographic characteristics; 3) the influence of Cumberland Mall; 4) transportation and traffic characteristics, and 5) the presence of other commercial development within the study area. Few interviewees could identify the number one factor considered with respect to the development of the subject enterprises. However, Cumberland Mall

was named by nearly all of the interviewees as being one of the top three factors considered in the locational and site selection decisions.

A greater focus was made on the extent and nature of the influence of Cumberland Mall on the firms' decisions to develop the subject enterprises. The timing of these decisions relative to the construction or presence of the mall was established. In most cases, the entrepreneurs were influenced by Cumberland Mall. Only a few firms had made their decisions irregardless of the mall, concentrating on other factors instead. The specific main benefits of the mall (for those entrepreneurs who had based their decisions at least partially on Cumberland Mall) were perceived to be: 1) the traffic it generated; 2) the fact that it induced the construction of similar commercial enterprises, which gave the opportunity for agglomeration economies; 3) its role as an economic anchor to the vicinity; and 4) its provision of prestige and identity to the study area by means of visibility.

The mall was also perceived to have intangible benefits to peripheral commercial enterprises in terms of its location, setting, and timing of development. That is, the development of Cumberland Mall was important not just because it was a regional shopping mall, but because of its location near three major highways, because of its proximity to a growing market, because it was built at an opportune time relative to prevailing growth trends, and because it was the pioneer in an untested market.

Despite these influences of the mall, many entrepreneurs

believed that their firms would have developed the subject enterprises at their present locations anyway, although perhaps at a later time when the commercial real estate market within the study area became more established. The mall was regarded as a "bonus." The interviewees cited as reasons those factors which had brought the mall to the study area--population growth in this area of Atlanta and good accessibility features. It was seen that the strip commercial establishments, on the other hand, exhibited a greater dependence on Cumberland Mall for shared business and therefore were less likely to have been built without the prior presence of the mall.

Finally, an examination was made of the other locations and sites considered by the firms for the subject commercial enterprises. Almost half of the firms had considered other sites found within the study area, and a considerable number of firms had looked at sites elsewhere within metropolitan Atlanta. The subject sites were viewed as superior, however, in such aspects as having better access and visibility, being near a growing market, being near Cumberland Mall and other commercial development, having better site characteristics, and offering a better deal to the firms.

G. INTERACTIONS BETWEEN THE FIRMS AND LOCAL PUBLIC OFFICIALS REGARDING THE SUBJECT ENTERPRISES

The interactions that occurred between the firms and the local public officials in the development of the subject commercial enterprises are described in this section of the chapter. The reasons for the interactions are first delineated, followed by a discussion of the

attitudes held by the local public officials toward the subject enterprises.

Reasons for the Interactions

Most of the entrepreneurs interacted with various local public officials as they followed the standard procedures for securing approval to open the subject enterprises. Such procedures included the actions listed below.

--Obtaining a rezoning or variance for the property

--Obtaining a building permit

--Obtaining a business license

--Obtaining health department approval (for restaurants)

--Meeting signage requirements

--Getting utilities extended to the property

--Obtaining street curb cut approval

--Meeting site grading requirements

--Meeting drainage requirements

A few of the firms also interacted with the local public officials for nontraditional reasons. These firms were required by the appropriate authorities to take certain actions in regard to their properties. These actions included the construction and/or partial financing of special water or sewerage improvements, the construction of a new access road to the site (as with Cumberland Mall), installation of a new traffic signal in front of the site, and the installation of screening devices at the site for aesthetic purposes. Some entrepreneurs also became involved with local public officials in

order to secure an Atlanta mailing address (instead of a Smyrna mailing address) for their enterprises. Presumably this was done because the firms regarded an Atlanta mailing address as being more prestigious and better for identification and advertising concerns. Office park firms needed help from the Cobb County Chamber of Commerce to promote their enterprises so that they could lease the tenant spaces within the office parks.

Attitudes of Local Public Officials Toward the Subject Enterprises

Most of the interviewees gave favorable reports on the attitudes expressed by the local public officials toward the subject enterprises. The entrepreneurs thought that the local public officials were, for the most part, cooperative in their interactions with the firms. In addition, the entrepreneurs felt that the local public officials were very receptive to the proposed commercial enterprises, and that their firms' proposals were well-received. Although delays were sometimes encountered by the firms in obtaining the needed approvals, these delays were due to the magnitude of real estate development occurring at the time. The entrepreneurs were understanding of this situation. Some of the responses are listed below.

> We had no stumbling blocks whatsoever.
>
> They tried to help [in] every way. There was a lot of growth at that time and we were being delayed, but [they] couldn't hardly help it--they were doing all [that] they could.
>
> They were a little overwhelmed, since there was so much other construction going on; it [(the development approval process)] took a little longer than normal, but I think they tried to be cooperative.

> [The service given to us by the local public officials] could not have been better . . . [we were] tickled to death . . . [they're] a rare breed . . . they're here to serve you [(entrepreneurs)].

The one exception to these positive views was the opinion of the firm which developed Riverview Village Shopping Center--Tri-Kell Investments, Inc. As previously discussed, this firm had to endure a lengthy court battle in order to obtain the needed rezoning of the property. As a result, the firm was highly dissatisfied with its interactions with local public officials regarding the shopping center, as may be expected.

Summary

Most of the firms interacted with local public officials for the purpose of following standard procedures required for opening new commercial enterprises. Where special requirements had to be met by the firms, the local public officials were perceived as being cooperative and reasonable in assisting the firms in meeting these requirements. With one exception, the entrepreneurs felt that the local public officials exhibited a favorable and positive attitude toward the proposed commercial enterprises.

H. ENTREPRENEURIAL REFLECTIONS REGARDING THE SUCCESS OF THE SUBJECT ENTERPRISES

The interviewees were asked their opinions concerning their firms' reflections on the locational, site selection, and development decisions made for the subject commercial enterprises. The author

could then compare these views with those held by the firms during their decision-making prior to the development of the subject enterprises.

A determination was first made of the firms' degree and nature of satisfaction with the subject enterprises. The perceptions held by the entrepreneurs regarding the influences of Cumberland Mall and peripheral commercial enterprises on the success of the subject enterprises were then identified. Finally, the interviewees were asked whether the experiences from the development of the subject enterprises would have any influence on their firms' future commercial development plans.

Degree and Nature of Satisfaction With the Locations of the Subject Commercial Enterprises

The entrepreneurs' degree and nature of satisfaction with the locations of subject enterprises was examined by questions which sought to ascertain the firms' degree of satisfaction, the nature of satisfaction, the existence of any elements of dissatisfaction, and the identification of any locations or sites which may have been better for the subject commercial enterprises.

Degree of satisfaction with the present locations. The vast majority of interviewees stated that their firms were very satisfied with the present locations for the subject commercial enterprises. The firms were enthusiastic about the success of their enterprises at the locations within the study area. As expressed by one

entrepreneur: "If I had to do it all over again, I would still pick this location."

Nature of satisfaction with the present locations. The responses given by the interviewees regarding the nature of their firms' satisfaction with the current locations for the subject enterprises are listed in Table IX-36. It is apparent that the firms' initial convictions of the desirability of the study area for their enterprises remained virtually unchanged. That is, the entrepreneurs' reasons for being satisfied with the locations and sites selected for the subject enterprises closely resembled the reasons why the firms selected those locations and sites in the first place. This finding indicates that the firms continued to hold faith in their initial assessments of the market opportunities offered by the study area for the subject enterprises. The entrepreneurs were thus delighted that their early beliefs in the suitability of the study area for particular types of commercial enterprises, as denoted by its various characteristics, were accurate.

In reflection of the locational decisions made for the subject enterprises, many of the entrepreneurs attributed their satisfaction with the subject enterprises to the presence of Cumberland Mall. Once again, the most attractive feature of the mall was perceived to be the traffic it generated. Of second most importance was its role as an economic anchor to the vicinity and the prestige it brought to the area, which caused firms to desire to locate their enterprises at sites where they could benefit from this association with the mall.

TABLE IX-36

NATURE OF SATISFACTION OF THE FIRMS WITH THE PRESENT LOCATIONS OF THE SUBJECT COMMERCIAL ENTERPRISES

Perceived Desirable Features of the Present Location	Responses	
	Number	Percent
Near Major Highways	33	16.9
Traffic Volume Generated by the Mall	31	15.9
Populous Area	30	15.4
Growing Area	28	14.4
Association with Cumberland Mall	23	11.8
Good Visibility	23	11.8
Near Similar Commercial Enterprises	12	6.2
Near Apartments and/or Office Parks	5	2.5
Other Features	10	5.1
Total Responses*	195*	100.0

*Some interviewees gave more than one response.

Elements of dissatisfaction with the present locations. Despite the overall satisfaction expressed by the entrepreneurs with the present locations for their enterprises, some elements of dissatisfaction also existed. For the most part, these negative opinions about the locations did not indicate that the firms would have preferred to develop their enterprises at other locations. Rather, these opinions were merely expressed for the purpose of pointing out ways in which the locations could be further improved.

As shown in Table IX-37, the most frequently-expressed elements of dissatisfaction concerned some aspect of the traffic characteristics within the study area. Ironically, the same high volume of traffic which brought business to the retail enterprises also was responsible for major traffic congestion problems, which could discourage prospective shoppers from patronizing these enterprises. These problems are augmented during the Christmas season, as observed by the author, when shoppers are drawn to the study area, but become frustrated at their difficulty in gaining access to the businesses (and finding a place to park at Cumberland Mall). The entrepreneurs thus were ecstatic about the number of potential shoppers that could be drawn from the volume of passing motorists, but were dismayed by the congestion created by this high traffic volume. As explained by an interviewee representing a large, freestanding retail establishment:

> [No other locations would be better] . . . because here again you'd be sacrificing the volume . . . ; however, I feel that a greater percentage of those people that drive by are in such a frustrated state of mind when they get there [(to the

TABLE IX-37

ELEMENTS OF DISSATISFACTION WITH THE PRESENT LOCATIONS OF THE SUBJECT COMMERCIAL ENTERPRISES

Perceived Elements of Dissatisfaction With the Present Location	Responses	
	Number	Percent
Traffic Congestion Due to High Traffic Volumes	11	15.5
Site Characteristics	11	15.5
Traffic Congestion Due to Existing Curb Cut Situation	8	11.3
Wrong Side of Street	7	9.9
Project Design and Operation	7	9.9
Traffic Congestion Due to Improper Signalization	5	7.0
Other Traffic Problems	5	7.0
Improper Signage Within the Corridor	3	4.2
Other Elements	4	5.6
None	10	14.1
Total Responses*	71*	100.0

*Some interviewees gave more than one response.

study area)] that I don't know how many of them see the sign [in front of our store].

The traffic congestion problems were perceived as being aggravated by the existing curb cut situation and other street geometrics. The great number of curb cuts present as a result of each strip commercial establishment having its own driveway outlets onto Cobb Parkway meant that turning movements occurred at many non-signalized intersections, which provided traffic safety hazards. Site ingress and egress was further left uncontrolled by the improper locations of median cuts within Cobb Parkway, resulting in a zig-zag movement in certain spots, and the inappropriate coordination of the timing of some of the traffic signals.

Another element of dissatisfaction expressed relative to traffic concerned the locational decisions made by a few of the firms instead of a perceived deficiency of the study area. Some of the strip commercial establishments which catered specifically to either before-work or after-work business would have received greater business volumes, according to their entrepreneurs, if they had been located on the opposite side of the street.

Also receiving frequent mention as elements of dissatisfaction were the firms' discontent with the site characteristics. The major concern here was visibility of the enterprise, which could be partially obstructed by the signs from adjacent enterprises or as a result of the site topography.

Ten interviewees declared that their firms could find nothing wrong with the current locations for their entrepreneurs within the

study area. According to one: "I don't know of a better location around."

Other locations that may have been preferred. The interviewees were asked to name any other locations that, upon reflection, may have been preferred for the subject commercial enterprises. The responses are delineated in Table IX-38.

TABLE IX-38

OTHER LOCATIONS THAT MAY HAVE BEEN PREFERRED FOR THE SUBJECT COMMERCIAL ENTERPRISES

Other Locations That May Have Been Preferred	Responses	
	Number	Percent
None	25	43.1
Other Sites Within the Study Area	12	20.7
Sites on Other Side of Street	7	12.1
Properties Having Better Site Characteristics	5	8.6
Sites Located Directly on Cobb Parkway	3	5.2
Other Unobtainable Sites	2	3.4
Sites Having Better Visibility	2	3.4
Not Sure	2	3.4
Total Responses*	58*	100.0**

*Some interviewees gave more than one response.

**Does not total exactly 100.0 percent due to rounding.

Over half of the firms were satisfied with the present locations of their enterprises within the study area and would not have preferred another location. The magnitude of satisfaction was expressed by one sales and service entrepreneur:

> [There was] never any doubt [about the soundness of the firm's locational decision] after we got here. In fact, it [(business at this store)] was so good that we decided to sell the [(our)] other two stores [in order to devote our full efforts to this store].

For those firms that would have possibly chosen other locations for their enterprises, the interviewees stated that sites located elsewhere within the study area would have been selected. Some of these interviewees were more explicit in stating that the enterprises would have been located on the other side of Cobb Parkway (as explained previously), or, for those retail enterprises presently located on New Spring Road or other side streets, they would have been located directly on Cobb Parkway in order to capture a greater amount of impulse business from motorists passing by on their way to or from Cumberland Mall. It is apparent that these firms, while not completely satisfied with the present locations of their subject commercial enterprises, were strongly committed to the study area as a commercial market.

Perceptions Regarding the Influence of Cumberland Mall on the Success of the Subject Enterprises

Many of the firms had based their locational decisions for the subject enterprises at least partially on the presence or anticipation

of Cumberland Mall. The author now wished to determine how much influence the mall had on the current success of these enterprises. That is, were the firms justified in their initial beliefs of the benefits that the mall would bring to the subject enterprises? The ensuing discussion identifies the extent to which the mall has been beneficial to the subject commercial enterprises, and relates the influence of the mall to the perceived generative or shared nature of the business received by the retail enterprises.

Extent to which the mall has been beneficial to the subject enterprises. Table IX-39 lists the responses stated by the interviewees when asked to evaluate the extent to which Cumberland Mall has been beneficial to the subject enterprises. Two firms viewed the success of their enterprises as being solely attributed to the presence of the mall, while about half of the entrepreneurs perceived the mall as being beneficial to their enterprises to a substantial extent. The favorable influence of the mall was attributed, as previously explained, to the traffic it produced, to its role as an economic anchor for the vicinity, to the prestige it lent to the study area, and to the identity it furnished to the peripheral commercial enterprises by virtue of their visual associations with the mall. The latter idea was expressed by a shopping center anchor tenant interviewee and by a sales and services establishment interviewee, respectively.

> Everybody knows where Cumberland Mall is [located].
>
> A lot of people know where we are. We always say, "A half a mile north of the mall" for identification purposes.

TABLE IX-39

EXTENT TO WHICH CUMBERLAND MALL HAS BEEN BENEFICIAL TO THE SUBJECT COMMERCIAL ENTERPRISES

Perceived Extent to Which the Mall Has Been Beneficial to the Subject Enterprise	Firms	
	Number	Percent
Success of the Enterprise is Due Solely to Cumberland Mall	2	4.7
Substantial Extent	23	53.5
Considerable Extent	5	11.6
Moderate Extent	8	18.6
Little Extent	3	7.0
No Extent--the Mall is Not Needed for Survival	2	4.7
Total Responses	43	100.0*

*Does not total exactly 100.0 percent due to rounding.

The entrepreneurs who felt that Cumberland Mall was beneficial to their enterprises to a considerable or moderate extent placed great importance on the locations of these enterprises near the mall, but believed that other factors (such as the accessibility from major highways and the proximity to growing residential areas) also had prominent responsibility for the success of these businesses.

Stated one shopping center developer:

> The [shopping center] tenants could not make it only because Cumberland Mall is there; that would not be sufficient reason for them to make it.

The neighborhood shopping centers owed much of their success to their abilities to adequately meet the shopping needs of the nearby residential neighborhoods. Cumberland Mall was viewed as being beneficial to the office parks primarily as an amenity since the main concerns of the office tenants were the proximity to I-285, visibility, and a convenient access to the nearby residential areas.

A few entrepreneurs felt that Cumberland Mall was of little or no benefit to the subject enterprise. One sales and services establishment interviewee believed that the mall did not generate new traffic but merely altered the existing traffic patterns in a manner that was favorable to the enterprise:

> The mall doesn't draw traffic [to the study area] which then I avail myself of . . . ; [rather,] it causes a cross-current of traffic.

Most of the entrepreneurs, however, believed that the majority of traffic present within the study area was there because of the mall.

For those retail enterprises that were built prior to the development of Cumberland Mall, the firms observed marked increases in the business volumes received after the mall was constructed compared to before it was constructed. Further, the business volumes continued to increase, according to one bank executive: "The momentum has been picking up all the time." Cumberland Mall, in the opinions of the interviewees, was "heavily responsible" for these increases in business volume because it "brings people in from all sections of the city."

Influence of the mall on the success of the business as related to the generative versus shared nature of the enterprises. The perceived influence of Cumberland Mall on the success of the retail establishments was related to the generative or shared nature of the enterprises. Those enterprises that were perceived by the firms as being shared in nature tended to be more dependent upon and therefore more influenced by the mall.

Table IX-40 summarizes the status of the nature of the business at the subject enterprises by category. The neighborhood-oriented shopping centers were considered to have wholly generative business, catering to the everyday needs of the nearby residential population. The anchor tenants within the community-oriented shopping centers also received generative business, relying heavily on advertising. However, the remaining shopping center tenants depended on shared business, as did many of the strip commercial establishments.

Those enterprises for which the business was characterized as being partially generative and partially shared included the large, freestanding retail enterprises, the automobile dealerships, and the family and other sit-down restaurants. For these enterprises, the generative portion of the business was ascribed to the established reputations of the representative firms, while the shared portion of the business was derived from the traffic produced by Cumberland Mall.

For those enterprises in which the business received was wholly or partially generative, most of the entrepreneurs believed that their enterprises were not in competition with Cumberland Mall. These beliefs were based on the fact that the subject commercial enterprises

TABLE IX-40

GENERATIVE VERSUS SHARED NATURE OF THE BUSINESS RECEIVED BY THE SUBJECT COMMERCIAL ENTERPRISES

Generative Versus Shared Nature of the Business Received by the Subject Commercial Enterprise	Response by Category of Commercial Enterprise							
	Commercial Complexes		Freestanding Establishments/ Anchor Tenants		Strip Commercial Establishments		Total Enterprises	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Wholly Generative	3	25.0	1	20.0	7	26.9	11	25.6
Wholly Shared	-	-	-	-	4	15.4	4	9.3
Partially Generative and Partially Shared	5	41.7	4	80.0	15	57.8	24	55.8
N/A--Office Park	4	33.3	-	-	-	-	4	9.3
Total Responses	12	100.0	5	100.0	26	100.0	43	100.0

provided different types of goods and services from that of the mall. However, during peak traffic hours, the traffic congestion present within the study area had the effect of forcing the generative enterprises to compete with the mall for shopper traffic. For instance, shoppers leaving the mall would be discouraged from fighting the congested traffic in order to gain access to certain of the peripheral generative enterprises.

For those enterprises in which the business was regarded as being wholly or partially shared, the interviewees were further asked whether their enterprises would be adversely affected if the access between Cumberland Mall and the subject enterprises became blocked in some manner (for instance, by changes in the locations of curb cuts and median cuts along Cobb Parkway). The responses are depicted in Table IX-41.

Many of the entrepreneurs believed that their enterprises would, in fact, be adversely affected if their access to the mall was blocked. Stated one interviewee: "I would be most unhappy." This finding is further indication of the heavy reliance of the peripheral commercial enterprises on traffic generated by Cumberland Mall. Among this group of interviewees, some stated that the enterprises would probably decline rapidly. A greater number felt that the enterprises would lose a great deal of business, but that they would be sustained by the generative portions of the business. This would be contingent upon the firms doing a lot more advertising to promote the enterprises.

A few interviewees thought that the enterprises "perhaps" would

TABLE IX-41

ADVERSE EFFECTS ACCRUING TO THE SUBJECT COMMERCIAL ENTERPRISES IF BLOCKED FROM ACCESS TO THE MALL

Question: If Access Between the Subject Enterprise and the Mall Became Blocked, Would This Adversely Affect the Success of the Enterprise? Response:	Firms	
	Number	Percent
Yes: The Enterprise Would Decline Rapidly	7	16.3
Yes: The Enterprise Would Lose a Great Deal of Business, but Would be Sustained by Its Generative Business	18	41.9
Perhaps	3	7.0
No	5	11.6
Difficult to Estimate	3	7.0
Not Sure	3	7.0
N/A--Office Park	4	9.3
Total Responses	43	100.0*

*Does not total exactly 100.0 percent due to rounding.

be adversely affected. Whether such a phenomenon occurred would be determined, they believed, by the resulting traffic flows and the extent to which other peripheral commercial enterprises declined, if at all. The latter idea suggests that the enterprises might be sustained by a reliance on agglomeration economies enjoyed with other peripheral commercial enterprises.

Perceptions Regarding the Influence of Other Peripheral Commercial Enterprises on the Success of the Subject Commercial Enterprises

A determination was made of the effects of the presence of strip commercial establishments within the study area on the success of the subject enterprises in order to further identify the reasons for such success. As shown in Table IX-42, while a considerable number of interviewees were neutral in their attitudes toward neighboring strip commercial establishments, many others held definite convictions of the positive or negative effects of the presence of these establishments within the study area.

The four perceived beneficial effects of the strip commercial establishments included: 1) their promotion of agglomeration economies; 2) the potential business brought to other retail enterprises from their customer traffic; 3) their roles as amenities for serving commercial complex employees; and 4) their function as guides to shopping center developers for setting price ranges for shopping center tenant rentals. The entrepreneurs felt that "business begets business," and "the more, the merrier." In the opinions of several strip commercial establishment interviewees, it is important for a commercial enterprise to be located in an area where business is abundant, enabling it to benefit from the presence of other commercial enterprises (agglomeration economies). This belief was explained by interviewees representing a sales and service establishment, an automobile dealership, and a restaurant, respectively:

TABLE IX-42

EFFECTS OF THE PRESENCE OF STRIP COMMERCIAL ESTABLISHMENTS ON THE SUCCESS OF THE SUBJECT ENTERPRISES

Perceived Effects of Strip Commercial Enterprises on the Success of the Subject Enterprise	Responses	
	Number	Percent
Positive Effects:		
They Promote Agglomeration Economies	18	32.7
They Bring Customer Traffic	4	7.3
They Represent Amenities to Commercial Complex Employees	4	7.3
They Help Set Price Ranges for Shopping Center Tenant Rentals	2	3.6
Negative Effects:		
They Represent Sources of Competition	8	14.5
They Give the Study Area a Cluttered Appearance	5	9.1
They Create Traffic Congestion	3	5.5
Few or No Effects	11	20.0
Total Responses*	55*	100.0

*Some interviewees gave more than one response.

> It's nice to have small business [around] . . . they help our business out. If you don't have anything [(other businesses)] around you, then the people aren't going to come to this particular area if they don't have a reason to come, . . . they [(the businesses)] do attract the people, therefore they see us.
>
> You don't see shopping centers going to a place where there's no business; they want to be [located] where other merchants are. . . When you've got more merchants in an area, it brings more people out there. So I'm delighted that every one of them are out here. . . . I'm glad for any business to move in[to the study area]. You can't stick your head in the sand and keep [other] business out; you want them to come in, because you trade with each other then.
>
> As long as we're convenient [to customers], they would come to us. But other restaurants also share the same philosophy--you have to be convenient [(accessible)]. So a lot of us [(restaurants)] end up [being located] along the same roads and generally in the same markets. . . . [we may be] there for different reasons. . . . But we all share one [reason] of convenience. . . . It becomes an eating-out area.

These entrepreneurs were thus glad that other commercial enterprises were located within the study area because they would help their own businesses.

Despite these perceived benefits, however, some entrepreneurs regarded the presence of other strip commercial establishments as having negative effects on the study area and on their businesses. These negative effects included: 1) the function of the strip commercial establishments as sources of competition to other commercial enterprises; 2) the perception that their cluttered appearance (stemming from the close proximity with which they were situated, the proliferation of signs, and the abundance of curb-cuts) was an abomination to the aesthetics of the study area; and 3) the traffic congestion they created as a result of their numerous curb cuts. One

restaurant entrepreneur acknowledged the fact that the strip commercial establishments represented a source of competition, but that a firm could not avoid being confronted by competition in an area where business was good:

> In this day and time, you're not going to find a major area which doesn't have competition. . . . I don't like to have them, but I like to go to areas where there's business, and in areas where there's business, there's competition.

The presence of the strip commercial establishments within the study area, therefore, was perceived as having both positive and negative effects. Entrepreneurs who operated other strip commercial establishments within the study area were particularly likely to regard their presence as having positive effects. The author suspects that most of the enterprises for which the business was characterized as being wholly or partially shared benefited in some manner from the presence of the strip commercial establishments because they helped complement the generative-oriented enterprises located within the study area by bringing in more business. Although some entrepreneurs felt that the presence of the strip commercial establishments also had some negative effects, they stated or implied that these negative effects were unavoidable or to be expected.

Influence of the Experiences from These Enterprises On the Firms' Future Commercial Development Plans

The author wondered whether the firms had learned from the experiences encountered in developing the subject enterprises and would apply these experiences in their future plans for developing

commercial enterprises. For instance, were the subject enterprises such superb successes that the firms were eager to develop similar enterprises at similar types of locations (that is, near other regional shopping malls)? Or would the firms do things differently next time? The findings in answer to these questions are outlined in Table IX-43. (Commercial complex interviewees were not asked these questions.)

About two-thirds of the noncommercial complex interviewees responded that their firms had learned something from the experience of developing the subject commercial enterprises that they would apply in their future commercial development endeavors. The most frequent response was that the firms would select properties having more appropriate site characteristics in terms of site ingress and egress, topography, and visibility (as explained in a previous section).

Responses given by several of the interviewees were indicative of their firms' satisfaction with the subject enterprises and their future intentions as evidence of this satisfaction. Some firms saw that business was thriving at their establishments and consquently planned to expand their operations there. Other entrepreneurs whose enterprises depended to a great extent on shared business obtained from the traffic generated by Cumberland Mall stated their regrets that the enterprises were not located even closer to the mall than their present sites, where the businesses could receive a greater portion of this traffic. Another group of interviewees remarked that their firms were so delighted with the prosperity of their enterprises within the study area that the firms definitely planned to locate the

TABLE IX-43

INFLUENCE OF THE EXPERIENCES FROM THESE ENTERPRISES ON THE FIRMS' FUTURE COMMERCIAL DEVELOPMENT PLANS

Question: Does the Experience of the Subject Enterprise Have Any Influence on the Firms' Future Commercial Development Plans? Response:	Interviewees	
	Number	Percent
Yes:		
Next Enterprise Developed Will be on Property Having Better Site Characteristics	13	39.4
Next Enterprise Developed Will be Near a Regional Shopping Mall	5	15.2
Next Enterprise Developed Will be Located Closer to Cumberland Mall	2	6.1
Firms Will Probably Expand Operations at the Subject Enterprise	2	6.1
No	10	30.3
Not Sure	1	3.0
Total Responses*	33*	100.0**

*Commercial complex interviewees were not asked this question.

**Does not total exactly 100.0 percent due to rounding.

next commercial enterprises they developed within the periphery of a regional shopping mall. For all of these firms, then, the present experiences had favorable influences on the firms' future commercial development plans.

Summary

The purpose of this section of the chapter has been to describe the attitudes that the entrepreneurs held in reflection toward the success of their subject commercial enterprises. The author wished to determine whether the entrepreneurs felt they had made wise locational decisions and whether they were disappointed or had regrets concerning the way things had materialized. Regarding the commercial market opportunities of the study area, the opinions held by the entrepreneurs after their subject enterprises were in full operation were compared to their initial opinions of the study area before their firms developed the enterprises.

The survey findings revealed that most of the firms were very satisfied with the success of their subject commercial enterprises, and probably would have selected the same locations again if given another chance. The entrepreneurs' attitudes toward the study area remained virtually unchanged, and they continued to hold faith in its present and future market potential. Most interviewees stated that their firms still believed that the study area was desirable for commercial real estate development for the same reasons that they had first become interested in it. These reasons included the proximity to major highways, similar commercial enterprises, apartments, and

office parks; location within a populous and growing area; the availability of a large traffic volume generated by Cumberland Mall; the presence of good visibility; and the general association with the mall.

The elements of dissatisfaction expressed by the intereviewees were centered for the most part around some deficiency of the study area related to traffic, although dissatisfactions with the site characteristics of the subject properties were also mentioned. It was seen that while the retail establishments benefited from the high traffic volume existing within the study area due to the potential patrons it brought, such traffic also was responsible for much traffic congestion on Cobb Parkway.

Despite these elements of dissatisfaction, it was evident that the majority of the firms were nevertheless pleased about the location of their enterprises within the study area. If another location was to be chosen, it would most likely be elsewhere within the study area. This finding demonstrated the continued loyalty of the entrepreneurs to the study area.

The success of the subject commercial enterprises was at least partially attributed by most of the firms to the presence of Cumberland Mall. More than half of the firms viewed the mall as being beneficial to the enterprises to a "substantial" extent, and two firms even held the mall as being solely resposnbile for such success. Accessibility and a proximity to dynamic residential areas were the main factors which were important to those firms which believed that Cumberland Mall was beneficial to their commercial enterprises only to

a "considerable" extent. For certain retail establishments that were built prior to the mall, marked increases in the business volumes were observed after compared to before the development of the mall, and the firms regarded Cumberland Mall as being the reason for this phenomenon.

Whether the business received by a particular retail enterprise was considered to be shared to generative seemed to determine how much influence the firm felt that Cumberland Mall had on the success of the enterprise. Enterprises relying to a great extent on shared business tended to be more dependent upon traffic generated by the mall, and therefore their success was highly influenced by the mall. For certain subject enterprises, the firms characterized the business as being partially generative and partially shared. In these cases, the generative part of the business was attributed to the firms' reputations, while the shared part of the business was obtained by drawing upon the traffic brought to the study area by Cumberland Mall.

Further scrutiny was made of the relationships between the shared or generative nature of the retail enterprises, their success, and the influence of Cumberland Mall on this success. It was found that the entrepreneurs whose enterprises received wholly or partially generative business did not believe that their enterprises were in competition with Cumberland Mall because of the different types of goods and services offered. For those enterprises in which the business was regarded as being partially shared, the entrepreneurs thought that business would suffer greatly if access between the mall and their enterprises became blocked; however, the generative half of

the business would sustain these enterprises. Wholly shared businesses, however, would decline rapidly.

Many of the entrepreneurs held definite beliefs about the positive or negative effects of the presence of strip commercial establishments on the success of their enterprises and on the study area in general. These positive and negative effects are listed below.

Positive Effects:

--Their promotion of agglomeration economies.

--Their bringing of customer traffic to other retail enterprises.

--Their roles as amenities to commercial complex employees.

--Their function as guides for setting price ranges for shopping center tenants.

Negative Effects:

--Their existence as sources of competition to other retail enterprises in the study area.

--Their deleterious impacts on the aesthetics of the study area.

--Their responsibility for causing much traffic congestion within the study area.

The perceived seriousness of the negative effects, fortunately, was cushioned by the fact that most of these entrepreneurs felt that such negative effects were unavoidable or to be expected.

The noncommercial complex interviewees were asked whether the experiences gained from the development of the subject enterprises had

any influence on their firms' future commercial development plans. About two-thirds of the interviewees responded in the affirmative. The firms' future commercial development plans included an expansion of operations at the present enterprises, selection of properties for new enterprises which would have more appropriate site characteristics, construction of the next enterprise at a site located even closer to Cumberland Mall, and/or the location of the next commercial enterprise developed by the firm near a regional shopping mall. These responses may all be regarded as indications of the tremendous satisfaction felt by the entrepreneurs toward their enterprises developed within the study area.

I. ENTREPRENEURIAL PERCEPTIONS REGARDING CUMBERLAND MALL AND PERIPHERAL COMMERCIAL DEVELOPMENT

This section of the chapter reviews the entrepreneurial perceptions pertaining to the primary and secondary impacts of Cumberland Mall. The discussion is similar to that entertained in Chapters V and VIII. The primary impacts are those which are directly ascribed to the mall, while the secondary impacts refer to the propensity of Cumberland Mall to stimulate peripheral commercial development and its perceived effects on local prestige and community life.

Perceptions Regarding the Primary Impacts of Cumberland Mall

The types of primary impacts of Cumberland Mall for which the interviewees voiced opinions were its impacts on the local economy and on traffic.

Impacts on the local economy. The entrepreneurs believed that Cumberland Mall has had "enormous" impacts on the economies of Cobb County and metropolitan Atlanta as a whole in terms of the jobs it provides and the sales and property taxes it contributes. Stated one interviewee: "Public officials see this [(a regional shopping mall)] as an institution they can really jump on in the way of taxes."

Impacts on traffic. While a few interviewees mentioned the benefits that the traffic generated by Cumberland Mall could bring to peripheral retail enterprises, most of the respondents had negative opinions of the traffic situation existing within the study area. Among the favorable comments made about the traffic were: "It generates the kind of traffic we like" and "The indirect traffic of people going to and from the mall is good for recognition." Three interviewees recognized the fact that although such traffic can be beneficial to certain retail enterprises, it must be effectively controlled:

> The more traffic, the better--if it can be handled properly.
>
> The more [traffic], the merrier! If it's well-controlled and you're on the right corner [(as in the case of a gas station)], you're not bothered by it.
>
> [Whether the large traffic volume is beneficial] depends on who you are: [it's] good for [retail] business, bad for customers and office park employees.

The interviewees were not hesitant in denouncing the traffic problems ocurring within the study area. A sense of urgency was felt by three entrepreneurs:

> [It's] an astronomical problem. . . . It just seems like it's one bottleneck after another.
>
> Cars [are] stacked in every which direction as far as you can see.
>
> They [(local public officials)] are going to have to do something or that place won't be able to stand it.

The declaration by a restaurant entrepreneur that "there would be better traffic flow [(within the study area)] if the mall wasn't there" was certainly an understatement. However, it is likely that the entrepreneur would not have located his business within the study area if the mall were not present, which indicates the restaurant's need for this traffic.

The high traffic volume was perceived to hinder the access by passing motorists to the individual businesses. One firm realized the seriousness of this problem at the time that the locational decision was made for the subject enterprise, but risked the location anyway: "We almost felt we had too much traffic . . . [now] I see people trying to get in[(to the driveway of the store)] that just give up because of traffic." Other interviewees further explained the problem:

> It's a mess down there! If the traffic is overwhelming, then it can be a detriment to business. You also don't want to be [located] right where all the congestion is; you want to be [located] a little away from that so they [(patrons)] don't have problems getting in and out.
>
> When you have a lot of traffic [traveling] to and from the mall, naturally you get a lot of traffic congestion in front of your store. And there are times, like Christmas, when we actually have too much traffic--it's just too congested; you cannot get in and out. And it hurts your satellite business because people have such a hard time getting in and out of

> your parking lot. . . . We don't count on a lot of Christmas business.

The interviewees maintained that something would have to be done about the traffic situation soon, especially since they expected the completion of the Atlanta Galleria to make matters even worse. One entrepreneur expressed surprise and dismay that the local public officials would approve another large commercial development within the vicinity, knowing what a mess already existed with the traffic. However, this entrepreneur was probably not aware of the transportation improvement plans proposed by the Georgia Department of Transportation, as described in Chapter VIII.

Perceptions Regarding the Influence of Cumberland Mall on Peripheral Commercial Development (Secondary Impacts)

The entrepreneurs chorused their beliefs that Cumberland Mall has been and continued to be highly influential in stimulating peripheral commercial development. It has been the "key factor" in the commercialization of the study area, and today it is the "nucleus" of the corridor. The mall has been of "enormous" benefit to peripheral retail development, and has helped the office parks "somewhat." In sum, Cumberland Mall has "been a very good magnet--it's drawn people, which draws business, which draws people."

An examination of the process and reasons whereby the mall has stimulated peripheral commercial development revealed that the entrepreneurs viewed Cumberland Mall as the "pioneer" real estate venture occurring within the study area. The corridor lie dormant prior to

the introduction of the mall. The strategic position of the site near three major highways made its development as a major activity center inevitable, believed one interviewee. Due to this prime location, the rural status of the vicinity, and the beginnings of population movement toward this area of the metropolis, the conditions were "ripe" for the emergence of a regional shopping mall or some other type of large real estate function. Cumberland Mall was thus the first commercial enterprise in the study area which took advantage of these promising circumstances:

> . . . [Cumberland Mall] happens to be located at the crossroads of an east/west, north/south artery [(I-285 and U.S. 41)]. I don't have any doubt but that anything [developed] at that location would've been successful--it would have been a stimulus both financially and to stimulate other businesses because of its geographical location. It just happens to be [located] in a very important spot.

Many of the entrepreneurs and local public officials felt that several types of real estate enterprises could have succeeded at that site due to the superior access situation, assuming that such enterprises could afford the relatively high land costs there. However, these interviewees expressed doubts that a type of real estate enterprise other than a regional shopping mall would have induced peripheral retail development to the extent that Cumberland Mall has on the basis of the relatively high traffic volume it generates. Perhaps a few service-oriented strip commercial establishments may have been constructed to serve an industry, a hospital, or the needs of students attending a college built there, but it is doubtful that such enterprises as the automobile dealerships

and satellite shopping centers would be located in the surrounding area.

As the pioneer in the vicinity, Cumberland Mall represented an economic base and a springboard to additional commercial development--it "helped move things along a lot faster." The mall was perceived by observing entrepreneurs as being such a tremendous success that they were enticed into constructing commercial enterprises there also. In this capacity, Cumberland Mall is considered to have had a "vast" influence on the commercialization of the corridor.

Many of the interviewees felt that Cumberland Mall was the direct catalyst to peripheral commercial as well as residential development. The mall drew the attention of other entrepreneurs to the corridor, and peripheral development was soon to follow:

> . . . [Cumberland Mall] is one of the biggest booms that's ever happend to Cobb County, 'cause it's brought in one business after another.
>
> There area really started to mushroom when the mall came in.
>
> [The mall] really has been the ninety-five percent reason for this development in this area.
>
> I think it's the overriding factor in the whole area--Cumberland Mall has been the catalyst.
>
> I think it's probably been one of the primary factors. I think like any area of real estate, . . . there's usually something that starts it, then there's growth wherever that initial catalyst may be . . .

For the retail entrepreneurs, the main attraction, again, was the traffic that was generated by Cumberland Mall. However, the firms realized that the mall was constructed at that location not only

because of the excellent accessibility it enjoyed, but also because of the existence of favorable market conditions. These firms thus sought to partake of these same market conditions:

> The same locational advantages that made it a good mall site also made the area a good office site--population, access, [and] growth.
>
> . . . Merchants that go in . . . or around malls . . . go there because there is a market for them.

The economic influence of Cumberland Mall on new commercial enterprises locating within the periphery today is perhaps lesser than in the early days. This is because initially, peripheral enterprises needed an economic anchor to sustain them and a source of identity. As the study area developed further, however, it became a recognized commercial market where entrepreneurs felt that there was enough business for everybody and it was no longer a pioneer type of location. As construction of the Atlanta Galleria began, the entrepreneurs viewed it as a new major focus for the study area which would not supplant but would be of comparable importance to that of Cumberland Mall in supporting peripheral commercial development:

> [Cumberland Mall has] had a tremendous impact [on peripheral commercial development]. . . . However, . . . when the Galleria goes in [(is completed)], it's going to be hard to say that Cumberland [Mall] is more important than the Galleria [in influencing peripheral commercial enterprises]. In the early days, Cumberland Mall was all-important, very simply because that's all that was there. As more and more shopping centers [and other types of commercial enterprises] had developed in the market, it's [(the market)] taken a prominence; there's no other market area in Atlanta that rivals [the] Cumberland Mall [market], with the possible exception of [the] Lenox [Square market]; that's the big two. . . .

Nevertheless, the retail entrepreneurs acknowledged the fact that their enterprises are still highly dependent upon traffic generated by Cumberland Mall for business and/or for visibility purposes. In the latter vein, one strip commercial establishment interviewee stated: "It can't hurt you to be [located] in an area of high traffic volume--people see you and know where you are."

The study area and adjacent vicinity are often referred to by entrepreneurs throughout metropolitan Atlanta as the "Cumberland Market" or the "Cumberland Area," as mentioned previously. This indicates that commercial enterprises within the vicinity have become associated with Cumberland Mall, and much of the general public has increasingly become familiar with the identity of this area. The widespread influence exerted by the mall is thus further reinforced.

Perceptions Regarding the Other Secondary Impacts of Cumberland Mall

The interviewees also made comments on two other types of secondary impacts produced by Cumberland Mall. These were impacts on local prestige and impacts on community life.

Impacts on local prestige. The mall was regarded as having several impacts on local prestige. As a focal point for the vicinity, Cumberland Mall gave it identity as evidenced by referrals to the "Cumberland Market." The location of an enterprise within this corridor seemed to foster a sense of pride in the firms. The best thing that can happen to a parcel of land is to have a regional shopping mall locate next to it, according to a shopping center developer.

The vicinity has also been made prestigious simply because the mall has been responsible for building up the area into a major hub of activity. Cumberland Mall acted as the "nucleus" for inducing the "tremendous influx" of people and businesses. The substantial increases in land values attested to the perceived prestige of the study area.

And finally, Cumberland Mall was believed to have an impact on the prestige of the area because of its economic viability and the resulting high quality of commercial enterprises it brought within the periphery. Cumberland Mall "seems to be doing more business than [regional shopping malls located in] other areas [of metropolitan Atlanta]." The prestigious nature of the particular stores found within the mall was identified as having much to do with this success. Other high-quality commercial enterprises were therefore attracted to the periphery: "You don't see the little rundown, mom-and-pop businesses . . . you see major chains and companies . . . no 'light-weights' on this street."

Impacts on community life. The entrepreneurs regarded regional shopping malls as "little economic worlds of their own" because of the wide variety of activities they offer to the public. In this manner, they exceed their original purpose of merely serving the shopping needs of the populace; they now represent major activity centers and foci for community life. Cumberland Mall was no exception to this role:

> A mall is kind of a family shopping place. . . . A mall draws [people] from one hundred miles. And it's a family deal . . . they [(patrons)] can shop [there], they can eat [there], they can go to the picture show [there]--they can make the whole day of it. . . . So a mall has that drawing power, that magnet, where they['ve] got everything housed under one roof.

Other entrepreneurs viewed Cumberland Mall as being just one entity within a self-contained "city" (the vicinity) of its own. One entrepreneur even believed that local public officials had long ago planned for the occurrence of such a phenomenon (this is not actually the case, however):

> I think it was all part of the master plan of spin-offs that had the mall and the office parks all around the general area . . . I think that when they [(local public officials)] went into the planning stages, they saw that this was a nice kind of complement . . .

The interviewees maintained that Cumberland Mall took much credit for influencing the development of other commercial enterprises within the study area, as well as residential complexes nearby. The mall in combination with these enterprises therefore gave the study area and vicinity the ability to meet the total needs of the trade area population, believed a restaurant entrepreneur:

> [Cumberland Mall is] good for community, . . . shopping, . . . [and] entertainment. You've almost got a separate city--you can live, work, and play out there [(within the vicinity)] without ever having to . . . leave that general area.

From these findings it may be concluded that regional shopping malls, including Cumberland Mall, make substantial contributions to

community life. This is true of a mall by itself or as the focal point for a major activity center.

Summary

The entrepreneurial perceptions regarding the primary and secondary impacts of Cumberland Mall were identified in this section of the chapter. The primary impacts were perceived as occurring on the local economy and on traffic. There was little doubt that the mall provided massive benefits to the local economy in terms of employment, sales, and property taxes.

The interviewees recognized the fact that although the presence of a regional shopping mall meant much generated traffic upon which peripheral retail enterprises could draw business, such traffic could have major negative impacts if it was inadequately controlled. The traffic problems existing within the study area were attributed not only to the high volume but also to the presence of an excessive number of curb cuts used by the strip commercial establishments; the improper locations of median cuts within Cobb Parkway, which hindered site access; and the ineffective use of traffic signals. Traffic congestion caused by the tremendous number of vehicles trying to get to Cumberland Mall, especially during the Christmas season, was believed to be so enormous that many potential customers for the peripheral commercial enterprises would give up in their attempts to gain access to these businesses. The traffic situation was expected to get much worse after the Atlanta Galleria is completed.

The secondary impacts of the mall in stimulating the

development of peripheral commercial enterprises were perceived to be immense. Cumberland Mall was the pioneer real estate venture within the vicinity. Entrepreneurs observed its success and desired to take advantage of the superior accessibility characteristics and capture a portion of the attractive market with the new commercial enterprises they constructed within the periphery.

Cumberland Mall was believed to be the catalyst of surrounding commercial development for several reasons. These were: 1) as the pioneer in the area, it removed much of the element of risk for other commercial enterprises; 2) due to its success, it represented an economic base for the vicinity; 3) it lended identity and eventually prestige to the vicinity; and 4) it generated much traffic from which the retail enterprises could feed.

The blossoming of this commercial corridor continues to be attributed to Cumberland Mall, as evidenced by frequent references made to the "Cumberland Market." As this corridor has developed, new commercial enterprises built there have become less dependent upon the mall per se for economic reasons and now rely upon their identity within this established commercial area. The retail entrepreneurs which require shared business, however, still are heavily dependent upon the traffic generated by Cumberland Mall for the success of their businesses. The Atlanta Galleria, when completed, will be a new complementary focus of the study area.

The other types of secondary impacts that the mall is held responsible for are its impacts on local prestige and on community life. Cumberland Mall gave the vicinity prestige because it provided

identity to the vicinity, it acted as the nucleus of a major activity center, and it attracted high-quality merchants within the periphery because of its own success and high caliber of tenants. The mall as well as the entire corridor and adjacent vicinity is regarded today as being a little city of its own by virtue of the opportunities provided for shopping, living, working, and entertainment. It can therefore be said that Cumberland Mall has made major contributions of a favorable nature to the community life of Cobb County and metropolitan Atlanta.

J. ENTREPRENEURIAL OPINIONS REGARDING THE ATTITUDES AND ROLES OF LOCAL PUBLIC OFFICIALS PERTAINING TO FUTURE COMMERCIAL DEVELOPMENT WITHIN THE STUDY AREA

The interviewees were asked to describe their opinions regarding the attitudes and roles that local public officials should or should not take pertaining to future commercial development within the study area. The ensuing discussion reviews these entrepreneurial opinions concerning the attitudes that local public officials should have toward new commercial development, the actions they should take to encourage or aid in such new commercial development, and the actions taken which would discourage or hinder new commercial development.

Future Attitudes That Local Public Officials Should Have Toward New Commercial Development Within the Study Area

The entrepreneurs felt that local public officials should realize that the community needs new shopping commercial development, be eager to obtain it because of the economic contributions it would bring, and be more lenient in accommodating proposed commercial enterprises. One shopping center developer stated that local public officials must recognize the fact that people need commercial facilities, and if people do not have them, they will move to an area where such facilities can be found. The author believes that this assessment is a bit overstated because people may move to a particular area for a variety of reasons (such as job opportunities, desirable residential subdivisions, and the availability of good schools), and the absence of major commercial facilities simply means that people will have to drive farther to reach them (the author can personally testify to this situation).

Commercial enterprises make contributions to the economy of the community without requiring major public investments for services, as do residential developments (which make tremendous demands on water and sewerage service, require new roads, and possibly require new schools to be built.) For this reason, according to the entrepreneurs, local public officials should see that the benefits outweigh the costs of new commercial development, therefore they should be anxious to accommodate proposed commercial enterprises.

> [Local public officials] ought to be pretty decent [toward commercial development]. . . . It's one of the few things

> [(types of real estate development)] that could benefit most people and hurt few people. [Yet] the biggest squabbles that come about are [re]zonings.
>
> I think [that] Cobb County should be very thankful for what's happened out there.

In view of these benefits of commercial enterprises, believed the interviewees, local public officials should be honored and appreciative that entrepreneurs are interested in their community. This should induce them to have a more lenient attitude toward these proposed commercial enterprises, making local public officials willing to "welcome them with open arms":

> I suspect that any county or any city would want as much business as they could get in any given area for tax reasons. So . . . if I were in their [(local public officials')] shoes and someone wanted to build, I'd say "Build!--We'll figure out a way to get traffic around" . . . Whatever they have to do, in the long run it's going to pay them back in taxes.

Further, local public officials should be merciful to commercial developers and display common sense in the approval process because of the perceived great difficulty the firms have in initiating a project and because they already have enough opposition from the general public and special interest groups. This point was made by two shopping center developers:

> There's too many self-interests involved. . . . It's hard enough to make a profit in the development business without being unemotional about your piece of property versus someone else's.
>
> Don't fight them [(developers)] all the way; let responsible developers get their job done instead of hassling them all the way through the development [process].

The prevalent attitude that developers are adversaries needs to change, declared the interviewees. If communities want to grow and expand their economic base, then local public officials must learn to "bend a little to attract business." Otherwise, the consequences would be foolish, according to one automobile dealership owner: "They're not going to cut off something that brings more tax money in, and I think a lot of officials would lose office if they felt that way."

Perhaps it would be best for local public officials to maintain a neutral attitude toward proposed commercial development projects rather than having preconceived notions about them, stated an office park entrepreneur. For example, it is often the case that "traffic concerns are overplayed," with the result that many otherwise fine commercial projects are denied from being developed. Local public officials should be willing to work with the developer to iron out any potential problems. In this regard, they should display "intelligence, leadership, and honesty."

Future Actions That Local Public Officials Should Take to Encourage or Aid in New Commercial Development Within the Study Area

Some of the interviewees offered suggestions for actions that local public officials should take in order to encourage or aid in new commercial development. Better long-range planning is needed in order to adequately allocate such new commercial development. Specific measures toward this end were proposed. More effective communication should occur among local public officials and with developers,

believed the entrepreneurs, so that these plans and measures may be carried out.

Several of the interviewees advocated the preparation of detailed and far-reaching land use plans which would promote orderly instead of "hodgepodge" development within the study area. Local public officials would be wise if they were more cognizant of the planning rather than the political aspects of proposed development. The passages below are indicative of some of the responses:

> I think that most [local] public officials should have a clear perception of what they want their community to be, establish target zoning methods, and zero in on what they want that area to be.

> [Local public officials] should try to control how it's [(commercial real estate development)] done, how it looks. There needs to be a long-range goal as to how . . . you want this area to really look . . .--are you just going to let anybody do it haphazardly or are you going to have restrictions? . . . the place is beginning to look like a jungle.

These two entrepreneurs thus acknowledged that some controls were needed over new commercial development in order to "keep it classy" (prestigious). Otherwise, the proliferation of curb cuts and signs could make the corridor look "junky" and "honky-tonk."

Although some cities must organize campaigns for the purpose of attracting new commercial development, this is not the case with the study area, believed some of the entrepreneurs. According to one sales and services interviewee, "a lot of people want to come to this area. . . . [because] this area offers a lot." As a result, there is no lack of entrepreneurs who desire to locate their commercial enterprises within the corridor:

> I think that area sails along under its own steam; I don't think they [(the local public officials)] need to do very much. I think there'll be more demand for property over there than there is property.

Much of the success of Cobb County in attracting new commercial development, remarked several interviewees, has been due to the presence of a "pretty well-based [growth] policy over the years" and to the ambitions and effectiveness of its leaders. To continue this success, therefore, it is important to "keep a good political image." Local public officials can accomplish this objective through several means which will improve the business environment in general, believed the entrepreneurs. Among these are:

1. Work with the Cobb County Chamber of Commerce to devise appropriate public relations promotions for new real estate development.
2. Allow tax inducements for the first year for commercial complex developers.
3. Improve the communication, coordination, and cooperation among the various governmental agencies and departments in the interests of better efficiency and effectiveness.
4. Shorten and simplify the entire approval process for new commercial development.
5. Cut down on the "red tape" about zoning.
6. Adopt better and more uniform signage controls.

   Channel proposed commercial enterprises toward designated commercial streets.

7. Upgrade the amenities by providing new and/or improved utilities, schools, roads, hotels and motels, and recreational and entertainment centers.

The entrepreneurs also suggested specific measures that should be enacted in order to improve the quality and operations of commercial enterprises within the study area. These measures include the following:

1. Be selective over the types of commercial enterprises that are built by seeking "clean" (well-planned and well-designed) forms of commercial development.
2. Improve traffic flow within the study area by:
   a. Re-designing the I-285/U.S. 41 Interchange;
   b. Constructing a new interchange at I-75 and Akers Mill Road;
   c. Improving existing signalization along Cobb Parkway and installing new traffic signals where needed;
   d. Using medians and median cuts to effectively direct traffic flow along Cobb Parkway; and
   e. Restricting the number of new curb cuts made along Cobb Parkway.
3. Bring MARTA to Cobb County so that transit-dependent individuals (captive riders) living within the trade area may have access to the commercial services for the study area.
4. Beef up the security, police protection, and fire protection services for the study area.

These suggestions given by the interviewees indicated that the entrepreneurs were, for the most part, not only interested in the success of their firms, but also were concerned about and committed to the well-being of their community. The entrepreneurs felt that both the public and private sectors should take responsibility for creating a better community in which to live, work, and play. Local public officials should take the aforementioned actions to improve the general environment and to aid commercial real estate firms in the development process. This can occur if the government officials will "integrate their thinking as to how all the services tie together." Further, they must believe that private developers, though they seek profits, also desire to make the community a better place:

> I think we've [(private developers)] got a responsibility to work with the planning boards and planning commissioners, and the [rest of the] community, [so that we will] not make it worse than when we got here; we should make it better. And I don't think they [(local public officials)] think that way . . . I think forethought should be given to these kinds of things.

Future Actions That Local Public Officials May Take Which Would Discourage or Hinder New Commercial Development Within the Study Area

A few of the interviewees held negative attitudes toward the roles that government plays or should play pertaining to new commercial development within the study area. The opinions ranged from mild to severe.

Two representatives of the mild viewpoint believed that a dilemma exists because landowners desire to build on their sites in order to recover their property values and local public officials wish

to obtain the generated tax revenues from new commercial enterprises, yet the existing conditions within the study area have gotten or soon will be out of hand. One strip commercial establishment interviewee admitted that some kind of control over proposed new commercial development within the study area should eventually be administered, but not just yet:

> They [(local public officials)] shouldn't [(take any actions to discourage new commercial development within the study area)]. It hasn't reached that point [at which such actions are necessary] yet. It will some day, but . . . there's still a lot of undeveloped land out there. I'd hate to see it get too junked-up out there, but I think the cost of real estate is going to offset that if it's going to have its own controlling factor.

Commercial development can be hindered by the failure of local public officials to take actions, as identified in the last section, by an enactment of stricter regulations, and by their own inefficiencies. A shopping center developer blamed the local public officials for incompetence and negligence, which resulted in lengthy delays in getting the proposed shopping center constructed. The entrepreneur made accusations in this regard:

> We could have gone forth with that project at least two years ago, if we hadn't had all these deep kneebends to go through. . . . This was the kind of site that you invest four years of your life [to] bring about. You don't often do that. This one was unique--it was that good. There were times when we asked ourselves if it was all really worthwhile. . . . [We] had second thoughts [on it] not more than one hundred times a day.

A gas station interviewee expressed an extremely negative attitude toward the role of government pertaining to commercial and

real estate development. He believed that government should not interfere with entrepreneurial activities when new commercial facilities are needed in the community, because this might reduce the number and quality of such facilities:

> There's never enough [commercial development]; 'cause then [when heavy restrictions are imposed on new commercial development] you stimie competition, and competition is the American way of doing business to keep prices down, if you can get the damn government and local officials off your back.

However, this entrepreneur contended, if local public officials do attempt to control new commercial development, the decision-making should be done in an equitable and nonarbitrary manner.

Summary

This section has described the opinions held by the entrepreneurs regarding the attitudes and roles of local public officials pertaining to future commercial development within the study area.

Regarding the attitudes that local public officials should have toward such new commercial development, the interviewees felt that these officials must: 1) recognize the fact that people need commercial facilities; 2) be anxious to acquire new commercial enterprises because of the economic and tax benefits they represent; and 3) have a more lenient attitude toward commercial real estate developers. Associated with the latter idea was the belief that local public officials should cease to perceive developers as enemies of their community. Instead, the public and private sectors should work together in a spirit of cooperativeness.

The interviewees had much to say about the future actions that local public officials should take to encourage or aid in new commercial development proposed for the study area. Most acknowledged that better long-range land use planning is needed in order to maintain the economic viability of the corridor as well as to promote orderly, attractive, and complementary commercial development there. Such planning is particularly needed because the study area is subject to great development pressures. Several suggestions were offered regarding actions that local public officials should take to improve the general business environment of Cobb County as well as the economic health and overall desirability of the study area. These suggestions seemed to indicate genuine concerns by most of the entrepreneurs for the welfare of the community.

Finally, a few of the interviewees stated their opinions about possible future actions taken by local public officials that would discourage or hinder new commercial development within the study area. Two representatives of a mild viewpoint believed that as long as much vacant land remains to be developed within the study area, the landowners should be allowed to proceed with development without intervention from government. This would also benefit the general public, they contended, and restrictions should not be imposed until conditions worsened. Another interviewee directed his comments toward the inefficiencies and unreasonableness of government in applying development controls. An extremely negative viewpoint was expressed by yet another entrepreneur, who challenged the right of government to interfere with the endeavors of private enterprise.

K. SUMMARY AND CONCLUSIONS

This chapter has presented and analyzed in detail the survey results obtained from the interviews with the entrepreneurs representing the subject commercial enterprises. The findings were identified and examined in both a narrative manner, including direct quotes where appropriate, as well as through the use of tables to portray the data. The responses given to particular questions were fairly uniform among the interviewees representing all the categories of commercial enterprises, except in a few instances as noted.

In order to put into perspective the significance of the entrepreneurial perceptions and practices, it was necessary to identify the characteristics of the firms, their locational preferences and perceptions regarding commercial enterprise development in general, the entrepreneurial policies, and the typical decision-making processes applied by the firms in their commercial real estate development ventures. These issues were explored in three early sections of the chapter. The findings indicated that vast differences existed among the firms, which were later seen to account for the differences in the entrepreneurial perceptions, policies, goals, and practices relevant to the study area. Nevertheless, in their development of the subject commercial enterprises, the firms appeared to continue to utilize the same reasoning and to take actions which conformed to their previous experiences in commercial real estate development endeavors.

The timing of the development of the subject commercial enterprises was compared to the timing of the construction of Cumberland

Mall. Most of these enterprises were built after the mall. Notable exceptions were the office parks, where construction on each had begun shortly before the mall was developed. This was attributed to the nonretail nature of their functions, which caused the office park developers to be more interested in the excellent accessibility characteristics of the study area as well as the increased labor pool potential of the growing residential areas nearby. The shopping centers and large, freestanding retail enterprises were generally built within a few years after Cumberland Mall came. Their respective firms responded to the improved market conditions attributed to the mall, and desired to capitalize on the growing economic importance of the study area by constructing their enterprises there. The strip commercial establishments tended to be built later during the study period due to the greater requirements for shared businesses, thereby necessitating a location within a well-established market area having a substantial volume of traffic from which to draw potential customers.

Regardless of the time that the enterprises were developed, the entrepreneurs felt confident of the potential success of their proposed commercial enterprises, and consequently intended to make relatively long-term commitments to the study area. This idea was backed by the fact that most of the firms purchased the land and constructed their own buildings rather than merely leasing property or existing buildings, and by the fact that most of the entrepreneurs acquired their sites with the motive of developing the subject enterprises immediately.

The perceptions held by the entrepreneurs regarding the business potentials of the study area had much influence on the firms' locational and development decisions for the subject enterprises. Historically, the study area was viewed as a rural, pioneer vista before Cumberland Mall was introduced. Its development, however, aroused the interest of many commercial real estate entrepreneurs and caused peripheral land values to rise steadily. The study area was regarded as possessing all of the right ingredients for an explosion of commercial enterprise development, yet it remained virtually dormant until the mall came to take advantage of these favorable conditions. After Cumberland Mall was built, the study area was then ripe for becoming the major commercial center that it is today.

The survey findings revealed that most of the entrepreneurs held constant opinions regarding the relationship between their subject enterpries, the study area in general, and Cumberland Mall. That is, those factors which caused them to first become interested in the study area were the same factors which brought about the development decisions for the enterprises, and they continued to be the factors regarded by the firms as being responsible for the current (i.e., at the time of the respective interviews) success of these enterprises. This indicated that the entrepreneurs' intitial beliefs in the economic promise of the study area as the locale for new commercial enterprises was justified, and that their investments have been rewarded.

The study area was characterized by many favorable factors that led to the development decisions for the subject enterprises,

according to the interviewees. Among these were the following: 1) location within a growing area of Atlanta; 2) superior accessibility; 3) a high traffic volume, which is beneficial to the retail enterprises; 4) the presence of Cumberland Mall; 5) a proximity to attractive residential areas; and 6) the presence of numerous commercial enterprises from which accrued linkages and agglomeration economies. The latter factor was of particular importance to retail enterprises that were developed during the latter part of the study period.

Most of the interviewees believed that the presence or coming of Cumberland Mall was a major factor in the locational decisions for the subject commercial enterprises. Specifically, the mall was perceived to be beneficial because of: 1) the traffic it generated; 2) its function as the major catalyst of peripheral commercial development; 3) its role as an economic anchor to the vicinity; and 4) its provision of prestige and identity to the study area. In addition, the development of Cumberland Mall was considered to be of paramount significance not only because of the aforementioned benefits that a regional shopping mall may be expected to bring to its environs, but also because of the particular circumstances under which it was constructed regarding its location, setting, and timing of development. It may logically be concluded that the vast influence of Cumberland Mall may have been much diminished had the mall been built at another time, in the absence of the superior location near three major highways, and/or without benefit of the favorable Atlanta economy and the proximity to growing residential areas.

The entrepreneurs were also committed to the study area due to factors not related to the mall. This became apparent when some interviewees stated that their firms may have developed the subject enterprises at the existing sites even in absence of Cumberland Mall, and also when the author learned that many firms had considered other sites found within the study area. The strip commercial establishment interviewees, however, tended not to hold these beliefs because of the dependence of their businesses on the traffic generated by the mall. It is questionable whether most of these firms could have afforded the financial risk of developing their enterprises in a market area not having a major economic anchor like Cumberland Mall.

Reflecting upon the locational decisions made for the subject commercial enterprises, most of the entrepreneurs felt that their firms had made wise decisions and were very satisfied with the success of their enterprises. Further, the firms remained unchanged in their faith in the future market potentials of the study area. While Cumberland Mall was the early catalyst of peripheral commercial development and although its influence is still strong over shared types of businesses, the economic viability of the study area is believed to be sustained now by the snowballing effect of the commercial development activities there. Some firms were so pleased with the success of their subject enterprises that they planned to develop their next commercial enterprise within the periphery of another regional shopping mall.

Cumberland Mall was perceived as having exerted tremendous primary and secondary impacts in several regards. The primary impacts

were made on the local economy and on traffic, while the secondary impacts were manifested over peripheral commercial development, local prestige, and community life in general. Negative traffic impacts were pointed out as being of particular concern. Peripheral commercial development was catalyzed by the mall, believed the interviewees, on four fronts: 1) the mall eliminated much of the uncertainty about the study area as a result of its pioneer entry as a major commercial enterprise; 2) its ensuing success represented an economic anchor to the vicinity; 3) it brought identity and prestige to the study area; and 4) it generated a high volume of traffic needed by the satellite retail enterprises. The overall influence of the mall is today demonstrated by references to the "Cumberland Market."

The interviewees proffered strong ideas regarding the attitudes and roles of local public officials pertaining to future commercial development activities within the study area. Most believed that local public officials should be more enthusiastic about proposed commercial facilities and more accommodating toward commercial real estate developers in light of the community need for these facilities and the immense economic benefits they bring. Suggestions were given for specific actions, including better long-range planning mechanisms, that could be taken to improve the general business environment and functions of government as related to commercial and real estate development ventures. The lack of or inappropriate execution of these suggested actions could discourage or hinder proposed commercial development endeavors. A few entrepreneurs questioned the right of local public officials to interfere with private enterprise, but they

were the minority among the group of entrepreneurs who displayed a sense of concern and responsibility for the interests and welfare of the community as well as those of the firms.

The survey findings of this empirical study must be interpreted with three ideas kept in mind. One is that the perceptions and actions of the firms should be viewed according to the prevailng economic, demographic, and real estate development conditions and trends of the time, as portrayed in Chapter VII. Secondly, it should be realized that some of the entrepreneurial perceptions and actions may have been indicative of various pecularities to certain firms rather than being representative of the typical perceptions and actions. And thirdly, it should be remembered that the commercial enterprises selected for interviewing purposes comprised only a sample of the total commercial enterprises located within the study area between November 1980 and March 1981. Had interviewees been conducted with the remaining commercial enterprises, different viewpoints and entrepreneurial practices may have been discovered.

It is the conclusion of this empirical study that Cumberland Mall has had enormous, though not exclusive, influence in stimulating peripheral commercial development, and that the peripheral commercial enterprises may therefore be regarded as satellites to the mall. Whether similar phenomena occur with respect to other regional shopping malls cannot be generalized from the findings of the Cumberland Mall experience; rather, they should be examined individually in terms of the nature of the environment in which the commercial development has occurred and the characteristics of the participating commercial entrepreneurs.

CHAPTER X

CONCLUSIONS AND URBAN PLANNING IMPLICATIONS

The objectives of this thesis have been to: 1) determine the extent of influence, if any, that a regional shopping mall may have over peripheral commercial development, as suggested by the Cumberland Mall experience; and 2) to increase the awareness of urban planners and local public officials regarding the propensity of regional shopping malls to act as catalysts to satellite commercial development. A review was made of the pertinent findings cited within the literature, as well as related subject material. Then the empirical study traced the history of locational decisions made for commercial real estate enterprises developed within the periphery of Cumberland Mall as an example of the nature and timing of commercial development activity that may take place near a regional shopping mall, and the relative influence that a mall may have over such an occurrence.

In this chapter are presented the major conclusions of the thesis, the urban planning implications of the findings, and some suggestions for further research. First, however, a brief review should be made of the intent of the previous chapters to facilitate a comprehension of the discussion.

The setting under which commercial real estate development takes place was described in Chapter II. The types of factors which may influence commercial real estate activity were delineated. They represented general urban development phenomena and basic considerations in the real estate development decision-making process.

Chapters III and IV provided information on the characteristics, locational requirements, and development of each type of commercial enterprise. Retail enterprises were addressed in Chapter III, including a useful discourse on retail structure, while Chapter IV focused on commercial complexes.

The discussion in Chapter V was directed toward regional shopping malls and the influence they might have on satellite commercial development, as noted in the literature. Following a background description of regional shopping malls, their primary and secondary impacts were identified. Of particular importance were the secondary impacts of regional shopping malls in terms of their inducements to satellite commercial development. The future development of regional shopping malls and peripheral commercial enterprises was also explored.

The purpose of Chapter VI was to review the real estate development strategies and procedures utilized by commercial entrepreneurs. It traced the steps that are usually involved in commercial real estate endeavors. Much of the discussion centered on the undertaking of a market analysis.

The empirical study comprised Chapters VII, VIII, and IX. The setting, as described in Chapter VII, denoted the prevalent characteristics and trends of metropolitan Atlanta at the time of the study period (1972 to March 1981). Chapter VIII presented factual information as well as the opinions of the local public officials who were interviewed concerning the evaluation of commercial development within the study area, the development of Cumberland Mall, the primary and

secondary impacts of the mall, the construction of peripheral commercial enterprises, and future commercial development trends. The results of the personal interviews conducted by the author with entrepreneurs representing the selected enterprises were then analyzed in detail in Chapter IX.

A. CONCLUSIONS AND URBAN PLANNING IMPLICATIONS FOR EACH RESEARCH QUESTION

Nine research questions for the thesis were set forth in Chapter I, in order of relative importance. The discussion of the conclusions and urban planning implications to the thesis is therefore organized in the format of replies to each of these research questions. This approach is used not only to facilitate clarity in the discussion, but more importantly, to evaluate the significance of the findings on the basis of the intended purposes of the thesis. The conclusions are drawn from both the literature review and the empirical study, with emphasis on the latter. Whenever possible, comparisons are made between the findings obtained by the author and those obtained by previous researchers in order to point out the similarities and differences between them. That is, do the findings of the empirical study support, shed further light on, or dispute the findings of the literature review? The discussion includes abbreviated summaries, recapitulations, and deducements. Referrals are made to the chapters in which is found the material that addresses each individual research question.

Conclusions and Urban Planning Implications for Research Question #1

The first research question was: "To what extent do regional shopping malls induce or accelerate satellite commecial real estate development in their peripheries?" This was the primary research question of the thesis. Evidence was sought to determine the magnitude of influence that a regional shopping mall could have in helping to shape commercial land use patterns within an urban area by functioning as a catalyst or accelerator of the development of commercial real estate enterprises within their peripheries.

The literature revealed that several authors perceived regional shopping malls as catalysts to satellite commercial development. In Chapter II, reference was made to Epstein's classification of all commercial enterprises as being part of either catalytic commercial sprawl or consequent commercial sprawl. Regional shopping malls may be viewed as one example of the first category, which locate in an embryonic area and subsequently cause satellite commercial enterprises to be developed around them. The latter are therefore constructed as a consequence of the market area which has been improved by the entry of the regional shopping malls.

Several authors that were identified in Chapter III described the need of commercial enterprises receiving either shared or suscipient business to be located near a real estate enterprise which was characterized by generative business. Such a proximity enabled these commercial enterprises to feed off the traffic produced by the generative enterprise. This customer traffic is vital to the success of shared and suscipient business since they cannot obtain a

sufficient volume of customer traffic from their own reputations. Given these circumstances, it would seem logical for a firm that is contemplating the development of a new shared or suscipient type of commercial enterprise to seriously consider locations near a major generative enterprise. Being near a regional shopping mall would appear particularly beneficial for shared businesses, since much of the traffic within the vicinity is present because of the mall. The shared business can then draw upon this traffic, which represents potential customers who are there for the purpose of shopping. (This would not be the case for other major generative businesses, such as hotels, office parks, or industries, that are not oriented toward shopping operations.) Although other factors may also be important, it can be deduced that regional shopping malls play a major role in inducing commercial development in a pioneer area and accelerating it where it has already begun.

The propensity of regional shopping malls to act as catalysts of satellite commercial development was discussed in Chapter V within the framework of their secondary impacts. The roles of regional shopping malls in the suburbanization and retail decentralization processes were delineated. Muller regarded regional shopping malls as responsible for the shift from the "consequent stage" of retail decentralization (as attributed to suburban residential growth) to the "catalytic stage," whereby regional shopping malls attracted satellite commercial enterprises like magnets. Gruen viewed a new regional shopping mall as "a springboard for further development." Epstein extended this phenomenon another step by noting that it can "create an

almost spontaneous reaction" by commercial entrepreneurs, so that such "catalytic commercial expansion [often] results in adjacent consequent commercial sprawl."

Considering the declarations of these authors, it seems reasonable to conclude that many of the commercial enterprises that are located within the vicinity of a regional shopping mall are satellites to the mall. This description recognizes direct economic relationships between these enterprises and the mall. Specifically, it identifies the dependence of these commercial enterprises on the mall for support. A few authors pointed out, however, that some commercial enterprises may happen to be located near a regional shopping mall for reasons other than the presence of the mall (such as the desire to capitalize on proximate residential growth, good accessibility, and/or the opportunity for agglomeration economies). In these instances, the commercial enterprises are merely peripheral to rather than satellites of the regional shopping mall. Office parks and hotels may be included within this group.

The local public officials who were interviewed as part of the empirical study believed that Cumberland Mall was largely responsible for initiating commercial development within the study area, as cited in Chapter VIII. They thought that such commercial development was likely to occur there eventually due to the favorable accessibility characteristics and the anticipated movement of population growth toward to northwest sector of metropolitan Atlanta. However, the construction of Cumberland Mall had the effect of inducing this commercial development sooner than would have otherwise been expected,

believed the local public officials. This took place because the mall reinforced a market location that already had promising characteristics. Cumberland Mall was therefore perceived as a pioneer within the vicinity and a catalyst to peripheral commercial development activity. Only a commercial real estate enterprise of the magnitude of a regional shopping mall could have had these impacts, contended the local public officials. In retrospect, the local public officials wished they had recognized the onset of peripheral commercial development and had attempted to gain greater control over the types of commercial enterprises built by restricting proposed commercial rezonings to planned rather than general forms of commercial districts.

The nature of the influence of Cumberland Mall, according to the local public officials interviewed, was attributed to the traffic it generated, its role as an economic anchor to the vicinity, and the prestige it brought to the study area. Most of the commercial entrepreneurs who were interviewed agreed with this analysis. The results of this influence were a rise in land values of peripheral properties, increases in the number of commercial rezonings granted and building permits issued for the study area, and the subsequent development of peripheral commercial enterprises.

The opinions of Carter and Associates officials regarding the influence of Cumberland Mall on peripheral commercial development were somewhat different. They believed that the mall gave stability to the area and provided a favorable quality of life to the vicinity. In addition, people were attracted to the shopping facilities and were not inconvenienced in reaching the mall due to any traffic

deficiencies (the subject commercial entrepreneurs strongly disagreed with the latter belief).

The study area was perceived by local public officials, Carter and Associates personnel, and the selected commercial entrepreneurs alike as a commercial center, with Cumberland Mall and its peripheral commercial entrepreneurs viewed as one entity. Associated with this idea has been the frequent references by the subject commercial enterprises in their advertising to their locations within the "Cumberland Market." These facts help demonstrate the powerful influence that a regional shopping mall can have in bringing cohesiveness and identity to the commercial enterprises found within the periphery.

A recurrent theme in the interviews conducted with the subject commercial entrepreneurs, as cited in Chapter IX, were the implied and explicitly-stated perceptions of Cumberland Mall as being highly responsible for inducing and accelerating satellite commercial development within its periphery. In their historical perceptions of the commercialization of the study area, most of the entrepreneurs viewed the corridor as being dormant until Cumberland Mall was introduced. The mall was regarded as the pioneer real estate venture within the study area since it was the first large-scale enterprise to take advantage of the attractive market conditions there (the excellent accessibility and the growing residential areas nearby). Due to the sizable investment that Cumberland Mall represented, it was regarded by the interviewees as being the economic anchor which greatly reduced the risk for commercial entrepreneurs who wished to build commercial enterprises within the periphery. With the

construction of the mall, the trend was set for the type of development (commercial) that would ensue within the study area. In addition, Cumberland Mall was later credited with ascribing identity and prestige to the vicinity, as well as generating customer traffic needed by the peripheral retail establishments. In all of these respects, therefore, Cumberland Mall demonstrated the means by which a regional shopping mall may be regarded as vastly influential in stimulating (i.e., inducing and/or accelerating) satellite commercial development.

Evidence of these perceptions of the influence of Cumberland Mall over peripheral commercial development was attested to by the actions taken by the subject firms. Approximately two-thirds of the interviewees stated that their firms were highly influenced in their locational, site selection, and development decisions for the subject commercial enterprises by the presence or coming of Cumberland Mall. A considerable number of the firms responded to the announcement in early 1972 of the plans for Cumberland Mall by acquiring properties and/or proceeding with their own plans for the development of peripheral commercial enterprises. This phenomenon suggested the presence of a very strong cause-and-effect relationship between the announcement of plans for the mall and the actions taken by the firms pertaining to the subject commercial enterprises. Other firms which preferred a well-established market area waited a few more years before constructing their enterprises in order to evaluate the success of Cumberland Mall and hence the stability of the corridor.

The types of benefits brought by the mall to peripheral

commercial development have been identified. The strength of the benefits relative to each category of commercial enterprise seemed to vary considerably, however. Although the four office parks located within the study area as of March 1981 were all at least partially constructed before Cumberland Mall was built, their relative dependence on the mall could still be assessed. The office park entrepreneurs claimed that these enterprises were developed in response to the good accessibility and visibility provided by the major highway intersections, as well as the proximity to attractive residential areas from which employees could be drawn. Cumberland Mall was viewed as an additional plus to this already-desirable location because of the prestige and amenities it offered. Based on these findings, it seems logical to conclude that a regional shopping mall is less likely to induce office park development than retail types of commercial development, although it may be somewhat beneficial.

Regional shopping malls may be regarded as highly influential in catalyzing peripheral retail enterprises, however. As shown in the empirical study, many retail businesses rely more heavily on customer traffic derived from passing motorists than on their own advertising efforts. This seems to be true especially of strip commercial enterprises, which derive much impulse business from customer traffic patronizing a nearby larger commercial enterprise. The generative nature of a regional shopping mall may thus be capitalized on by these shared businesses. Given such an opportunity, it is concluded that it is reasonable to expect the development of satellite retail enterprises within the periphery of a regional shopping mall.

This premise is supported by some of the survey responses obtained. Many of the retail entrepreneurs interviewed made such statements as the following: 1) their initial interest in the study area was stirred by the announcement or presence of Cumberland Mall; 2) the mall was the top factor considered in the locational, site selection, and development decision for the subject commercial enterprise; 3) the success of the enterprise was due in large part to the presence of the mall; 4) other sites within the study area were also considered; and/or 5) the firm would select this location again, given another opportunity.

The extent of influence that a regional shopping mall may have over peripheral commercial development may be difficult to determine, as pointed out by several of the interviewees, when the area in which it is located possesses other desirable market features. That is, a mall cannot be isolated from its geographical, economic, temporal, and demographic settings. Besides the specific attributes of Cumberland Mall that were beneficial to satellite commercial enterprises, of comparable importance was the situation under which it was developed. Had the mall been developed at another time relative to prevailing economic conditions and demographic trends, in another section of metropolitan Atlanta where population growth was of lesser potential and the economic and political climates were less inviting, and/or the accessibility conditions were less than optimum, the magnitude of Cumberland Mall's influence may have been far smaller. Indeed, some of the local public officials believed that the proximity to three major highways was the main focal point of the corridor, while the

mall represented the next most important attraction. Thus, the importance of the secondary impacts of a regional shopping mall (specifically, its commercial-inducement propensities) located in a particular area must be evaluated within the perspective of its overall environment.

On a more proximate basis, the market status of the area in which a regional shopping mall is located should also be examined when analyzing the degree of influence of the mall over peripheral commercial development. Although it is recognized that regional shopping malls are necessarily situated in superior locations, some malls may be developed in areas that are already well-established commercially. In such instances, a new mall, it would seem, would be a locational bonus. However, when built within or adjacent to a commercial redevelopment area, a new or remodeled mall may act as a stimulus to this redevelopment activity. The market situation in which a new regional shopping mall is constructed within a pioneer area, as was the case with Cumberland Mall, seems to be the one in which the mall has the potential to exert its greatest influence over satellite commercial development. This is due to the need of most smaller commercial enterprises to be located in an area that has already been "broken in" by a major economic anchor so that the element of risk is substantially reduced and the locational identity of the area is augmented.

When a new regional shopping mall is proposed for development, planners and other local public officials should realize the long-range planning implications that it may have not only on the community as a whole (in terms of economic, cultural, and prestige benefits),

but also on the ensuing development to occur within its periphery. That is, the secondary impacts must be considered in addition to the primary impacts.

If the proposed mall would represent the real estate pioneer within the vicinity, it is likely to set in motion a series of development decisions for satellite commercial enterprises. In some cases, it might be prudent to postpone the introduction of such a major catalyst as a regional shopping mall into a pioneer area if the community is clearly not yet ready to accommodate the satellite commercial development that it will induce, in terms of the provision of adequate utilities, roads, and other public facilities and services. Upon the approval of a new regional shopping mall, that is the time for public policymakers to plan the actions needed to provide for the long-range public facilities and services requirements of the entire commercial corridor that is expected to develop around the mall. It may be wise to adopt appropriate growth management policies to effectively plan for anticipated commercial development (Stone, 1982; and American Society of Planning Officials, 1975).

The future land use plans must be prepared or revised to designate the boundaries of this commercial corridor as well as appropriate land uses that would be compatible with anticipated commercial development. In addition, it would not be too soon to list in the local transportation improvements program certain transportation projects that probably would be needed both in the short-range and the long-range to promote the smooth and efficient flow of relatively high traffic volumes.

Conclusions and Urban Planning Implications for Research Question #2

The second research question was: "To what extent do commercial entrepreneurs perceive regional shopping mall peripheries as attractive for investment and development of commercial real estate enterprises?" This was a corollary to Research Question #1, whereby the relationships between regional shopping malls and peripheral commercial development were examined from the points of view of commercial entrepreneurs. Identification and analyses were made of the nature and extent to which commercial real estate entrepreneurs may view the periphery of a regional shopping mall as a desirable location for their proposed commercial enterprises.

The literature provided information that addressed this research question in both an indirect and a direct manner. In the discussions of retail decentralization in Chapters II and V, it was noted that new suburban retail outlets tend to cluster around a large retail generator to form multiple retail centers, and that this phenomenon may be regarded as catalytic commercial sprawl, as described in the discussion of conclusions to Research Question #1. Commercial enterprises that are characterized by shared business seek locations where they can benefit from the externalities produced by a commercial generator (see Chapter III). Gruen believed that the magnitude of dependency of some of these enterprises could be so great that he referred to them as "pirates" of such a commercial generator. In addition, those types of commercial enterprises that require locations in well-established market areas will have an opportunity to enter market areas that were previously embryonic and untested. Based

upon these observations, it seems reasonable to expect that where a new regional shopping mall has been constructed, commercial entrepreneurs will view its presence as a major commercial generator, and will perceive the location as highly desirable for their commercial enterprises.

In a more direct manner, Chapter V identified some of the reasons why commercial entrepreneurs may perceive regional shopping mall peripheries as attractive for the development of their commercial enterprises. A new regional shopping mall may be perceived as improving the overall market conditions of the vicinity due to its role as an economic anchor. Commercial entrepreneurs believe that the new mall is a signal that the area is ripe for large-scale commercial development activity. This means that if the trade area can support a regional shopping mall, the prognosis is good that it can also support satellite commercial enterprises. In many cases, the entrepreneurs discover that the area also possesses other locational criteria needed by the proposed satellite businesses (such as good accessibility and a proximity to growing residential areas), because the mall was built at its particular site so that it could enjoy these benefits also. Thus, it is highly probable that a location which is good for a regional shopping mall is also good for peripheral commercial enterprises.

Retailers may view the presence of a regional shopping mall within an area as providing an opportunity to take advantage of business interception as a result of the relatively high volume of traffic it tends to generate. The entrepreneurs felt that this kind

of location provides reasonable assurance that the enterprise will receive a relatively large volume of business due to the availability of a sizable customer traffic flow.

Commercial entrepreneurs may also regard regional shopping mall peripheries as desirable for development of their enterprises due to one or more intangible attributes. Examples are the prestige and amenities that a regional shopping mall offers to its locale, as well as its function as a focus of community life. The latter idea suggests that commercial entrepreneurs wish to have their firms represented within particular trade areas.

On the negative side, the literature mentions three other reasons why commercial enterprises may be located within the periphery of a regional shopping mall. As identified in Chapter V, a new commercial enteprise may be located within the periphery of a mall in order to take advantage of excellent accessibility conditions, to enjoy agglomeration economies emanating as a result of the presence of other peripheral commercial enterprises, and/or purely by reason of chance. In these instances, the peripheral commercial enterprises are designated as "noncomplementary" and are merely peripheral to rather than satellites of the regional shopping mall.

The opinions of the local public officials concerning the reasons why commercial entrepreneurs perceived the Cumberland Mall periphery as attractive for development of their commercial enterprises were cited in Chapter VIII. The local public officials attributed the influence of the mall to three explanations. These were similar to the ideas promulgated in the literature: 1) the mall

generated much customer traffic from which peripheral retail enterprises could draw for their own purposes by means of business interception; 2) the mall represented a strong economic anchor which acted as the pioneer in initiating commercial real estate development within the corridor, setting the trend for further development and thereby eliminating much of the uncertainty and risk about the study area; and 3) the mall conveyed a sense of prestige to the vicinity by ascribing it identity, as evidence by prevalent references to the "Cumberland Area" and the "Cumberland Market," and also because of the previous two reasons. Overall, the local public officials felt that the peripheral commercial development took place much more rapidly than if Cumberland Mall were not there.

The desirability of the study area for commercial development was indicated by the documented real estate actions that occurred there from 1972 to March 1981. These actions included a rise in land values as well as an outbreak in the number of property sales transacted, commercial rezonings granted, building permits issued, and commercial enterprises constructed. After the study period, the author has observed a continuation of commercial development within the corridor, including an expansion of some existing office parks and shopping centers, the further construction within the Atlanta Galleria complex, and the building of several new commercial enterprises. These trends, believed the local public officials, are expected to proceed, which implies that the study area is still regarded by commercial entrepreneurs as very attractive for additional commercial development.

As it was revealed in the survey findings which were reported in Chapter IX, many commercial entrepreneurs do regard regional shopping mall environs as attractive for constructing their commercial enterprises. Over half of the subject firms owned commercial enterprises, other than the one near Cumberland Mall, that were located proximate to a regional shopping mall. Further, the respondents indicated that those locations were chosen specifically due to the presence of the regional shopping mall since most of the firms required a well-established market for their commercial enterprises. The strip commercial establishments, in particular, were able to benefit from the traffic generated by such a mall. It was evident that these firms, therefore, had prior success in locating their commercial enterprises near regional shopping malls, which caused them, in part, to consider sites for the subject enterprises near Cumberland Mall.

The presence or announcement of plans for the development of Cumberland Mall was highly influential in the locational decisions made by the firms for the subject commercial enterprises. Some of the entrepreneurs believed that the mall was just the catalyst needed to initiate the harvest of an area that was ripe for development. The study area possessed excellent accessibility characteristics and was located in a growing area of metropolitan Atlanta, where recent large-scale residential and office development activity had occurred or was underway. Cumberland Mall was able to take advantage of these conditions. Its construction made the corridor even more desirable to the commercial entrepreneurs because it removed the pioneer status of the

study area, thereby providing a sense of economic stability. Evidence of this idea was substantiated by the fact that several firms showed interest in the study area before the mall was introduced, but waited until after the mall was built to construct their own commercial enterprises within the periphery. The mall thus represented a nucleus around which satellite enterprises located.

Cumberland Mall was credited in the minds of the commercial entrepreneurs with not only being the catalyst to satellite commercial development, but also with exerting a continuing influence through the years over the ensuing commercial development within its periphery. The success of the mall was observed, and this encouraged the entrepreneurs to believe that the market was strong enough and large enough to accommodate additional commercial enterprises within the periphery. The opportunity for a visual association with the mall was viewed as advantageous in the promotional efforts for these proposed enterprises. In time, it became prestigious for commercial enterprises to be located near Cumberland Mall, as indicated by the increased land values, the references to the "Cumberland Market," and the names of several corridor businesses incorporating the word "Cumberland."

A more specific and measurable benefit of the mall for the retail enterprises was the availability of a high customer traffic volume generated by the mall, from which the retail enterprises could lure potential customers of their own. This was true to a greater extent for the strip commercial enterprises, of which many depended heavily on shared business, and to a lesser extent by the shopping centers, which received a considerable amount of trade as a result of

their own advertising. The large, freestanding retail enterprises obtained some business from their own generative powers and some as a result of impulse business derived from motorists passing along Cobb Parkway on their way to or from Cumberland Mall. Retail enterprises, it appeared, are dependent to varying degrees upon the proximity of a regional shopping mall in order to feed off its customer traffic.

The magnitude of influence by Cumberland Mall over the entrepreneurial decisions concerning the subject commercial enterprises appeared to be very great. Nearly all of the interviewees regarded the presence or anticipation of the mall as one of their top three locational factors. Several entrepreneurs claimed that the mall drew their initial interest to the study area, while others attributed their development decisions almost solely to the perceived benefits of Cumberland Mall.

In reflection, virtually all of the firms were satisifed with the present locations of their enterprises, and most would have chosen the same sites if given another chance. More than half of the entrepreneurs ascribed the success of their enterprises solely or to a substantial extent to the presence of the mall. The degree to which the mall was held responsible for the success of the peripheral enterprises was largely determined by the retail or nonretail nature of the enterprises as well as the shared versus generative characteristics of the business. A few interviewees stated that their firms were so pleased with the success of the subject enterprises that they planned to develop future commercial enterprises within the peripheries of regional shopping malls. These findings suggested that

commercial entrepreneurs believe that a regional shopping mall is of vital importance to the success of peripheral commercial enterprises.

The overall influence of Cumberland Mall on peripheral commercial development was perceived to be "enormous" because, as the main real estate focus of the corridor, it acted like a magnet in inducing the construction of satellite commercial enterprises. While in the beginning the mall played the roles of pioneer, economic anchor, and catalyst, in subsequent years its influence was accredited more to reasons related to identity, prestige, customer traffic generation, and the provision of amenities. Therefore, the influence that a regional shopping mall exerts over peripheral commercial enterprises remains strong although the nature of this influence may vary in time and according to the types of commercial enterprises that are present within the periphery.

Timing was of tremendous importance in the commercialization of the study area. Some entrepreneurs who expressed an interest in the corridor before the development of Cumberland Mall waited until after the mall was built to construct their enterprises, while other entrepreneurs allowed a certain length of time to elapse after the mall was built before constructing their enterprises in order that they could observe the success of the mall and evaluate the relative potential of the market for their proposed commercial enterprises. In addition, it should be realized that many of the entrepreneurs may have decided to develop their enterprises at a different time or not at all if Cumberland Mall had been built at some other time or under other circumstances pertaining to the prevailing economic, demographic, and

real estate conditions. This latter idea stresses the importance of analyzing entrepreneurial perceptions and actions in light of the total existing real estate environment.

In sum, it is concluded that the findings of the empirical study suggested that commercial entrepreneurs may regard regional shopping mall peripheries as highly desirable for commercial development for many reasons, as listed below. According to the opinions of commercial entrepreneurs, a regional shopping mall:

1. Often is the pioneer in an untested market, which paves the way for further commercial development;
2. Represents an economic anchor to its hinterland, thereby eliminating much of the uncertainty and elements of risk;
3. Acts as a catalyst to subsequent satellite commercial enterprises, which are developed in response to the improved market conditions;
4. Provides identity to the surrounding properties through visual association;
5. Generates customer traffic that is beneficial to satellite retail enterprises;
6. Offers amenities to nonretail peripheral commercial enterprises in particular;
7. Ascribes prestige to the vicinity, which is beneficial for promotional purposes; and
8. Represents a nucleus around which further commercial development takes place, thereby conveying a sense that a commercial corridor has formed.

Local policymakers should recognize these attractions of a regional shopping mall for satellite commercial enterprises, as signaled by rising land values as well as increased numbers of land investments and property transactions within the periphery. They should then be prompted to establish their preferences for the types and timing of commercial development to occur. Comprehension of the locational and development requirements of specific types of commercial enterprises would greatly aid in a determination of the ones most likely to be constructed within the periphery, as well as the timing of their development. For instance, commercial complexes are likely to precede large, freestanding retail enterprises and strip commercial establishments. Planners and zoning officials should therefore be knowledgeable of large tracts of land that are available for development near the regional shopping mall in order to plan tentative locations for commercial complexes.

Long-range development schemes may be prepared as guidelines for the phasing of commercial development occurring within the entire corridor. In addition, regulations pertaining to curb cut restrictions and signage should be prepared or revised so that uniform treatment may be applied to all commercial enterprises to be constructed within the regional shopping mall periphery.

Conclusions and Urban Planning Implications for Research Question #3

The third research question was: "What is the role of local public officials in influencing commercial real estate development decisions in regional shopping mall peripheries?" This was the first

of seven secondary research questions. It was directed toward the identification of the means by which local public officials may be involved in and influential regarding the entrepreneurial decisions concerning new commercial real estate enterprises that are proposed for sites within the periphery of a regional shopping mall. The discussion examines the policies that may be enacted and the actions that may be taken by local public officials before such development proposals are made, as well as the roles that are often played by local public officials during the actual decision-making and development process for a proposed commercial enterprise within the periphery of a regional shopping mall. The ideas in the ensuing discussion were derived from the findings cited in the previous chapters, as well as deducements made by the author from these findings.

The types of policies and actions produced by local public officials which may affect the decision-making environment for proposed commercial real estate enterprises, according to the literature, were enumerated in Chapter II. They were grouped under capital investments, regulation measures, land development policies, and taxation policies. It was noted that before expensive capital investments are made for infrastructure improvements, foresight is needed in order to assess the primary and secondary impacts of such improvements so that adverse consequences may be avoided. For example, local public officials should realize that the widening of a heavily-travelled road may ease excessive traffic volumes, but at the same time this action may result in a greater demand for the abutting properties by commercial entrepreneurs, who react to the improved

traffic situation and desire to construct commercial enterprises along the road. Thus, local public officials should be aware of the land use changes that may be prompted by infrastructure improvements.

Although zoning has traditionally been regarded as the primary regulatory measure, its effectiveness has recently been questioned by several authors. Suggested new types of land use controls included the enactment of large-scale development ordinances and the designation of planned unit shopping centers, special use districts, and highway commercial districts.

Other suggestions were cited for innovative land development policies and taxation policies. Darin-Drabkin advocated the indication on a community's future land use plan of areas suitable for immediate development and areas that should be reserved for deferred development. With such a system, local public officials could limit sprawl and ensure that new development could be readily accommodated. Milgram recommended taxation policies which could place a special tax on new developments constructed in growing areas, provide a differential assessment of tax rates on land and structures, and allow the existence of different tax rates within an urban area.

Other specific kinds of policies and actions that may be utilized by local public officials pertaining to new commercial development include land use planning, growth management policies, the declaration of development moratoria in certain areas, and land acquisition strategies. Clawson believed that in the land use planning process, better guidelines are needed to indicate the steps that

should be taken to move from the present situation to the desired future situation.

A clear need exists for combining the various policies and actions in order to address commercial development matters in an organized and comprehensive manner. Unfortunately, the presence of a multiplicity of governmental entities often makes this an impossible task within a metropolitan area. It seems that local public officials should be more cognizant of the long-range ramifications of a new regional shopping mall for its periphery in terms of secondary impacts, and should take greater responsibility in shaping commercial land use patterns.

The importance of the community roles of commercial complexes (including shopping centers, office parks, and mixed-use developments), as described in Chapter IV, should be realized by local public officials so that they may be more attentive of the implications of such development, particularly when they are proposed for regional shopping mall peripheries. Each of these commercial complexes may have great impacts on the local economy; they usually represent major land use features; and they may be prominent foci for community life. When located near a regional shopping mall, commercial complexes make substantial contributions to the formation of a commercial corridor around the regional shopping mall. Local public officials should recognize the possibility of such an occurrence because of the propensities of commercial complexes to be located within regional shopping mall peripheries.

The literature identified the nature of the future trends

anticipated for commercial complexes. Shopping centers may be developed in several new forms, including specialty shopping centers and small regionals, and may cater to different types of markets. Office parks are becoming more prominent in suburban locations, while mixed-use developments are recognized as unique types of development that offer flexibility in location and project characteristics. An awareness of the future development trends for commercial complexes should assist local public officials in foreseeing the types of commercial development that may be constructed within regional shopping mall peripheries. Appropriate planning efforts may then be undertaken to attract the desirable types of future commercial enterprises and discourage the undesirable types near regional shopping malls.

The capability of strip commercial establishments to act as "pirates" to regional shopping malls was observed by Gruen, as explained in Chapter V. They may undermine the economic success and overall attractiveness of a regional shopping mall by their cheap operations, cluttered appearance, and temporary nature of their existence. Further, they may counteract planning efforts for the periphery and bring about its deterioration. A comprehension of these possibilities should lead local public officials to take steps to encourage orderly forms of satellite commercial development.

Entrepreneurial decisions for proposed commercial enterprises within the periphery of a regional shopping mall may be influenced by local public officials through several means, as identified in Chapter V. These include: 1) a recognition of the process of urban sprawl

and the consequent need to curtail it; 2) the establishment of effective shopping center zoning policies and practices; 3) the use of various tax inducement measures (such as tax concessions to particular types of commercial enterprises) to attract only desirable types of commercial development; 4) the implementation of transportation improvements to induce appealing types of commercial enterprises; 5) a closer examination of the likely impacts of proposed commercial facilities; and 6) a more serious commitment to commercial development planning with respect to regional shopping mall peripheries to dissuade the occurrence of piecemeal, uncontrolled commercial development activity. McKeever advocated the encouragement of clustering to avoid many of the adversities associated with strip highway development around regional shopping malls, and if possible, the more active involvement of the regional shopping mall developers in promoting satisfactory commercial land use patterns.

The findings of the empirical study suggested that local public officials may encourage commercial real estate development within the periphery of a regional shopping mall in several ways. These are: 1) by enhancing the general real estate environment through the provision of amenities to the overall trade area (such as a good transportation system, adequate utilities facilities, a good educational system, attractive cultural institutions, ample hotel space, and quality restaurants); 2) by enacting favorable taxation, zoning, building permit, and other regulations; 3) by having positive attitudes toward new commercial development and exhibiting cooperation in working with entrepreneurs; and 4) by implementing any improvements which are

required by or would aid in the accommodation of proposed commercial facilities.

Realizing that the northwest sector was one of the growing areas of metropolitan Atlanta, Cobb County officials were anxious to induce new commercial development, hence they undertook steps to provide facilities, services, and regulations which would be attractive to commercial entrepreneurs. According to one local public official who was interviewed: "We planned the [Cumberland Mall] area for this type of thing [i.e., for commercial development] . . . we hastened it by being very approving of zoning requests." Further, the local public officials tried to be cooperative: "We assisted them in every way we could." To persuade and assist commercial development within the Cumberland Mall periphery in particular, it was noted that the local public officials provided substantial road and utilities improvements on behalf of such commercial development. In addition, certain public offices engaged in active efforts to seek new commercial enterprises through promotions, the showing of available properties to interested commercial entrepreneurs, and the provision of needed market data.

The direct involvements of the local public officials with the entrepreneurs who had developed commercial enterprises within the Cumberland Mall periphery, as delineated in Chapter IX, pertained to standard approval procedures and special requirements in a few instances. Most of the entrepreneurs felt that the local public officials held favorable attitudes toward the proposed commercial enterprises and were very cooperative in their interactions with the

entrepreneurs. As a result, the local jurisdictions may have established a good reputation, which, in turn, was influential in attracting additional entrepreneurs to the study area.

The survey findings provided insights into the roles that local public officials took in influencing commercial real estate development within the study area, which may be applicable to the peripheries of other regional shopping malls. The entrepreneurs who were interviewed felt that local public officials should hold certain general attitudes toward new commercial development. These are: 1) they should realize that the residents of their community need commercial facilities; 2) they should recognize the fact that commercial enterprises make substantial economic contributions to the community, yet they require relatively few major public investments for infrastructure improvements and services compared to residential land uses; 3) they should exhibit greater leniency in accommodating commercial enterprise developers during the approval process; and 4) they should modify their thinking in order to dispel the notion that real estate developers are adversaries, and to eliminate the tendency toward forming preconceived, negative opinions regarding proposed commercial enterprises.

The subject entrepreneurs gave several suggestions of actions that local public officials may take which would encourage and/or will aid in new commercial development within the periphery of a regional shopping mall. These include: 1) the preparation of more comprehensive land use plans which designate appropriate areas for future commercial development; 2) the establishment of better channels of

communication between the public and private sectors; 3) the maintenance of a good political image; 4) the improvement of the general business environment by revising the approval process, allowing certain concessions to developers, and creating closer coordination among governmental offices; and 5) the provision of desirable amenities within the trade area. These actions may be viewed by commercial entrepreneurs as evidence that local public officials are serious in their commitment to securing new commercial enterprises and promoting orderly and aesthetic development. Thus, local public officials should be aware of the types of images they are portraying for their community, assess their goals regarding future commercial development within a regional shopping mall periphery, and take steps to alter that image accordingly.

Certain actions or lack of actions by local public officials may discourage and/or hinder commercial entrepreneurs in their development of commercial enterprises near a regional shopping mall. The administration of more stringent regulations, the existence of a general policy to discourage new commercial development, and/or the failure to adequately provide necessary public facilities and services could all act as disincentives to commercial entrepreneurs. It would be wise, therefore, for local public officials to evaluate their situation to determine whether they have been unknowingly discouraging desirable forms of commercial enterprises. Conversely, if new commercial development is to be limited, local public officials may devise ways to discourage it.

Planners and local public officials should realize the

propensity of a regional shopping mall to induce peripheral commercial development due to its enhancement of the overall market conditions within the corridor. This realization should prompt them to take appropriate actions in anticipation of such commercial development. In the early stages of the commercialization of the Cumberland Mall corridor, the local public officials were hesitant to impose any restrictions on new commercial development, probably because it was welcome for economic reasons. They later realized, however, the necessity of controlling proposed commercial enterprises in order to protect the real estate investments already made within the study area.

The reflective opinions held by the local public officials regarding the phenomena of satellite commercial development within the Cumberland Mall periphery conveyed ideas about actions that local public officials within a community perhaps should take pertaining to the commercialization of a regional shopping mall corridor. Such actions should be utilized upon anticipation of burgeoning satellite commercial development in order to control the nature of the enterprises constructed and to promote the general desirability and economic health of the corridor.

Examples of pertinent actions include the following: 1) the granting of rezonings for planned commercial districts only (as opposed to general commercial districts) in order to control strip commercial enterprises and encourage them to be developed in designated planned commercial areas; 2) the heavy deterrence of excessive curb cuts in the interest of traffic safety considerations;

3) the implementation of road improvements before the traffic conditions within the regional shopping mall periphery become out of hand; and 4) the enforcement of rigorous signage and curb cut regulations to avoid the cluttered appearance caused by a proliferation of signs. It is important that actions such as these are initiated in anticipation of commercial development around a regional shopping mall so that potential problems can be avoided or at least minimized.

Some specific means for influencing peripheral commercial development effectively were suggested by David K. Witheford and George E. Kanaan in Zoning, Parking, and Traffic. They recommended that zoning be used to accomplish several objectives: 1) to confine commercial development to a designated area in order to reduce the adverse impacts on the traffic volumes of adjacent streets; 2) to "promote the spatial separation of major traffic generators, . . . as a means of diffusing travel volumes across the street networks"; 3) to regulate the nature and aesthetics of development, as well as the consequent timing of traffic operations improvements of freeway interchanges; and 4) to control strip commercial development by encouraging clustering of commercial enterprises and the restriction of direct access to major roads to land uses which have relatively extensive frontages, such as commercial complexes or large institutional uses. The encouragement of joint development and the use of joint driveways and parking facilities by several commercial enterprises was another valuable idea proffered for influencing peripheral commercial development (Witheford and Kanaan, 1972, pp. 16-18, 25, 94-103 passim, quote from p. 18).

Conclusions and Urban Planning Implications for Research Question #4

The fourth research question was: "What implications do commercial real estate enterprises located in regional shopping mall peripheries have on local public policy, once they are constructed?" Its purpose was to raise the consciousness of local public officials regarding the possible need to implement policies and actions pertaining to commercial enterprises that have been constructed within the periphery of a regional shopping mall. The discussion describes the attitudes and policies that may be adopted and the types of actions which may be taken pertaining to existing and future commercial development located near a regional shopping mall.

The local public officials who were interviewed for the empirical study believed that not only would the economic viability of the existing commercial enterprises located within the Cumberland Mall periphery be maintained, but that further commercial development was inevitable. The corridor had become well-established as a prominent commercial center within metropolitan Atlanta, and the trade area showed signs of continued market attractiveness. In recognition and support of these trends, the local public officials felt that they would be wise to actively encourage the anticipated commercial development via several means: 1) by striving to accommodate it in an appropriate manner; 2) by protecting the corridor from encroachment by incompatible land uses; 3) by attempting to diminish prevalent traffic problems; and 4) by fostering a good overall business and political image.

When the development of satellite commercial enterprises within

the periphery of a regional shopping mall has begun, therefore, local public officials should decide whether such a trend is desirable, if they have not already made such a decision. If the evolving trends are desirable, efforts should be made to safeguard the investments represented by the existing commercial enterprises by discouraging adjacent land uses which might jeopardize their success. For instance, if commercial complexes have already been built within the corridor, the construction of adjacent strip commercial enterprises, which often act as "pirates" to existing generative-type commercial enterprises, may be viewed as detrimental to the continued success of these commercial complexes as well as the regional shopping mall itself. One source raised objections to strip commercial development because of the usually poor quality of commercial enterprises built, the often-neglected maintenance, and the concomitant depression of the land values of adjacent properties (Witheford and Kanaan, 1972, p. 102). The development of other types of land uses as well as the implementation of any alterations in traffic flow patterns which may negatively affect existing commercial enterprises should also be discouraged.

If a new regional shopping mall has been constructed in an area where satellite commercial development is not very desirable, it nevertheless may be difficult to restrict this commercial development once it has begun. This is because the land values of peripheral properties are probably very high due to their proximity to the regional shopping mall, and it may not be cost-effective for entrepreneurs to develop these properties for noncommercial land uses.

Further, entrepreneurs may be able to obtain rezonings for a commercial designation on the legal grounds that a precedent has been set for commercial land uses and that the land values are too high to permit a reasonable return on the investment if some other types of land uses were developed on these properties.

However, certain measures may be used to control the nature of additional commercial development. These might include the adoption of a land use plan which calls for a phasing of future commercial development, various taxation disincentives, the postponement of the extension of water and sewerage facilities to certain sites if such facilities are lacking, or the outright purchase of particular peripheral properties by public entities (an expensive proposition).

As with most forms of real estate development, commercial enterprises that are peripheral to a regional shopping mall have public policy implications regarding the provision of services to them as well as their impacts on the community. Commercial facilities require the continued availability of adequate water and sewerage, police protection, and fire protection services. If deficient, these services must be improved to meet the needs of the commercial enterprises. As the traffic volumes of adjacent streets and highways are increased by the addition of trips generated by new commercial enterprises, transportation improvements often have to be made. These may include signalization improvements, the installation of new traffic signals, and the widening of certain routes to accommodate the greater traffic volumes. Controls may also have to be enforced over signage.

The development of a commercial corridor around a regional shopping mall may also have implications for surrounding land use patterns. As this commercial development proceeds, planners should revise the future land use plans, if this has not already been done, to delimit appropriate boundaries for the commercial corridor. Some conception of the size and extent of the trade area for the regional shopping mall would be helpful in this endeavor. Compatible land uses may then be planned for the fringe area of this delimited commercial corridor. Zoning officials and planners should be alert to any proposals which would allow commercial development to extend beyond these delimited boundaries and encroach into areas of residential and other sensitive types of land uses.

Conclusions and Urban Planning Implications for Research Question #5

The fifth research question was: "What factors are considered by entrepreneurs in the locational, site selection, and development decisions for commercial real estate enterprises which are located in regional shopping mall peripheries?" An explanation was sought for the reasons why commercial real estate enterprises are located near a regional shopping mall. The literature identified several broad factors which may influence commercial real estate development in general, and examined the specific locational requirements for individual types of commercial enterprises. As a part of the empirical study, the subject commercial entrepreneurs were asked to name those factors that were considered by their firms in locating the subject enterprises near Cumberland Mall.

Eight general types of factors which may influence commercial real estate development were identified and described in Chapter II. They were the following: 1) the urban commercial land market; 2) accessibility and priming actions; 3) transportation and traffic; 4) land values and land rents; 5) location and land use; 6) urbanization and suburbanization processes; 7) commercial decentralization; and 8) real estate development decision-making activity.

These factors provide the framework within which commercial development decisions are made. Commercial entrepreneurs may consider these general factors during their evaluation of the desirability of certain regional and urban markets for their proposed new commercial enterprises. That is, commercial entrepreneurs usually prefer to locate their enterprises in market areas that are characterized by substantial growth trends, favorable economic conditions, good accessibility and traffic conditions, the presence of adequate transportation and other community facilities, and the existence of a desirable overall real estate decision-making environment. In market areas that possess these advantageous overall characteristics, the interest expressed by commercial entrepreneurs is likely to be high.

Other factors which may be of a more direct application to commercial development activity occurring within a particular trade area were identified in Chapter VI. These precursors to site development include rising land values, a succession in land use, and neighborhood growth and change.

The specific types of factors taken into account by commercial entrepreneurs in the location, site selection, and development

decisions for various kinds of commercial enterprises were delineated in Chapters III and IV. Economic and spatial linkage relationships may exist between retail enterprises so that benefits are mutually accrued. This often signifies an interdependency among such businesses. The prior presence of several retail establishments in a particular locale, for example, may influence a commercial entrepreneur to select a proximate site for a new retail outlet in order to take advantage of agglomeration economies or externalities. The construction of new major highway routes was noted as being particularly attractive for new retail establishments.

Some general locational requirements were identified as being applicable to most types of retail establishments. Mitchell and Rapkin contended that several criteria may account for the location of a particular retail outlet. These include the activities to be conducted at the establishment, the movement patterns associated with these activities, market conditions, actions of other retailers, the existing land use patterns, and prevailing local public policies. Internal and external site variables, as identified by Claus and Hardwick, and threshold levels for specific retail functions are also considered. Other important locational factors were denoted by Nelson.

The distinguishing feature of retail establishments in comparison with other forms of commercial development is that they are market-oriented. This indicates that they must be accessible to their targeted customers, they preferably should be in locations where

relatively high population growth potential exists, and their trade areas should not be approaching saturation by competitors.

In addition to the general retail locational criteria considered by commercial entrepreneurs, each type of retail enterprise has its own locational pecularities, which stem from the nature of the business and the kinds of clientele that are catered to. Consequently, retail firms may look for the presence of certain segments in the trade area population (typically, designated age groups). Specific site requirements may also be designated, such as locations on corner sites or on one side of the street as opposed to the other.

Shopping center developers must consider several factors which are not relevant to other types of retail establishments. These include determining the appropriate size of the shopping center in relation to community needs; obtaining the best tenant mix; accommodating the locational requirements of the prospective anchor tenants; and determining the proper phasing, if any, under which the shopping center should be built in accordance with the trade area growth trends. Physical issues that need to be considered in site selection and development include site topography, size, and shape; ingress and egress conditions; utilities and drainage; and adjacent land uses.

The locational and development factors for new office parks are quite different from those of shopping centers. They vary somewhat according to whether most of the anticipated office tenants will serve headquarters, regional, or local office markets. In recent years, a tendency of office facilities to be developed at suburban locations

rather than downtown has occurred. Factors considered by office park entrepreneurs in locational decisions include the proximity to a strong office market labor force, the ease of access to the site, and the potential for high visibility from a major highway. Construction of a new office park in phases should be planned carefully to coincide with projected office space absorption rates.

Since mixed-use developments combine elements of several types of land uses, the locational decisions for them are compounded since the locational criteria for each type of land use contained therein must be met. Further, these projects must be planned in such a manner than they promote harmony among the diverse land use components. The site selected for a proposed mixed-use development must adequately meet the accessibility, visibility, and market needs of each of the land uses represented. Relatively large sites are required for most mixed-use developments.

Other factors that may influence firms which are contemplating the building of commercial complexes relate to actual development issues and the characteristics of the firms themselves. These include the intricacies involved in site acquisition, tenant commitments, financing, site design, project construction, and management organization.

Some of the factors that may be considered by entrepreneurs regarding the location, site selection, and development of commercial enterprises relate to the pre-development strategies held by the firm, as delineated in Chapter VI. These include internal objectives relating to land investment, land speculation, franchising, or general

entrepreneurial goals. Since firms may differ in their real estate strategies, they may view development proposals in different ways. A site rejected by one firm may therefore be highly-sought-after by other firms. Further, local public officials may be surprised when seemingly desirable sites are passed over by entrepreneurs. Their understanding of the strategies and goals of the firms in general as well as the locational and operational requirements of proposed commercial enterprises could provide clues as to why certain entrepreneurial actions are taken or refrained from being taken.

Many firms rely upon market analysis to evaluate commercial real estate proposals. Both indirect and direct factors which may have economic influence on proposed land uses are evaluated through market analysis. The indirect factors concern public regulations, social impact issues, and environmental issues. On the other hand, the direct factors may include the demand for a proposed commercial project, prevailing economic and demographic conditions, the competitive position of the proposed project with regard to local and regional real estate markets, and site specific factors. In each of the various steps of the market analysis, particular types of factors are analyzed, as described in Chapter VI. In the analysis of market demand, different types of factors are applicable according to the kind of commercial enterprise that is proposed for development. These were identified in Appendix A.

The thrust of the empirical study was an investigation of the types of factors that were considered by the respective firms regarding their reasons for developing new commercial enterprises within the

Cumberland Mall corridor. A review was first made of the types of factors that the firms usually considered in their locational, site selection, and development decisions for commercial real estate enterprises. Similar information was then sought pertaining to the subject commercial enterprises located within the periphery of Cumberland Mall. It became evident that the policies and strategies utilized by the firms with respect to the subject commercial enterprises closely resembled those commonly applied by the firms in their commercial development endeavors. Differences tended to exist between the categories of commercial enterprises pertaining to the emphases placed on certain locational factors, in compliance with the literature review.

The survey findings advanced the idea that many interwoven factors may be involved in entrepreneurial decisions pertaining to new commercial enterprises within regional shopping mall peripheries, thereby making it difficult to isolate the one most important factor that is responsible for such decisions. Indeed, the interviewees representing commercial enterprises in the study area had difficulty in naming the one most important locational factor, although most regarded the announcement or presence of Cumberland Mall as one of the top three factors influencing the entrepreneurial decisions (see Research Questions #1 and #2). Nevertheless, several general tendencies were noted. It was observed that those factors which evoked the initial interest of the firms in the study area also were later influential in the firms' decisions to construct commercial enterprises within the Cumberland Mall corridor. When a firm engages

in an active search for a location for a proposed commercial enterprise, the entrepreneurial decision-making process usually involves the selection of regional, urban, and intraurban locations, and finally the specific site.

The regional location selected by a firm for a new commercial enterprise may be determined by the locational policies of the firm, its previous success in particular areas, and/or its perceptions of favorable conditions in areas being considered. The survey responses suggested that some important factors to take into account in the selection of a regional location include the proximity to the firms' headquarters or regional office, the climate, growth trends, and prevailing economic conditions. The entrepreneurs who were interviewed held favorable opinions of the Southeast and of Georgia regarding these issues. In addition, many firms had their headquarters or at least a regional office in Atlanta.

Additional factors to consider in the selection of an urban area include its size, applicable governmental regulations and policies (particularly zoning and taxation), the adequacy of community facilities and services (especially the transportation and utilities systems), various amenities, and the general business environment. Larger cities may be preferred by retail firms because of their offering of a broader market from which to cater to certain market elements. Metropolitan Atlanta scored high on most of the locational criteria used by the subject entrepreneurs. It was termed a "growing, dynamic place" which was "self-sustaining."

The type of intraurban location selected is determined by the

operating characteristics of the commercial enterprise and the nature of the markets it serves. Suburban locations were preferred by the firms represented in the empirical study due to the perceptions of suburbs as being growing areas (with respect to population and urban activity in general) where land is relatively cheap, higher-income groups live, accessibility is good, there is less clutter than found in central city areas, and large-scale commercial development may already be present. The northwest sector of metropolitan Atlanta, of which the Cumberland Mall area is a part, was perceived as one of the major growth areas of the metropolis due to the proliferation of new residential construction that was underway and the excellent accessibility offered by I-75, I-285, and U.S. 41 (Cobb Parkway).

The further narrowing of an intraurban location being considered for a proposed commercial enterprise leads to the evaluation of particular corridors within the urban area. Probably the most important issue to address is the market status of a prospective trade area. Entrepreneurs need indications that the market will be strong enough over a designated period of time to support the new commercial enterprise. For commercial complexes, the prior existence of a well-established market may not be necessary, enabling a consideration of pioneer areas. The development of four office parks within the study area was initiated prior to the construction of Cumberland Mall in response to the superior accessibility and visibility present by virtue of the three major highways, the proximity to growing residential areas which offered a ready supply of needed labor, and the beliefs that new office space was lacking and in demand in

northwestern Atlanta. Shopping centers may similarly be built if the size, composition, and shopping habits of the trade area population are indicative of satisfactory retail sales potentials. In addition, the prospective anchor tenants within a proposed shopping center may desire to enter a designated market area before their competitors do. Even commercial complexes, however, may benefit from the presence of a regional shopping mall because of the identity and economic stability it lends the market area, as explained in the discussions of Research Questions #1 and #2.

Strip commercial establishments and large, freestanding retail enterprises are much more likely to be dependent upon a well-established market, as evidenced by the survey findings. This is because of their tendency to rely on shared business and agglomeration economies due to their inability to generate sufficient business of their own. Therefore, these retail enterprises are usually built after substantial commercial development within a market area has already occurred in order to obtain reasonable assurances of its economic soundness. The success of a nearby shopping mall can be viewed as a major source of such assurance.

A prominent factor in many commercial real estate locational decisions is the attractiveness and adequacy of various transportation and traffic characteristics. Major transportation facilities can provide convenient access to targeted markets and allow exposure of the enterprises. Interstate locations are particularly attractive to commercial complexes, which cater in large part to community markets.

Highways serving local traffic may be better locations for

neighborhood-oriented shopping centers and smaller retail operations due to the access they allow to nearby residential areas. Such locations can be even more desirable when a regional shopping mall is present because these retail enterprises then have the opportunity to capture some customer traffic from vehicles traveling along the highway to or from the regional shopping mall. This appeared to be the case in the Cumberland Mall corridor. One side of the street may be preferred to the other side relative to the direction of the peak hour traffic flows for particular types of retail establishments. Although the presence of a high traffic volume may be beneficial in terms of the number of potential customers, however, an excessive amount can be detrimental if the result is traffic congestion. In high traffic volume areas, therefore, the traffic should be properly channeled and controlled by such means as road widening, signalization, design improvements, and curb-cut control.

Other factors may be considered by commercial entrepreneurs. Of particular interest is the desire to be in a good area in general. This may be related to such intangibles as the local political environment, social issues, and a prestigious reputation, in addition to demographic, economic, and development factors.

In summary, entrepreneurial locational decisions for proposed new commercial enterprises are based upon a consideration of the following types of factors:

--Regional location issues

--Urban location issues

--Intraurban location issues

--Market status issues

--Local economic conditions

--Local demographic conditions

--Local real estate development conditions

--Local political and business environment

--Adequacy of community facilities and services

--Proximity to growing residential areas

--Prestigious reputation of an area

--Transportation factors

--Traffic factors

--Visibility opportunities

--Competition

--Generative versus shared nature of the business

--Needs and desires of anchor tenants

--Financial and property issues

--Presence of amenities

--Peculiarities to business

--Site characteristics

--Aesthetics

--Franchisor wishes

--Availability of a good labor supply

--Consumer demands, tastes, and habits

--Trade area size

--Attributes of the firm

--Proximity to major activity centers

--Proximity to a regional shopping mall

Local public officials should be cognizant to these factors that are considered by entrepreneurs in commercial development in order to anticipate and plan for such development. An assessment should be made of the local market to take inventory of particular areas to determine how ripe they may be for commercial development, what features exist which may be viewed as assets and hence inducements to commercial development, and what features may be lacking which would deter new commercial development. The comprehension of the factors considered by entrepreneurs regarding proposed commercial enterprises, coupled with a knowledge of the existing conditions and future trends of an area, can then be used in preparing future land use plans and scenarios for regional shopping mall peripheries which specify phasing of development. In addition, steps can be taken to provide any needed community facilities and services improvements. With these actions, local public officials would hopefully be in a better position regarding commercial enterprises with respect to their encouragement or discouragement, their recruitment, their approval and development assistance, their service needs, their promotion, and their control.

Conclusions and Urban Planning Implications for Research Question #6

The sixth research question was: "To what extent is traffic that is generated by regional shopping malls beneficial to the profitability of commercial real estate enterprises that are located within the peripheries?" Evidence was sought to support a premise that commercial entrepreneurs may perceive regional shopping mall

peripheries as attractive for the development of commercial enterprises because of the traffic generated by the malls, thus establishing a dependence of commercial enterprises on regional shopping malls and their concomitant thriving when located near them.

Several authors observed the relationships between the types of business demand that characterize commercial enterprises, their dependence on traffic produced by other enterprises, and their locations. Generative-type retail enterprises are able to receive customer traffic as a result of their own advertising efforts, while office parks do not cater to customer traffic. Shared-type retail enterprises are substantially dependent upon impulse business that may be derived from motorists who pass by these establishments as they travel to or from a nearby large activity center such as a regional shopping mall. These establishments are therefore counting on taking advantage of business interception. A regional shopping mall is likely to bring business to these satellite enterprises because its customers are in the vicinity for the purpose of taking care of their personal needs. The sheer volumes of traffic that regional shopping malls attract (as documented by Cleveland and Mueller) give satellite enterprises an opportunity to draw a percentage of this traffic for their own purposes. Entrepreneurs who develop shared-type businesses therefore perceive regional shopping mall peripheries as locations where their retail sales volumes will be high and the prospects for success are maximized. In the language used by Mitchell and Rapkin, these establishments represent "subordinate uses" to the regional shopping mall, which is the "dominant use" of the commercial area.

The survey findings supported these ideas. Many of the interviewees who represented strip commercial establishments stated that not only were the businesses dependent upon traffic generated by Cumberland Mall to a substantial extent, but that the firms probably would not have chosen their sites if no regional shopping mall were present. Although the peripheral shopping centers did not need the mall's traffic for survival, it was certainly a beneficial addition to their own self-generated customer traffic.

The literature and the empirical study both attested to the propensity of regional shopping malls to cause severe traffic congestion within their peripheries, which may be detrimental to the business of satellite retail establishments. Such congestion may be only partially due to the magnitude of their attendant traffic volumes. It is often aggravated by an improper channelization of traffic flow (especially at interstate ramps), poor street geometrics, and ineffective intersection signalization. When these problems develop, the traffic that was initially prized by the satellite retail establishments ironically becomes a source of negative impacts on business. In such a situation, consumers who may have been lured to include a visit to one or more of these establishments along with their visit to the regional shopping mall become so frustrated that they do not bother to attempt to gain access to these retail outlets. The replies of the interviewees representing retail establishments around Cumberland Mall indicated that at peak traffic times (such as rush hour and Christmas), the saturation point for traffic is exceeded and potential customers are turned away. The author suspects that

this may be one of the reasons why a relatively high turnover rate is prevalent among the strip commercial establishments located within the corridor. Traffic congestion may also tarnish the image of office parks and mixed-use developments.

Urban planning actions should be prompted by the realization that traffic generated by regional shopping malls may be perceived by retail entrepreneurs as beneficial to the businesses. Planners and local public officials may expect that, if allowed, many retail enterprises (particularly strip commercial establishments) will be built within the peripheries. If the prospect of such a phenomenon is not attractive, efforts should be made to enact policies, prepare plans, and tighten controls in order to discourage this occurrence. Alternatively, the inducements may be devised to encourage this development to occur in an acceptable manner, such as by clustering or by utilizing a frontage road for site access rather than the major highway. Efforts should also be directed toward minimizing the adversities of these enterprises once they are constructed.

In recognition of the tendency of the satellite commercial enterprises to increase traffic congestion problems within regional shopping mall peripheries due to the great number of curb cuts they usually have, transportation improvement projects should be planned to prevent or alleviate these traffic problems. It would be wise to place such projects in the local transportation improvement program well in advance in order to be prepared to deal with congestion problems appropriately from the beginning. A good time to do this would be when a new regional shopping mall is approved for

development. Of course, the traffic conditions should be monitored though the years to identify any new transportation improvements that need to be made. Short bypass routes might be good solutions for removing much traffic from congested areas, as is planned by Georgia Department of Transportation officials for the Cumberland Mall commercial corridor.

Conclusions and Urban Planning Implications for Research Question #7

The seventh research question was: "To what extent do regional shopping malls affect the land values of peripheral properties?" An investigation was made of the inclination of regional shopping malls toward stimulating a rise in the land values of proximate properties as a prelude to peripheral commercial development.

Land values are determined, according to the literature, by accessibility, general location within an urban area, proximate land uses, and the current market situation relative to economic and demographic factors. The value of a particular parcel of land can be increased as a result of improved access, the availability of new water or sewerage lines, rezoning, subdivision, governmental annexation, or the occurrence of real estate development nearby.

The latter action suggests that the demand for a parcel of land may be augmented in response to new development on proximate properties, as explained by Simmons. This occurrence thus brings favorable external economies to the undeveloped parcels, resulting in a rise in their land values. The tendency of commercial enterprises to cluster in one area in the quest for agglomeration economies may

then lead to a competition to acquire these parcels of land. A rapid increase in the associated land values thus ensues as a commercial nucleation is formed. Properties located closest to major activity centers, recent commercial development, or new transportation facilities are likely to be ascribed with higher land values than properties located farther away.

Several authors contended that regional shopping malls are directly responsible for increasing the land values of adjacent properties. In a pioneer location, Gruen and Smith believed that the mere announcement of plans for a new regional shopping mall could trigger immediate increases in the land values of these properties in anticipation of the beneficial economic benefits it may bring. When introduced in an existing blighted area, a new regional shopping mall could stimulate redevelopment activity around it.

The phenomenon of a sudden rise in land values of properties in reaction to the announcement of plans for a new regional shopping mall was seen to occur in the Cumberland Mall periphery. The local public officials who were interviewed believed that the land values of peripheral properties tripled between 1972 (when the announcement of plans for the mall was made) and 1980, and that a direct correlation existed between the land value of a particular parcel of property and its distance from Cumberland Mall. These beliefs supported Barlowe's premise that land values decrease with increasing distance from the "100 percent spot," assuming that a regional shopping mall site commands the highest land value of any property located within the vicinity. According to available property tax data, the land values

of properties within the Cumberland Mall periphery rose from an average of $25,000 per acre in 1972 to an average of $125,000 in 1980.

As a result of these rising land values, many parcels of land fronting directly on Cobb Parkway were split into half-acre tracts by entrepreneurs. This was done in order to allow the development of strip commercial establishments, which needed to be located at sites where they could have access to customer traffic generated by the mall, from which they could feed for their own business.

Another consequence of the increased land values around Cumberland Mall was a surge in the number of property sales transactions, as well as a rise in the average sales price of these transactions. A total of 120 property sales transactions occurred for properties located within the periphery between 1972 and 1980. The sales prices also increased dramatically during that period.

The entrepreneurs who were interviewed regarded Cumberland Mall as the main factor that was responsible for the increased land values within the periphery. Secondary influences were attributed to accessibility and other transportation factors, market characteristics, general economic conditions, and ensuing commercial development activity within the corridor. Entrepreneurs felt that the construction of the mall brought economic stability to the vicinity and signaled the beginning of the development of a commercial center as spinoff enterprises became drawn to it like a magnet. They were, therefore, anxious to acquire properties within the periphery before the momentum of demand for sites accelerated, which would drive up the land values and subsequently the sales prices of these properties.

The research has thus indicated that regional shopping malls may affect the land values of peripheral properties to a substantial extent because of entrepreneurial perceptions of the greater desirability of these properties resulting from their improved marketability. Upon the approval of a new regional shopping mall, local public officials should be aware of the possibility of such a phenomenon. A monitoring of land values and property transactions within the periphery may provide indications regarding imminent satellite commercial real estate development--its likely nature, size, and timing. For example, a property transaction involving the assembly of several parcels into one large tract may signify the forthcoming development of a commercial complex.

Rising land values within a regional shopping mall periphery could also suggest which parts of a developing commercial corridor are more desirable for commercial development. Presumably the most desirable parcels would be located closest to the regional shopping mall site, and the next most desirable parcels might be situated adjacent to a major transportation facility, such as an interstate ramp or busy intersection. This may not necessarily be the case, however. For this reason, a close watch over unfolding real estate property actions may reveal those sites that will have a greater tendency to be developed sooner than others. This knowledge can then be used by planners to prepare future land use plans and development strategies which could influence successive commercial enterprises. Possible strategies to implement might include development moratoria,

phasing of development, performance standards, signage regulations, and/or curb cut controls.

Conclusions and Urban Planning Implications for Research Queston #8

The eighth research question was: "What relationships exist between regional shopping malls and peripheral commercial land use patterns?" The correlation between regional shopping malls and the nature of the commercial land use patterns that may form around them were examined.

Several basic rules that govern urban land use patterns were reviewed in Chapter II. Alonso noted that the peculiar locational attributes of a specific parcel of land, in conjunction with social, economic, and institutional influences, determine the type of land use that will occur on it. The concepts of highest and best use, 100 percent spot, and land use capacity are applicable. Policies established by local governments and the real estate firms themselves, however, may have the effect of altering the land use pattern from what might be expected according to these rules.

The nature of a commercial land use pattern that materializes in an urban area is a response to the locational requirements of the component commercial enterprises as well as the economic and spatial relationships which may exist among them. These ideas were discussed in Chapters III and IV. The locations of retail establishments are determined to a large extent by the types of retail goods and services they offer, their types of business demand (generative, shared, suscipient, or a combination of these), the threshold levels and

ranges of the goods and services they offer, and linkage relationships among neighboring retail outlets. An understanding of these principles, therefore, should aid in the anticipation and planning of commercial development areas.

Applying the principles set forth by Mitchell and Rapkin, it appears that several types of relationships may exist among the commercial enterprises that are located within a regional shopping mall periphery. Those retail establishments which are characterized by shared business may be regarded as subordinate uses to the regional shopping mall (the dominant use). Some of them, particularly restaurants and banks, may be viewed as ancillary uses to nearby office parks in their provision of services to the employees who work there. Shopping centers and other retail enterprises can be considered as satellite uses in their common partaking of business derived from traffic generated by the regional shopping mall. It is possible for condominate uses to have equal drawing power on the satellite commercial enterprises. A mixed-use development such as the Atlanta Galleria might function in this capacity as a secondary traffic generator to the regional shopping mall.

Several other observations can be made about the commercial land use patterns of regional shopping mall peripheries. Commercial enterprises may be found within a regional shopping mall periphery because of their cumulative attraction to the mall, which imposes beneficial external economies (secondary benefits) on them. Strip commercial establishments tend to form business ribbons along the major arterial highways leading to and from the mall, as was the case

around Cumberland Mall. This configuration enables them to have maximum exposure relative to the regional shopping mall and to take advantage of agglomeration economies. Specialized retail districts, such as automobile or furniture rows, may be found along the strip highways. These might be located farther away from the regional shopping mall than restaurants, for example, because they are partially generative in character; that is, they serve not only the traveling public destined for the mall, but also local residents. The same could be said of catalog showrooms and other large, freestanding retail enterprises. Commercial complexes (including shopping centers, office parks, and mixed-use developments) exhibit a greater tendency to be located at major intersections.

Most of the commercial enterprises found within a regional shopping mall periphery are usually compatible with each other, as suggested by Nelson. This does not exclude competing establishments, however, because the economic benefits of being located near a regional shopping mall may be considered to far outweigh the disadvantages of having competitive establishments as neighbors. Enough business is generally available for many competitors. Besides, the presence of competition can be a plus due to the opportunity for agglomeration economies. Office parks could be viewed as non-complementary enterprises because although they may benefit to some extent from the presence of a regional shopping mall, their linkage with other peripheral commercial enterprises will most likely be minimal.

The shape of a regional shopping mall periphery could be

elongated or nucleated. If a major highway featuring much undeveloped property alongside it is located adjacent to an outlying mall, an elongated land use pattern will probably form, as was the case with the Cumberland Mall commercial area. If the property along the highway has already been developed as noncommercial uses, however, and a relatively small amount of vacant parcels remain for development (as in infill areas), a more nucleated commercial land use pattern (a conformation) is likely to materialize. An assessment of the existing surrounding land uses, therefore, should provide an indication of the probable commercial land use pattern to unfold.

The process by which commercial land use patterns are formed around regional shopping malls was examined in Chapter V in the discussion of suburbanization, retail decentralization, and the development of peripheral commercial enterprises as satellites to regional shopping malls. The latter is indicative of the secondary impacts of regional shopping malls. In their inducement of additional commercial construction surrounding them, regional shopping malls play a profound role in shaping urban geography as they represent springboards for such spillover development. These ideas were advanced by several authors and appeared to be supported by the Cumberland Mall experience. Local public officials may therefore regard regional shopping malls as leaders in a new wave of commercial construction and determinants of future urban land use patterns.

Gruen and Smith contended that a reciprocal relationship may exist between regional shopping malls and the commercial enterprises located within their peripheries, whereby both may benefit from the

presence of the other if the commercial area has been well-planned. When development has occurred in an uncontrolled manner, however, a proliferation of strip commercial establishments (especially "pirates," which may utilize some of the parking areas of the regional shopping mall) inhibit smooth traffic flow to it, and possibly even hinder its economic success. Conversely, excessive traffic generated by a mall could result in traffic congestion, which may discourage potential patrons from visiting these establishments. Good planning practices, however, may arrest these adversities. It might be wise for the developer of a regional shopping mall to participate in these planning efforts in order to ensure that peripheral commercial development will be in the best interests of the mall, as recommended by McKeever and by Gruen and Smith.

A comprehension of the economic and spatial relationships between regional shopping malls and satellite commercial enterprises should alert planners and local public officials to the probability of a new regional shopping mall being the focus of the development of an entire commercial corridor, and suggest the likely commercial land use patterns that will materialize. This knowledge should provide ideas of what to expect in terms of the timing of development (that is, commercial complexes are likey to precede smaller retail operations) and the locations of specific kinds of commercial enterprises within the periphery.

Guidelines of possible approaches to take in planning and controlling new commercial development were suggested in Chapter V by several authors. The strategies and methods that may be employed

include urban sprawl curtailment, shopping center zoning, taxation measures, transportation improvements, land use development evaluation, and commercial development planning. As a priming action for further real estate development, regional shopping malls should be recognized as agents of urban sprawl. Tighter zoning controls may delay the development of satellite shopping centers until appropriate infrastructure improvements have been made. The establishment of floating zones and special districts for shopping centers may direct shopping centers to appropriate locations and ensure their aesthetic acceptability. Taxation measures could discourage unwanted types of commercial enterprises and land uses. A postponement of transportation improvements to an area could represent a denial of needed access to certain properties, thereby discouraging their development, while their advancement could help accommodate anticipated or existing commercial development. Horwood expressed the need for greater consideration of community interests in the evaluation of commercial development proposals, and advocated the establishment of more stringent development suitability criteria. Threshold analysis might be useful in this regard. McKeever favored the encouragement of planned suburban business districts as opposed to the allowing of piecemeal commercial development.

Conclusions and Urban Planning Implications for Research Question #9

The ninth and final research question was: "What factors are considered in regional shopping mall location, site selection, and development?" The information presented in the literature was

consolidated in the discussion, and the findings of the empirical study provided further ideas on the subject.

Many of the factors that are considered by entrepreneurs for proposed commercial enterprises in general are also considered in the location, site selection, and development of regional shopping malls. These factors were reviewed in Chapters II (which identified basic real estate development influences), III (which examined retail location principles), IV (which described the development of shopping centers), and VI (which delineated precursors to site development), as well as in the discussion of Research Question #5.

These factors pertain to regional, urban, and intraurban characteristics. Desirable regional and urban characteristics include a strong economy, evidence of continuing population growth, a good local image in general, new residential construction, a good business environment, the practice of good public relations, accommodating real estate development regulations, and the presence of amenities. The findings of the empirical study suggested that metropolitan Atlanta, as the dynamic center of the Southeast, possessed many of these favorable attributes between 1972 and March 1981. As reported in Chapter VII, it was characterized by a "rapid and sustained growth," including both population growth and booming real estate development activity. Further, metropolitan Atlanta featured an excellent transportation system and various amenities, had adequate utilities, offered a good business and political environment, exhibited attractive retail sales and demographic characteristics, and enjoyed a good overall reputation.

Intraurban features that are important to evaluate include the proximity of targeted markets, the buying power and consumer characteristics of the trade area population, the presence of adequate water and sewerage facilities and services, transportation facilities, accessibility, traffic conditions, and the relative strengths of the nearest sources of competition. New infrastructure investments may represent priming actions which alert the attention of commercial real estate developers of the desirability of prospective areas for new regional shopping malls. The completion of Interstate 285 in the northern part of metropolitan Atlanta in the middle 1960s may be regarded as an example of such a priming action. Its intersection with U.S. 41 and other major highways provided greatly-improved accessibility to adjacent sites, thereby inducing a rise in their land values. Cobb County was perceived as being on the verge of a major population explosion, which meant that the new residential areas would need new shopping facilities. Intraurban locations for proposed regional shopping malls should also be assessed in terms of such real estate factors as development trends, surrounding land uses, land values, land prices, zoning, taxation, the opportunities for assembling relatively large tracts of land, and characteristics of prospective sites.

The market area requirements for regional shopping malls are similar to those of shopping centers in general. Attention must be directed toward the community shopping needs, habits, and tastes, as well as the dictates of prospective anchor tenants. The latter are likely to be department stores that will usually conduct their own

market analyses, which the regional shopping mall developer may rely on heavily in assessing the market prospects for the mall as a whole. An analysis of competing regional shopping malls, if any, should provide indications of whether the market is currently unserved or underserved in a particular area. Prior to the construction of Cumberland Mall in 1972, few regional shopping malls existed in metropolitan Atlanta, and these were judged by Carter and Associates officials as being inadequate and/or too far away to serve the shopping needs of the trade area population. Guidelines for analyzing the trade area acceptability within certain market radii were presented in Chapter V.

Because of the relatively large investments and massive planning efforts involved in the development of regional shopping malls, the locations chosen for them must be "strong and unique" and generally superior in many respects. Suburban locations tend to offer the best locational advantages due to their proximity to residential areas, the presence of excellent accessibility, and the availabiltiy of large tracts of land. The Cumberland Mall site met these criteria well, in the opinions of Carter and Associates officials and local public officials.

Site factors also have to be analyzed for proposed regional shopping malls. These were identified in Chapter V. They include tract size and shape, topography, the presence of adequate utilities and drainage provisions, site ingress and egress characteristics, adjacent land uses, and parking considerations.

Regional shopping malls may often be developed at pioneer

locations, as was the case with Cumberland Mall. This is possible if excellent accessibility is present, strong indications of market promise are evident, and ample land is available for development. From an economic standpoint, pioneer locations can be feasible for regional shopping malls due to the generative nature of their business, thereby reducing their dependency on the prior existence of other retail enterprises within their peripheries. Of course, they may also be built in well-established and infill areas, although this seems to be a less common occurrence.

Several major factors were considered by Carter and Associates officials in the location and development of Cumberland Mall. In order of importance, the main locational considerations were: 1) the excellent accessibility provided by I-75, I-285, and U.S. 41; 2) the belief that population growth was moving in the direction of the study area; 3) the strength of the buying power of the trade area population; 4) the concerns and requirements of prospective anchor tenants (the four department stores which now exist within the mall); and 5) the firm's familiarity with metropolitan Atlanta. In reflection, these factors were perceived as being responsible for the current success of the mall. Site characteristics evaluated were price, access, and topography.

The actions taken by the developer of Cumberland Mall indicate that properties may be acquired for development of a new regional shopping mall well in advance of its actual construction. This may be done in pioneer locations so that properties can be purchased at relatively low prices since the lack of demand for these properties

means that their land values are probably relatively low. Entrepreneurs are thus able to own these sites while they wait for the market to become ripe for the development of regional shopping malls.

The assembly of large tracts of land in pioneer areas, therefore, should be noticed and regarded by planners and local public officials as indications of the probability of the entry of regional shopping malls in such areas within a few years. Alternatively, the mere presence or anticipation of favorable conditions should cause planners and local public officials to exercise foresight in expecting regional shopping mall development in designated areas within the near future. Ideas concerning appropriate peripheral land use patterns and the protection of the new malls should then be considered.

The literature cited widely-divergent opinions pertaining to the prospects for regional shopping mall development, as identified in Chapter V. Controversy exists over whether regional shopping malls in their present form will continue to be built or whether they are a dying breed due to changing consumer needs, a scarcity of remaining large tracts of commercial land, and market saturation. New innovations in regional shopping mall development include minimalls, specialty malls, and multi-storied vertical malls. Most authors agreed, however, that the regional shopping needs of the population will have to be met in some way. Planners and local public officials, therefore, should keep abreast of these needs as well as regional shopping mall trends in order to be prepared to accommodate them and provide land use, transportation, and community facilities plans for their peripheries.

B. SUGGESTIONS FOR FURTHER RESEARCH

The intent of this thesis has been the exploration and analysis of the extent to which regional shopping malls may be instrumental in the inducement or acceleration of peripheral commercial development, and, more specifically, their tendency to act as catalysts of satellite commercial enterprise construction. These pursuits have hopefully aided in supplementing the existing body of relevant literature with information on and insights into the following:

--The roles of planners and local public officials in planning, influencing, accommodating, and controlling new commercial development in general and commercial enterprises located near regional shopping malls in particular;

--The growth-inducement capabilities of regional shopping malls;

--The secondary impacts of regional shopping malls;

--The attraction of commercial enterprises to regional shopping mall peripheries;

--The factors considered and the marketing strategies utilized by entrepreneurs in the locational, site selection, and development decisions for commercial enterprises;

--The commercial development process;

--The processes and future trends of suburbanization, retail decentralization, and commercial enterprise development;

--Commercial land use patterns as significant elements of urban geography;

--Relationships between the construction of regional shopping malls and the influence of rising land values on peripheral properties;

--Relationships between the shared or generative nature of a business, traffic, and locations near regional shopping malls;

--Relationships between transportation improvements, land values, and commercial land use patterns;

--Relationships between commercial land uses, trip generation, traffic, and transportation improvements;

--Economic and spatial relationships among commercial enterprises; and

--Factors considered in regional shopping mall location, site selection, and development.

This information may be useful in bridging the gaps between several traditional subjects of research. These include shopping center development, urban planning, public policy, urban studies, real estate, marketing, impact assessment, urban geography, urban and land economics, land use, transportation, and zoning.

It is suggested that further research be directed toward several areas of investigation. These are:

1. The occurrence of similar satellite commercial development phenomena within the peripheries of other regional shopping malls;
2. Appropriate planning and growth management strategies and techniques to implement concerning the anticipated

development of regional shopping malls and the ensuing satellite commercial development likely to take place within their peripheries;

3. The unbiased opinions of commercial entrepreneurs and planners not involved in the development of regional shopping corridors concerning the assessment of and reaction to these trends;
4. The effects of innovations in large-scale commercial development enterprises (such as minimalls, specialty malls, and mixed-use developments) on peripheral land use patterns;
5. The more efficient control of traffic in commercial areas;
6. Citizen perceptions of regional shopping malls and their peripheries;
7. Relationships between regional shopping malls and nearby residential development; and
8. The impacts of regional shopping malls on their environs.

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APPENDICES

APPENDIX A

STEPS FOR ANALYZING THE MARKET DEMAND FOR EACH TYPE OF COMMERCIAL ENTERPRISE

The ensuing discussion describes the steps involved in analyzing the market demand for each type of commercial enterprise.

--Retail Market Demand--

Four basic sources of retail demand were identified by McMahan:

> Demand comes primarily from four sources: (1) the growth in retail expenditures that does occur, (2) the reduction of sales rates at successful existing stores/centers, (3) the taking away of sales from marginal stores/centers, or (4) the reduction of the amount of retail dollar flow leaving the trade area (McMahan, 1976, p. 171).

Typical steps followed in an analysis of retail market demand are listed below:

1. Preliminary development scenario--Determine the general size and type of retail facility that is desired, based on such factors as site size, location, physical characteristics, and zoning; and establish a possible tenant mix (if applicable).
2. Delineate the trade area--Delineate the trade area according to automobile driving time (a general rule of thumb is 5-10 minutes for a community center, and 15-30 minutes for a regional center), unless public transit is readily available; and make adjustments to the boundaries according to parameters of available data and any geographical irregularities.
3. Estimate retail expenditures by trade area residents--Estimate total income and the percentage allocated to

retail sales per household, and analyze socioeconomic characteristics of the trade area population.

4. Competitive survey--Identify the location, size, type, quality, and environs of competing retail facilities currently or anticipated to be located either in the trade area or at similar commuting distances outside it, in order to determine whether the market is saturated.
5. Retail sales data for trade area stores--Obtain sales data on the competition.
6. Consumer survey--Ascertain consumer shopping habits and attitudes through use of a questionnaire.
7. Retail dollar flow in the trade area--Estimate the volume and sources of retail sales made within the trade area, making deductions from data obtained from the socioeconomic analysis, the consumer survey, and the retail sales analysis.
8. Projected retail demand in the trade area--Project the retail demand in the trade area for a future targeted year.
9. Projected retail demand on the subject site--Project the retail demand on the subject site (market capture) for a future targeted year by considering the overall economic health of the trade area, socioeconomic characteristics, the competition, existing and projected sales data for the trade area, and site characteristics; and calculate the projected sales level on the subject site at the targeted year.

10. Recommended center by retail line--For a shopping center, devise a recommended scheme of the retail lines that should be represented, based on consumer expenditures and existing competing facilities (McMahan, 1976, pp. 160-173).

The development scenario should be retested several times to determine its validity in light of data obtained in the market analysis:

> In situations where the projected demand is considerably less than the [development] scenario, consideration should be given to the introduction of nonretail uses on the periphery of the store/center [or perhaps the development of a mixed-use development] (McMahan, 1976, p. 173).

--Shopping Center Market Demand--

Five basic steps are involved in a market analysis for a shopping center, as described below:

1. Delineation of trade area boundaries--Plot primary, secondary, and tertiary trade areas on a map, along with a percentage of sales expected from each. As a general rule, the trade area radius is 1-1/2 miles for a neighborhood shopping center, 3-5 miles for a community shopping center, and at least 8 miles for a regional shopping center. However, several factors may alter these sizes: shoppers' habits, the location and strength of competition, the drawing power of tenants, and accessibility.
2. Evaluation of trade area purchasing power--Study socioeconomic characteristics of the population to determine the

average disposable income (the total amount of income available to each family) and the average expendable income (the portion of disposable income which can be spent for a particular purpose; in this case, for retail goods and services). Pertinent information may be obtained from census data, the local planning office, school records, utility records, and aerial photographs.

3. Analysis of competition--Identify and analyze existing and potential sources of competition in order to determine whether or not the market is already saturated and what percentage of the average expendable income can be expected to be captured by the proposed shopping center. Reilly's Law of Retail Gravitation is a useful model for such an analysis.

4. Estimation of retail sales potential--Evaluate collected data to estimate the likely retail sales volume, which will aid in deciding on the appropriate type and size of shopping center to build. Factors that may be indicators of retail sales potential include total retail expenditures in the trade area, total retail space, sales capacities for existing competitive outlets by merchandise type, an estimation of the amount of available surplus sales capacity, any interest shown by prospective tenants, anticipated rental rates, and the parking index (Urban Land Institute, Shopping Center Development Handbook, 1977, pp. 25, 27, 29, 31-32). The pulling power of the shopping center is

determined by the dollar volume expected per square foot of selling space for the shopping center as a whole or for one of its major tenants (Claus and Hardwick, 1972, p. 140).

5. Study of potential tenant mix--A study should be made of possible types of combinations of stores within the shopping center (tenant mix) which would be conducive to producing the greatest sales, rentals, and service to both the community and the developer. Tenant mix is determined by the amount of space set aside for each line of trade and for each individual merchant, the location of each store with respect to other stores in the shopping center (layout), projected minimum and average rents, and estimated sales volumes for each line of trade as well as for each store (Claus and Hardwick, 1972, p. 137).

--Transient Commercial Market Demand--

A typical market analysis for a proposed transient commercial establishment includes six steps, as discussed below:

1. Identification of the primary source of demand--Determine the primary user of the proposed facility, such as pleasure travelers, business travelers, conventioneers, or tour groups. The primary user will largely determine the type of facility to be built and its location. In some cases, a secondary type of user can also be accommodated either at the same time as the primary user or during off-peak seasons.

2. Projection of market area demand--Establish the size of the market area and determine the potential future demand according to the primary type of user of the facility. For a convention-oriented facility, demand is based on the nature of the convention business, its scheduling plans, and its locational preferences. Demand for business travelers as guests may be ascertained through interviews with local office firms and industries to determine the average number of client visits they receive weekly, or by study of nearby road and airport traffic volumes. The demand for rooms by pleasure travelers and tour groups is dependent upon the location of the city, the available vacation amenities nearby, and the time of year.
3. Competitive survey--Identify and analyze all existing and planned transient commercial establishments in the market area. Determine the total number of guest rooms, average occupancy rates, average room prices, the type of amenities available, and the adequacy of convention facilities.
4. Demand on the subject site--Estimate the competitiveness of the proposed project in relation to other similar establishments in the market area. Market capture estimates should be made for each anticipated type of demand source. Site location should be carefully analyzed with respect to its proximity to demand generators ("a convention hotel should be near exhibit facilities, a motel or motor hotel near a major highway or airport, a resort hotel near major

recreational facilities"). Consideration should also be made of the proposed management of the facility which will substantially affect the success of the operation.

5. Number of rooms--Calculate the most appropriate number of rooms to be built based on demand projections.
6. Public space--Determine the amount and type of public space that should be included in the proposed project. This is accomplished by estimating the demand for certain amenities from guests as well as community users of the facility (McMahan, 1976, pp. 203-207, quote from p. 212).

--Office Market Demand--

Four basic steps comprise a market analysis for office enterprises, as listed and described below.

1. Establishment of demand in the city or urban area--Analyze existing conditions and make future projections regarding office space demand. This involves several steps: a) assess the current level of office space-related employment; b) evaluate historical data; c) calculate the existing amount of office building space per employee; d) project future rented office space; and e) compare future projections with historical trends.
2. Competitive survey--Examine existing and potential competition. Study existing office enterprises in the city or urban area node(s) being considered as well as other similar office enterprises, determine which major tenants

will soon have their leases expire, and try to find out about planned construction of new office projects.

3. Projection of nodal demand--Allocate future office demand projections to different nodes of the city or urban area, using primarily subjective means. Factors to consider include the current competitiveness of the node(s), new office ventures either under construction or planned, local socioeconomic trends, and any problems faced by the node(s).
4. Estimation of market capture--Estimate the amount of office demand in the node(s) being considered that can be captured by the proposed project, using subjective means. Items that should be taken into account include site location within the node, the proximity of other office enterprises, accessibility, site visibility, address prestige, and the influence of the anchor tenant(s) (if one has been secured at this time) in obtaining leasing commitments from smaller tenants (McMahan, 1976, pp. 183-188).

--Mixed-Use Development Market Demand--

The market analysis for a mixed-use development must be conducted for the individual land use components as well as the project as a whole. The research may reveal that the project will succeed because of the support each land use component receives from the other land use components; or, conversely, that project success will be mainly attributed to the improved market image and penetration

resulting from the combination of several land uses in one development. Table A-1 lists the types of measures that must be considered in determining the compatibility and profitability of other land use components in combination with the primary use of the proposed project (Witherspoon, Abbett, and Gladstone, 1976, pp. 74, 77-78, Table 4-7 on p. 78).

TABLE A-1

MEASURES USED TO EVALUATE THE MARKET DEMAND FOR MIXED-USE DEVELOPMENTS

Major Use Providing Market Support	Major Use Receiving Market Support				
	Retail	Office	Hotel/Motel	Residential	Other
Retail		Significance B: Measure: offices locating because of retail availability, especially with high proportion clerical.	Significance B: Measure: higher double-occupancy rates due to business travellers bringing spouses.	Significance A to B: Measure: proximity to shopping produces higher residential performances.	Significance C: Measure: leisure shoppers taking advantage of entertainment matinees.
Office	Significance A: Measure: office demand for convenience, restaurant, and specialty retail services.		Significance A: Measure: demand for convention-oriented facilities; certain firms require frequent meetings with out-of-town customers, clients, etc.	Significance A to B: Measure: demand to reside in close proximity to employment.	Significance B: Measure: ready market to avail itself of after-hours (9 to 5) entertainment facilities.
Hotel/Motel	Significance A: Measure: out-of-town market business travellers and spouses, tourists, etc. who use retail facilities.	Significance B to C: Measure: large corporations and offices locating near meeting, convention, banquet facilities.	Significance B: Measure: desire to stay in close proximity to entertainment/ cultural node.	Significance C: Measure: residential demand to be part of total environment and enjoy hotel entertainment facilities.	Significance B: Measure: out-of-town market demand for entertainment/ cultural uses.
Residential	Significance A: Measure: on-site support for convenience, service, restaurant, and specialty retail facilities.	Significance B to C: Measure: desirability of working near place of residence.	Significance C: Measure: use of hotel to accommodate out-of-town guests.		Significance B: Measure: demand for family entertainment and active recreational facilities.
Other (Auxiliary Facilities)	Significance B: Measure: entertainment goers demand for restaurant and leisure specialty shopping.	Significance B: Measure: offices locating because of auxiliary facilities.		Significance C: Measure: desire to reside near total activity center.	

NOTE: Symbols of potential significance, A = strong, B = moderate, C = weak.

Source: Robert E. Witherspoon, Jon P. Abbett, and Robert M. Gladstone, Mixed-Use Developments: New Ways of Land Use (Washington: Urban Land Institute, 1976), p. 78, Table 4-7. Used with written permission from the author.

APPENDIX B

CONFIDENTIAL INTERVIEW SCHEDULE USED

FOR THE LOCAL PUBLIC OFFICIALS

CONFIDENTIAL INTERVIEW SCHEDULE

Public Officials Involved in the Development
Of Cumberland Mall and Surrounding Commercial Enterprises

The Public Office:

Name_____

Division or Department_____

Mailing Address_____

_____

Street Address_____

_____

The Interviewee:

Name_____

Position or Title_____

Telephone_____

Interviewee Involvement in the Subject Area:

Year Employed By Office_____

Active Personal Involvement In Subject Area Development?_____

_____

Date:_____

The Graduate School of Planning
The University of Tennessee, Knoxville

****

INTRODUCTION

My name is Linda Nikoukary.* I'm a planning student from the Graduate School of Planning at the University of Tennessee in Knoxville.

I am doing a thesis on the possible impact which large commercial centers have in attracting smaller commercial enterprises in the nearby area. For this purpose, I would like to ask you some questions regarding your office's involvement in and opinions concerning the development of Cumberland Mall and surrounding commercial enterprises. The boundaries for the area we will be discussing are: Windy Hill Road to the north; the Chattahoochee River to the south; properties fronting on Cobb Parkway to the east; and the Smyrna City Limits to the west.

In order to gain an accurate picture of the nature and impacts of this development and the associated roles of public policies, honest and complete replies are important. Let me emphasize that your responses will be held in the strictest of confidence.

If you have no objection, I would like to record your answers on tape for better speed and accuracy. The interview should take approximately 45 minutes.

****

*The author's last name was legally changed to Logan in March 1981.

****

THE FIRST SECTION OF THE QUESTIONNAIRE CONCERNS THE TIME BEFORE CUMBERLAND MALL WAS CONSTRUCTED.

1. Could you give me a general description of the Cumberland Mall area prior to the construction of the mall?

_____

_____

_____

_____

1a. How would you describe the economic and demographic conditions in Cobb County and Atlanta prior to the mall's construction?

_____

_____

_____

1b. How would you describe (whichever the interviewee is likely to be familiar with): zoning/utilities/land values/transportation patterns and conditions/real estate investment/building permit activity/ in the area prior to the mall?

_____

_____

_____

_____

_____

_____

_____

_____

2. What type of development did your office initially anticipate in the Cumberland Mall vicinity?_____

_____

_____

_____

_____

2a. Would your office have preferred to see some other types of land use development here than what has occurred?_____

_____

_____

_____

_____

3. Regarding your office's involvement in the development of the area, what specific actions or general policies did your office undertake which you think helped or hindered commercial development in the Cumberland Mall vicinity?_____

_____

_____

_____

_____

_____

****

****

THE NEXT SECTION OF THE QUESTIONNAIRE CONCERNS THE DEVELOPMENT OF CUMBERLAND MALL.

1. In your opinion, what factors contributed to the development of Cumberland Mall at the present location?

_____population movement toward this area
_____need for additional shopping and commercial facilities
_____favorable taxation
_____favorable real estate market
_____availability of cheap land
_____transportation factors
_____zoning factors
_____interest of the developer
_____other (specify)_____

_____

1a. Explanation_____

_____

_____

_____

_____

2. Did your office perceive the development of a regional shopping mall at its present location as generally desirable or undesirable?

_____desirable
_____undesirable
_____had mixed emotions toward its development
_____had a neutral attitude toward its development

_____other (specify)_____

_____

2a. Explanation_____

_____

_____

_____

3. Once your office became aware of the developer's interest in building a regional shopping mall at the present site, what specific actions or general policies did your office undertake to encourage or discourage the development of the mall?_____

_____

_____

_____

_____

_____

4. Once plans for developing the mall were underway, what specific actions or general policies did your office undertake:

4a. To facilitate development?_____

_____

_____

_____

4b. To control development?_____

_____

_____

_____

4c. What specific actions or general policies did your office undertake that your office judged to be necessary due to certain impacts the mall would have?_____

_____

_____

_____

****

****

THE NEXT SECTION OF THE QUESTIONNAIRE CONCERNS THE IMPACTS OF CUMBERLAND MALL.

1. How would you describe Cumberland Mall's impacts on (whichever the interviewee is likely to be familiar with):

   1a. The economy of Cobb County and Atlanta?_____

   _____

   _____

   1b. Local market conditions?_____

   _____

   _____

   1c. Population trends?_____

   _____

   _____

   1d. Local traffic patterns and transportation conditions?_____

   _____

   _____

   _____

   1e. Public services?_____

   _____

   _____

   1f. Utilities?_____

   _____

   _____

1g. Community social and cultural conditions?_____

_____

_____

1h. Adjacent land uses?_____

_____

_____

1i. Aesthetics of the area?_____

_____

_____

2. To what extent do you think that Cumberland Mall has been responsible for inducing (whichever the interviewee is likely to be familiar with):

2a. Increased land values, property investments, and real estate transactions in the area?_____

_____

_____

_____

2b. Rezoning applications in the area?_____

_____

_____

_____

_____

2c. Accelerated building permit applications for new commercial enterprises in the area?_____

_____

_____

_____

_____

_____

2d. Public services and utilities problems in the area?_____

_____

_____

_____

_____

****

THE NEXT SECTION OF THE QUESTIONNAIRE CONCERNS THE DEVELOPMENT OF COMMERCIAL ENTERPRISES IN THE CUMBERLAND MALL VICINITY.

1. In your opinion, what factors were responsible for the development of commercial enterprises in the Cumberland Mall vicinity?

_____the right market conditions
_____the need for additional commercial development in the area
_____good accessibility
_____the presence of Cumberland Mall acts like a magnet
_____agglomeration economies of the businesses
_____this is a growing area
_____favorable zoning
_____favorable taxation
_____favorable utilities conditions
_____governmental inducements
_____favorable site conditions
_____favorable land or building purchase or lease opportunities

_____other (specify)_____

_____

1a. Explanation_____

_____

_____

_____

_____

2. What general amount of influence, if any, do you think that Cumberland Mall has had in stimulating commercial development in the area?

_____Cumberland Mall is the sole reason for this development
_____substantial influence
_____considerable influence
_____some influence, but other factors are more responsible
_____little or no influence
_____other (specify)_____

_____

_____difficult to estimate
_____not sure

2a. (If at least some influence): In what ways has Cumberland Mall been influential to commercial development?

_____mall acts like a magnet in generating traffic, which other commercial enterprises can draw upon as shared business
_____mall anchors the area economically
_____mall offers a prestigious location

_____other (specify)_____

_____

_____difficult to estimate
_____not sure

3. Has this commercial development been in line with what your office expected in terms of type, size, location, and timing of development?_____yes_____somewhat_____no.

   3a. Explanation_____

   _____

   _____

   _____

   3b. What attitudes has your office had regarding this development?_____

   _____

   _____

   _____

   _____

4. Regarding the development of individual commercial enterprises in the Cumberland Mall area, what specific actions or general policies did your office undertake:

   4a. To encourage commercial development?_____

   _____

   _____

   _____

   4b. To discourage commercial development?_____

   _____

   _____

   _____

4c. To facilitate commercial development once plans for construction were underway?_____

_____

_____

_____

4d. To control commercial development once plans for construction were underway?_____

_____

_____

_____

4e. What specific actions or general policies did your office undertake that your office judged to be necessary due to certain impacts of this development?_____

_____

_____

_____

****

THE FINAL SECTION OF THE QUESTIONNAIRE CONCERNS YOUR REFLECTIONS ON THE DEVELOPMENT OF CUMBERLAND MALL AND SURROUNDING COMMERCIAL ENTERPRISES.

1. What impacts have both Cumberland Mall and surrounding commercial development combined had on (whichever the interviewee is likely to be familiar with):

1a. Land values?_____

_____

_____

_____

1b. Traffic patterns and transportation facilities?_____

_____

_____

_____

1c. Rezoning applications?_____

_____

_____

_____

1d. Utilities?_____

_____

_____

_____

1e. Economic conditions?_____

_____

_____

_____

1f. Public services?_____

_____

_____

_____

1g. Population trends?_____

_____

_____

_____

1h. Community life?_____

_____

_____

1i. Aesthetics in the area?_____

_____

_____

2. To what extent do you think that both Cumberland Mall and surrounding commercial development owe their success to their locations near three major highways?

_____they would not survive without this location
_____their location near major highways is a major reason for their success
_____their location near major highways is only one of the reasons for their success
_____their success is not dependent on their location near major highways
_____other (specify)_____

_____

_____difficult to determine
_____not sure

3. Is your office presently satisfied with the existing conditions in the Cumberland Mall vicinity?

_____yes _____somewhat _____no

3a. What changes, if any, would your office like to see in the area?_____

_____

_____

3b. Is more commercial development in the area desirable?

_____yes _____maybe _____no

3c. Explanation_____

_____

_____

_____

4. In your opinion, what does the future hold for this area?_____

_____

_____

_____

_____

4a. What role will your office play in the future of the Cumberland Mall area?_____

_____

_____

_____

_____

****

THIS COMPLETES THE INTERVIEW. YOU HAVE BEEN MOST HELPFUL TO ME, AND I GREATLY APPRECIATE YOUR TIME AND COOPERATION. I ASSURE YOU THAT YOUR RESPONSES WILL BE HELD STRICTLY CONFIDENTIAL.

****

APPENDIX C

CONFIDENTIAL INTERVIEW SCHEDULE USED FOR THE DEVELOPER OF CUMBERLAND MALL

CONFIDENTIAL INTERVIEW SCHEDULE

Development Decisions for Cumberland Mall
by Carter and Associates, Inc.

The Developer:

Name CARTER AND ASSOCIATES, INCORPORATED (Commercial Real Estate)

Mailing Address _____

_____

Street Address _____

_____

Telephone _____

Interviewees:

1. Name _____

   Position or Title _____

2. Name _____

   Position or Title _____

3. Name _____

   Position or Title _____

Date: _____

The Graduate School of Planning
The University of Tennessee, Knoxville

****

INTRODUCTION

My name is Linda Nikoukary.* I'm a planning student from the Graduate School of Planning at the University of Tennessee in Knoxville.

I am doing a thesis on the possible impact which large commercial centers have in attracting smaller commercial establishments in the nearby area. As a background to this research, I would like to ask you some questions regarding your firm's land development policies and the reasons why Carter and Associates decided to build Cumberland Mall at its present location.

In order to gain an accurate picture of real estate location and development decisions, honest and complete replies are important. Let me emphasize that your responses will be held in the strictest of confidence.

If you have no objection, I would like to record your answers on tape for better speed and accuracy. The interview should take approximately 45 minutes.

****

*The author's last name was legally changed to Logan in March 1981.

****

THE FIRST FIVE QUESTIONS CONCERN THE GENERAL BACKGROUND OR YOUR FIRM.

1. Approximately how long has Carter and Associates been in business? _____(years) _____not sure

2. Where is the firm's headquarters located?_____

3. In what areas are real estate enterprises developed or owned by your firm located?

   _____in Atlanta and several other U.S. and Canadian cities:

   (name)_____

   _____

   _____in Atlanta and many large U.S. and Canadian cities
   _____in Atlanta, U.S. and Canadian cities, and international locations
   _____other (specify)_____

   _____

4. Approximately what percentage of your firm's activities is devoted to the development of regional shopping malls?

   _____(percent)
   _____other (specify)_____

   _____

   _____not sure

5. What other types of real estate activities is Carter and Associates engaged in?_____

   _____

   _____

****

****

THIS NEXT SERIES OF QUESTIONS CONCERN THE GENERAL COMMERCIAL DEVELOPMENT DECISIONS AND POLICIES OF CARTER AND ASSOCIATES.

1. How often are new real estate projects developed by your firm?

_____(number) **per year**
_____(number) every_____years
_____other (specify)_____

_____

_____difficult to estimate
_____not sure

1a. What real estate projects is your firm currently developing, if any?_____

_____

_____

2. When and at what locations has Carter and Associates developed regional shopping malls?_____

_____

_____

2a. Does your firm plan to develop additional regional shopping malls in the future (other than any currently under construction)?

_____yes: when and locations_____

_____

_____maybe
_____no
_____not sure

3. What city or regional preferences does Carter and Associates have for its real estate enterprises?

_____no particular preferences; seeks areas where sites and conditions seem most promising
_____in the Atlanta area
_____in Atlanta and other selected states: (name)_____

_____

_____in the Southeast
_____in large cities: (name)_____

_____

_____other (specify)_____

_____

3a. Reasons_____

_____

_____

3b. Which of these locations do you consider best for regional shopping malls?_____

_____

4. In your opinion, what locational advantages does the Atlanta area hold for real estate projects developed by your firm?

_____

_____

_____

5. How would you describe the market for regional shopping malls in the Atlanta area?_____

_____

_____

6. In what parts of a city or town does your firm prefer to locate its new regional shopping malls?

_____converts CBD stores to downtown malls
_____in the central city
_____in populous areas
_____in growing areas
_____near strip commercial development
_____in the suburbs
_____along major highways
_____at the junction of two major highways
_____near major activity centers
_____other (specify)_____

_____

7. What methods does your firm use in seeking locations for new regional shopping malls?

_____relies on business publications
_____consults real estate personnel in an area being considered
_____hires market analysis consultants
_____relies on familiarity with an area
_____relies on publicity of an area or site
_____reacts to presentations by others
_____caters to locational desires of prospective anchor tenants
_____engages in an active search: responsible person(s) in the firm_____

_____

_____firm does not seek sites for specific projects, but develops properties it already owns in the most profitable manner
_____other (specify)_____

_____

8. Who is responsible for recommending and making the final locational decisions for new regional shopping malls developed by Carter and Associates?

_____the headquarters office: _____recommends_____decides
_____the responsible regional office: _____recommends _____decides
_____market analysis consultants: _____recommend_____decide
_____prospective anchor tenants: _____recommend_____decide
_____other (specify)_____: _____recommends_____decides

9. What factors are considered by your firm in locational decisions for its new regional shopping malls?

_____location in a specific city or region
_____trading area must be of sufficient size
_____location in a specific part of a city or town
_____location in a growing area
_____proximity to residential areas
_____favorable business climate
_____presence of agglomeration economies
_____transportation factors
_____utilities factors
_____zoning
_____taxation
_____governmental policies
_____site characteristics
_____real estate market
_____buying power of the trade area population
_____land purchase price
_____near major activity centers
_____social/cultural factors
_____other (specify)_____

_____

9a. (If five or more factors were named): Which three of these factors do you consider most important?_____

_____

_____

_____

10. In choosing locations for new regional shopping malls, which of the following best describes your firm's policies?

_____1) the firm seeks inexpensive suburban property
_____2) the firm seeks locations which are promising but are as yet relatively undeveloped (i.e., firm pioneers in an area)
_____3) the firm is fairly dependent on the presence of a well-established retail market
_____4) other (specify)_____

_____

_____not sure

11. For new regional shopping malls, what type of financial arrangements does your firm prefer to have with the land and buildings?

_____purchases raw land and constructs its own building(s)
_____purchases raw land and leases a building or buildings constructed by someone else to suit the firm
_____leases a building or buildings that have been constructed to suit the firm
_____purchases both land and building(s)
_____leases an existing building or buildings
_____negotiates a sale-leaseback
_____negotiates a land sale-leaseback with a leasehold mortgage
_____negotiates a sale-buyback
_____firm constructs the shell and tenants complete the interiors
_____other (specify)_____

_____

****

THIS NEXT SECTION OF THE QUESTIONNAIRE DEALS WITH THE DEVELOPMENT DECISION FOR CUMBERLAND MALL.

1. Considering size, how many acres, square feet of gross leasable area, current number of tenants, and parking spaces are at the Cumberland Mall site?

_____(number) acres
_____(number) square feet of gross leasable area
_____(number) current number of tenants
_____(number) parking spaces
_____not sure of: _____acres_____square feet
_____tenants_____parking spaces

2. What financial arrangement does your firm have with the land and buildings at Cumberland Mall?

_____purchased raw land and constructed its own building
_____purchased raw land and leased a building constructed by someone else to suit the firm
_____purchased both the land and the building
_____leased an existing building
_____negotiated a sale-leaseback
_____negotiated a land sale-leaseback with a leasehold mortgage
_____negotiated a sale-buyback
_____firm constructed shell; tenants completed the interiors
_____other (specify)_____

3. Considering the timetable for the development of Cumberland Mall:

   3a. In what year was the land acquired?

   _____(year) _____not sure

   3b. Approximately how many parcels of land had to be assembled for the site?

   _____(number) _____not sure

   3c. How many private owners were involved?

   _____(number) _____not sure

   3d. On what date did construction of the mall begin?

   _____(date) _____not sure

   3e. On what date was construction completed?

   _____(date) _____not sure

   3f. On what date was the mall officially opened for business?

   _____(date) _____not sure

4. How did your firm first learn about the site?

   _____through business publications
   _____consulted real estate personnel in the area
   _____through market analysis consultants
   _____through publicity of the site or area
   _____through the chamber of commerce
   _____already familiar with the area
   _____through a presentation by someone
   _____anchor tenant(s) approached firm
   _____accidental discovery
   _____active search for a site
   _____firm has owned the property for a long time

   _____other (specify)_____

   _____

   _____not sure

5. What factors caused your firm to first become interested in the site?_____

_____

_____

6. Who was responsible for recommending and making the final decision to acquire the site?

_____the headquarters office: _____recommended_____decided
_____the responsible regional office: _____recommended _____decided
_____market analysis consultants: _____recommended _____decided
_____prospective anchor tenants: _____recommended _____decided
_____other (specify)_____: _____recommended_____decided

6a. Name(s) and title(s) of responsible person(s) who made the recommendation_____

_____

6b. Name(s) and title(s) of responsible person(s) who made the final decision_____

_____

7. What was the initial motive for the acquisisition of this property?

_____acquired for undetermined future development, when conditions became favorable
_____acquired for future development as a regional shopping mall, when conditions became favorable
_____acquired with the intent to build at a specified future date: _____a regional shopping mall_____some other type of development
_____acquired with the intent to begin construction of the Cumberland Mall immediately
_____acquired for general investment purposes

_____other (specify)_____
_____not sure

8. How would describe the Cumberland Mall area:

8a. When the property was acquired?_____

_____

_____

8b. (If different from 8a.): When the decision to build the mall was made?_____

_____

_____

8c. When construction began?_____

_____

_____

8d. When Cumberland Mall was officially opened for business?__

_____

_____

_____

9. How much change in the land value of the site itself has occurred since Carter and Associates first acquired the property?_____

_____

_____

10. Are you aware of an increase in the land values of surrounding properties, due to the presence of Cumberland Mall:

10a. Between the time the announcement to build the mall was made and the opening of the mall for business?

_____yes _____no _____not sure.

(If yes): How much?_____(percent)_____not sure.

Over what period of time?_____

10b. Since the mall was opened for business?

_____yes _____no _____not sure.

(If yes): How much?_____(percent)_____not sure.

Over what period of time?_____.

11. What methods were used to evaluate the development or business potential of the site?

_____feasibility study
_____market analysis
_____comparison with other sites
_____based on judgment and experience
_____dictates of anchor tenants
_____other (specify)_____

_____

_____not sure

12. Would you please list the factors which influenced Carter and Associates in selecting this particular site for the mall.

_____location in a specific city or region
_____trading area was of sufficient size
_____location in a specific part of Atlanta
_____location in a growing area of Atlanta
_____location in a populous area of Atlanta
_____buying power of the trade area population was good
_____proximity to residential areas
_____presence of other commercial development
_____presence of other shopping centers
_____firm has previous success in the area
_____site was highly recommended by others
_____anchor tenants preferred this site
_____favorable zoning
_____favorable taxation
_____utilities were adequate or promised to be improved
_____governmental inducements
_____attractive physical site characteristics
_____attractive land or building purchase or lease price
_____presence of a large amount of traffic in the area
_____near major highways
_____presence of amenities
_____attractive social/cultural factors
_____near major activity centers

_____other (specify)_____

12a. (If five or more factors were named): Which three of these factors do you think were most important?_____

_____

_____

_____

12b. Reasons_____

_____

_____

_____

_____

_____

13. Could you explain the reasons why the Cumberland Office Park was constructed adjacent to Cumberland Mall?_____

_____

_____

13a. Was the office park a part of the original development plan, or was it included later?_____

_____

_____

14. What deficiencies, if any, existed at the site or in the area at the time the site was selected?

_____site needed zoning change: was zoned_____
_____site needed water or sewer extensions or modifications
_____roads were poor
_____traffic congestion
_____area was not well-known
_____site topography needed alterations

_____other (specify)_____

_____other (specify)_____
_____no deficiencies
_____not sure

14a. (If any): Briefly, what steps did Carter and Associates take to overcome these deficiencies?_____

_____

_____

15. What other locations, if any, were considered for the mall?___

_____

_____

_____

15a. (If any): What advantages did this site have over the others considered?_____

_____

_____

16. What were the reasons for your firm's interactions, if any, with local public officials in the development process for the mall?_____

_____

_____

_____

16a. What attitudes did these public officials have toward the development of the mall at this site?_____

_____

_____

_____

****

THE FINAL SECTION OF THE QUESTIONNAIRE CONCERNS YOUR FIRM'S REFLECTIONS ON THE DEVELOPMENT DECISION FOR CUMBERLAND MALL.

1. Is your firm presently satisfied with the location for the mall?

_____yes _____somewhat _____no

1a. (If yes or somewhat): What do you like about this location?

_____good exposure
_____plenty of business
_____near other commercial development
_____location in a populous area
_____location in a growing area
_____near major highways
_____near major activity centers
_____other (specify)_____

_____

1b. What do you not like about this location?_____

_____

_____

1c. (If no): What other locations would possibly have been better?_____

_____

1d. Reasons_____

_____

_____

2. To what extent do you think Cumberland Mall has been responsible for stimulating the development of, or augmenting the success of, commercial establishments in the surrounding area?

_____Cumberland Mall is the main reason for surrounding commercial development
_____substantial extent
_____considerable extent, but other factors are equally responsible
_____little extent; other factors are more responsible
_____no extent
_____other (specify)_____
_____not sure

2a. (If some extent): Why do you think this influence has occurred?_____

_____

_____

_____

2b. To what extent would you say that the presence of the mall has been beneficial to these businesses?

_____businesses would not survive without the mall
_____substantial extent
_____considerable extent
_____little extent
_____no extent; businesses do not need the mall to survive

_____other (specify)_____
_____not sure

2c. **Explanation**_____

_____

_____

2d. Was such surrounding commercial development initially anticipated by Carter and Associates?

_____yes
_____recognized possibilities of its occurrence
_____no
_____other (specify)_____

_____

_____not sure

2e. Explanation_____

_____

_____

_____

3. Do think that the development of commercial establishments, including smaller shopping centers, around Cumberland Mall has had any marked effects on the **sales volume of the mall?**

_____yes: they bring additional business to the mall
_____yes: they take some business away from the mall
_____yes: they create undesirable traffic congestion
_____yes: they make the area look unattractive

_____yes: other (specify)_____

_____

_____few or no effects
_____not sure

3a. Explanation_____

_____

_____

3b. What kind and amount of surrounding commercial development would you like or have liked to seen?

_____would like to see more of the same
_____would like to see: (specify)_____

_____

_____would like to see no more development in the vicinity
_____would like to have seen less commercial development
_____would like to have seen no commercial development

_____would like to have seen: (specify)_____

_____

_____other (specify)_____

_____

_____not sure

3c. Reasons_____

_____

_____

3d. What kind of development do you actually expect around the the mall in the future?_____

_____

_____

4. How would you describe the impacts which Cumberland Mall has had on:

4a. The local economy?_____

_____

_____

4b. Prestige of the area?_____

_____

_____

4c. Traffic patterns in the immediate vicinity?_____

_____

_____

5. Does the experience of Cumberland Mall have any influence on your firm's future plans?_____

_____

_____

6. What attitudes do you think local public officials should have toward the development of regional shopping malls?_____

_____

_____

_____

6a. What actions do you think local public officials could take to encourage or aid in the development of new regional shopping malls?_____

_____

_____

_____

6b. What actions taken by local public officials do you think would discourage or hinder the development of new regional shopping malls?_____

_____

_____

_____

****

THIS COMPLETES THE INTERVIEW. YOU HAVE BEEN MOST HELPFUL TO ME, AND I GREATLY APPRECIATE YOUR TIME AND COOPERATION. I ASSURE YOU THAT YOUR RESPONSES WILL BE HELD STRICTLY CONFIDENTIAL.

****

APPENDIX D

CONFIDENTIAL INTERVIEW SCHEDULE USED FOR THE SUBJECT COMMERCIAL COMPLEX ENTREPRENEURS

CONFIDENTIAL INTERVIEW SCHEDULE

Development Decisions for Commercial Complexes Located in the Cumberland Mall Environs

The Commercial Complex:

Name _____

Address _____

_____

Type of Commercial Complex _____

The Firm, Owner, or Developer:

Name _____

Street Address _____

_____

Mailing Address _____

_____

The Interviewee:

Name _____

Position or Title _____

Telephone _____

Date: _____

The Graduate School of Planning
The University of Tennessee, Knoxville

****

INTRODUCTION

My name is Linda Nikoukary.* I'm a planning student from the Graduate School of Planning at the University of Tennessee in Knoxville.

I am doing a thesis on the possible impact which large commercial centers have in attracting smaller commercial enterprises in the nearby area. For this purpose, I would like to ask you some questions regarding your firm's land development policies and the reasons why your firm has selected particular sites for the development of its commercial complexes.

In order to gain an accurate picture of commercial location decisions, honest and complete replies are important. Let me emphasize that your responses will be held in the strictest of confidence.

If you have no objection, I would like to record your answers on tape for better speed and accuracy. The interview should take approximately 45 minutes.

****

*The author's last name was legally changed to Logan in March 1981.

(Note: "MXD" denotes mixed-use development.)

****

THE FIRST FIVE QUESTIONS CONCERN THE GENERAL BACKGROUND OF YOUR FIRM.

1. Approximately how long has your firm been in business?

   _____(years) _____not sure

2. Where is the firm's headquarters located?_____

3. In what areas are real estate enterprises developed or owned by your firm located?

   _____at subject site only

   _____in the_____part of Atlanta

   _____in the Atlanta area
   _____in Georgia
   _____in Georgia and other selected states: (name)_____

   _____

   _____in the Southeast
   _____in principal U.S. and Canadian cities: (name)_____

   _____

   _____international locations
   _____other (specify)_____

4. Approximately what percentage of your firm's activities is devoted to the development of _____ (shopping centers/office parks/MXDs)?

   _____(percent)
   _____other (specify)_____

   _____

   _____not sure

5. What other types of real estate activities is your firm engaged in?_____

_____

_____

****

(Note: If the firm has developed only the one commercial complex, this section may be skipped.)

THIS NEXT SERIES OF QUESTIONS CONCERN THE GENERAL COMMERCIAL DEVELOPMENT DECISIONS AND POLICIES OF YOUR FIRM.

1. How many commercial complexes (shopping centers, office parks, mixed-use developments, etc., in total, has your firm developed? _____(number) _____not sure

   1a. About how often are they developed? (Try to get a number rather than a vague response.)

   _____(number) per year
   _____(number) every_____years

   _____other (specify)_____

   _____

   _____difficult to estimate
   _____not sure

   1b. What commercial complexes is your firm currently developing, if any?_____

   _____

   _____

2. When and at what locations has your firm developed _____ _____ (shopping centers/office parks/MXDs)?_____

   _____

   _____

2a. Does your firm plan to develop additional _____

_____ (shopping centers/office parks/**MXDs**)?

_____yes: date(s) and location(s)_____

_____

_____yes: whenever there is a good opportunity
_____probably
_____maybe
_____no
_____not sure

3. What city or regional preferences does your firm have for its real estate enterprises?

_____no particular preferences; seek areas where sites and conditions seem most promising

_____in the_____part of Atlanta

_____in the Atlanta area
_____in Georgia
_____in Georgia and other selected states: (name)_____

_____

_____in the Southeast
_____in large cities: (name)_____

_____

_____other (specify)_____

3a. Reasons_____

_____

_____

3b. Which of these locations do you consider best for _____

_____ (shopping centers/office parks/**MXDs**)?

_____

_____

4. In your opinion, what locational advantages does the Atlanta area hold for commercial complexes developed by your firm?

_____

_____

_____

5. How would you describe the market for _____

(shopping centers/office parks/**MXDs**) **in the Atlanta area?**

_____

_____

_____

6. In what parts of a city or town does your firm prefer to locate its _____ (shopping centers/office parks/**MXDs**)**?**

_____converts CBD stores to downtown malls
_____in the central city
_____in populous areas
_____in growing areas
_____in areas having a large labor supply
_____near large commercial areas
_____near other _____ (shopping centers/office parks/**MXDs**)
_____in the suburbs
_____along major highways
_____at the junction of two major highways
_____near major activity centers
_____other (specify)_____

_____

7. What methods does your firm use in seeking locations for new _____ (shopping centers/office parks/**MXDs**)?

_____relies on business publications
_____consults real estate personnel in an area being considered
_____hires market analysis consultants
_____consults local chambers of commerce
_____consults local demographic data
_____relies on familiarity with an area
_____relies on publicity of an area site
_____reacts to presentations by others
_____caters to locational desires of prospective anchor tenants
_____engages in an active search: responsible person(s) in

the firm_____

_____

_____other (specify)_____

_____

_____not sure

8. Who is responsible for recommending and making the final decisions for new _____ (shopping centers/office parks/**MXDs**) **developed by your firm?**

_____the owner: _____recommends_____decides
_____market analysis consultants: _____recommend
_____decide
_____the regional office: _____recommends_____decides
_____prospective anchor tenants: _____recommend_____decide

_____other (specify)_____:

_____recommends_____decides

8a. Name(s) and title(s) of responsible person(s)_____

_____

_____

9. What factors are considered by your firm in locational decisions for its new _____ (shopping centers/office parks/ **MXDs)?**

_____location in a specific city or region
_____trading area must be of sufficient size
_____location in a specific part of a city or town
_____location in a growing area
_____buying power of the trading area population
_____proximity to residential areas
_____presence of abundant labor supply
_____favorable business climate
_____presence of agglomeration economies
_____potential for benefitting from shared business (business generated from a neighboring commercial center)
_____transportation factors
_____utilities factors
_____zoning
_____taxation
_____governmental policies or inducements
_____site characteristics
_____real estate market
_____land purchase price
_____absence of such a complex in the area enables firm to pioneer in the area
_____dictates of anchor tenants
_____social/cultural factors
_____near major activity centers, other than a mall
_____near a regional shopping mall
_____other (specify)_____

_____

9a. (If five or more factors were named): Which three of these factors do you consider most important?

_____

_____

_____

9b. Reasons_____

_____

_____

_____

10. In choosing locations for new _____ (shopping centers/office parks/MXDs), which of the following best describes your firm's policies?

_____1) the firm seeks inexpensive suburban property
_____2) the firm seeks locations which are promising but are as yet relatively undeveloped (i.e., firm pioneers in an area)
_____3) the firm is fairly dependent on the presence of a well-established retail market
_____other (specify)_____

_____

_____not sure

11. Are there any particular types of facilities or activity centers your firm prefers to locate its _____ (shopping centers/office parks/MXDs) near?

_____along or near major highways
_____near other similar _____ (shopping centers/ office parks/MXDs
_____near strip commercial areas
_____near shopping centers
_____near regional shopping malls
_____near office parks
_____near entertainment or recreational centers
_____near schools
_____near residential areas
_____in or near industrial areas
_____other (specify)_____

_____

11a. **Reasons**_____

_____

_____

12. Does your firm own other _____ (shopping centers/ office parks/MXDs) which are located near regional shopping

malls? _____yes _____no _____not sure

12a. (If yes): How many are there?_____. Where are they

located?_____

_____

Was the presence of a regional shopping mall at each location a primary determinant in the locational decisions for these _____ (shopping centers/office parks/

MXDs)? _____yes _____no _____not sure

13. For new _____ (shopping centers/office parks/MXDs), what type of financial arrangements does your firm prefer to have with the land and buildings?

_____purchases raw land and constructs its own building(s)
_____purchases raw land and leases a building or buildings constructed by someone else to suit the firm
_____leases a building or buildings that have been constructed to suit your firm
_____purchases both land and building(s)
_____leases an existing building or buildings
_____negotiates a sale-leaseback
_____negotiates a land sale-leaseback with a leasehold mortgage
_____negotiates a sale-buyback
_____firm constructs the shell and tenants complete interiors

_____other (specify)_____

_____

_____not sure

****

****

THIS NEXT SECTION OF THE QUESTIONNAIRE DEALS WITH THE DEVELOPMENT DECISION FOR THE _____ (SHOPPING CENTER/OFFICE PARK/MXD) LOCATED NEAR CUMBERLAND MALL.

1. Considering size, what is the approximate number of acres, square feet of building space, and current number of tenants (if applicable) at the subject commercial complex?

   _____(number) acres
   _____(number) square feet of building space
   _____(number) current number of tenants
   _____not sure of: _____acres_____square feet
   _____tenants

   1a. (if this is an MXD or office park): How many individual buildings are there? _____(number)

2. Which of the following is true regarding the degree of completeness of the complex?

   _____1) it is completed
   _____2) it has been constructed in stages: timetable_____

   _____

   _____

   _____3) expansion is a future possibility: when_____

   _____

   _____4) other (specify)_____

   _____

   _____not sure

3. (If the subject commercial complex is an MXD): Could you give me a general description of the complex, including types of land uses and the goals of the development?_____

_____

_____

_____

_____

3a. How many parcels of land and private owners were involved in assembling the property?

_____(number) parcels
_____(number) owners
_____not sure of: _____parcels_____owners

3b. What is the present and previous zoning of the site?

_____(present zoning)

_____(previous zoning)

_____not sure of: _____present_____previous

4. What type of financial arrangement does your firm have with the land and building(s) at the site?

_____purchased raw land and constructed its own building(s)
_____purchased raw land and leased a building or buildings constructed by someone else to suit the firm
_____purchased both the land and the building(s)
_____leased an existing building or buildings
_____negotiated a sale-leaseback
_____negotiated a land sale-leaseback with a leasehold mortgage
_____negotiated a sale-buyback
_____firm constructed the shell; tenants completed interiors

_____other (specify)_____

_____

5. (Whichever questions are applicable): Considering the timetable for the development of the complex:

   5a. In what year was the land purchased or leased?

   _____(year) _____not sure

   5b. On what date did construction begin?

   _____(date) _____not sure

   5c. On what date did or will the complex be completed?

   _____(date) _____not sure

   5d. On what date was or will the complex be opened?

   _____(date) _____not sure

   5e. On what date did or will the first tenant occupy space within?

   _____(date) _____not sure

6. How did your firm first learn about the site?

   _____through business publications
   _____consulted real estate personnel in the area
   _____through market analysis consultants
   _____through publicity of the site or area
   _____through the chamber of commerce
   _____already familiar with the area
   _____through a presentation by someone
   _____prospective anchor tenants approached the firm
   _____accidental discovery
   _____active search for a site
   _____firm has owned the property for a long time

   _____other (specify)_____
   _____not sure

7. What factors caused your firm to first become interested in the site?_____

   _____

   _____

8. Who was responsible for recommending and making the final decision to acquire the site?

_____the owner: _____recommended_____decided
_____market analysis consultants: _____recommended
_____decided
_____the regional office: _____recommended_____decided
_____the headquarters office: _____recommended_____decided

_____other (specify)_____:
_____recommended_____decided
_____not sure of: _____who recommended_____who decided

8a. Name(s) and title(s) of responsible person(s) who made the recommendation_____

_____

8b. Name(s) and title(s) of responsible person(s) who made the final decision_____

_____

9. (For those firms which purchased or leased raw land): What the initial motive for the acquisition of this property?

_____acquired for undetermined future development, when conditions became favorable
_____acquired for future development as a _____, when conditions became favorable
_____acquired with the intent to build at a specified future date: _____same type of development which exists;
_____some other type of development
_____acquired with the intent to begin construction of _____

_____ (name of complex) immediately

_____acquired for general investment purposes

_____other (specify)_____

_____

_____not sure

10. How would you describe the Cumberland Mall area at the time your firm first acquired the site/building(s)?_____

_____

_____

11. How would you describe the Cumberland Mall area at the time the decision to build was made and/or the business moved into an existing building(s)?_____

_____

_____

12. What can you tell me about land value increases in the area since around 1972?_____

_____

_____

12a. What factors do you think contributed most to these increases?_____

_____

_____

12b. To what extent has Cumberland Mall been responsible for such increases in land values?_____

_____

_____

12c. How did these increases in land values affect the _____ _____(shopping center/office park/**MXD**)?

_____influenced decision to build the complex
_____helped increase equity of the complex
_____no effects
_____other (specify)_____
_____not sure

13. What methods were used to evaluate the development or business potantial of the site?

_____feasibility study
_____market analysis
_____comparison with other sites
_____based on judgment and experience
_____no evaluation methods were used; firm already owned the property and decided that it was suited to the development of the existing complex
_____other (specify)_____
_____not sure

14. Would you please list the factors which influenced your firm in choosing this particular site for the subject business. (Place a numeral 1, 2, 3, 4, etc. in the blank next to each factor in order of their being mentioned.)

_____location in a specific city or region
_____trading area was of sufficient size
_____location in a specific part of Atlanta
_____location in a growing area of Atlanta
_____location in a populous area of Atlanta
_____buying power of the trading area population was good
_____proximity to residential areas
_____presence of a favorable business climate
_____presence of an abundant labor supply
_____presence of other commercial development
_____presence of shopping centers
_____presence of Cumberland Mall
_____presence of office parks
_____firm has previous success in the Atlanta area
_____site was highly recommended by others
_____anchor tenants preferred this site
_____favorable zoning
_____favorable taxation
_____utilities were adequate or promised to be improved
_____governmental inducements
_____attractive physical site characteristics
_____attractive land or building purchase or lease price
_____firm already owned the land
_____presence of a large amount of traffic in the area
_____near major highways
_____presence of amenities
_____attractive social/cultural factors
_____near major activity centers

_____other (specify)_____

14a. Explanation_____

_____

_____

_____

_____

_____

_____

_____

14b. Was any one of these factors more important than the others, and if so, why?_____

_____

_____

_____

15. **(If the subject complex is Cumberland Office Park): Could you** explain the reasons why the Cumberland Office Park was constructed adjacent to Cumberland Mall?_____

_____

_____

_____

15a. Was the office park a part of the original development plan, or was it included later?_____

_____

_____

_____

16. What deficiencies, if any, existed at the site or in the area at the time the site was selected?

_____site needed zoning change: was zoned_____
_____site needed water or sewer extensions or modifications
_____roads were poor
_____traffic congestion
_____area was not well-known
_____site topography needed alterations

_____other (specify)_____

_____

_____no deficiencies
_____not sure

16a. (If any): Briefly, what steps did your firm take to overcome these deficiencies?_____

_____

_____

_____

17. What influence did (the presence of/announcement of plans for) Cumberland Mall have on your firm's decision to select this site for the _____ (shopping center/office park/MXD)?

_____had no knowledge of the mall prior to site selection
_____site was selected in anticipation of the mall
_____site was selected before but irregardless of the mall
_____site was selected after and because of the mall's presence
_____site was sleected after but irregardless of the mall

_____other (specify)_____

_____

17a. (If the mall had some influence in the site selection decision): What aspect(s), if any, of the presence of Cumberland Mall did your firm consider to be beneficial to the success of the _____ (shopping center/office park/**MXD**) at the time the site was selected?

_____location was prestigious due to the mall
_____traffic generated by the mall would be beneficial to the subject complex via shared business
_____mall induced the construction of other commercial enterprises, promoting agglomeration economies
_____mall anchored the area economically
_____other (specify)_____

_____

_____not sure

18. Would the subject complex have been built at this site even if Cumberland Mall was not here? _____yes_____no_____not sure.

18a. Reasons_____

_____

_____

_____

19. What other locations, if any, were considered for the _____ _____ shopping center/office park/**MXD**)?

_____

_____

_____

19a. (If any): What advantages did this site have over one of the others considered?_____

_____

_____

_____

20. What were the reasons for your firm's interactions, if any, with local public officials in the development process for the _____ (shopping center/office park/MXD)?

_____

_____

_____

20a. What attitudes did these public officials have toward the development of this complex?_____

_____

_____

_____

****

THE FINAL SECTION OF THE QUESTIONNAIRE CONCERNS YOUR FIRM'S REFLECTIONS ON THE SITE SELECTION DECISION FOR THE SUBJECT COMPLEX.

1. Is your firm presently satisfied with the location for this _____ (shopping center/office park/MXD)?

_____yes _____somewhat _____no

1a. (If yes or somewhat): What do you like about this location?

_____good exposure
_____plenty of business due to mall traffic: shared business
_____association with Cumberland Mall
_____near other similar commercial complexes: shared business/economies of scale
_____the office park contains many offices which manage nearby businesses
_____area labor supply is attractive to office park tenants
_____in a populous area
_____in a growing area
_____near major highways
_____area is receptive to new ideas in real estate development (i.e., MXD)
_____other (specify)_____

1b. What do you not like about this location?_____

_____

_____

1c. (If no or somewhat): What other locations would possibly have been better?_____

_____

_____

1d. Reasons_____

_____

_____

2. To what extent would you say that Cumberland Mall has stimulated the development of commercial complexes in the vicinity?

_____Cumberland Mall is the main reason for surrounding commercial development
_____substantial extent
_____considerable extent, but other factors are equally responsible
_____no extent
_____other (specify)_____
_____difficult to estimate
_____not sure

2a. (If some extent): Why do you think this influence has occurred?_____

_____

_____

3. To what extent would you say that the presence of Cumberland Mall has been beneficial to the subject commercial complex?

_____complex would not survive without the mall
_____substantial extent
_____considerable extent
_____little extent
_____no extent; the mall is not needed for survival

_____other (specify)_____
_____difficult to estimate
_____not sure

3a. Explanation_____

_____

_____

4. (For shopping centers that were constructed or leased prior to the construction of Cumberland Mall): Has there been any marked increase in the business volume at this shopping center since the construction of Cumberland Mall, compared to previously?

_____yes: tremendous increase
_____yes: substantial increase
_____yes: moderate increase
_____no; business is about the same as before

_____other (specify)_____
_____difficult to estimate
_____not sure

4a. (If yes): How much of this change do you estimate is a direct result of the presence of Cumberland Mall?_____

_____

_____

5. (If subject complex is a shopping center): Would you describe the business received by tenants in the shopping center as generative (that is, produced through its own reputation and advertising efforts) or shared (that is, received as a result of the generative power of Cumberland Mall)?

_____wholly generative business
_____wholly shared business
_____partially generative, partially shared

_____other (specify)_____

_____

_____difficult to estimate
_____not sure

5a. (If wholly or partially generative): Do you perceive this shopping center as being in competition with Cumberland Mall?

_____yes
_____somewhat
_____no
_____other (specify)_____
_____not sure

5b. (If wholly or partially shared): If access between this shopping center and Cumberland Mall became blocked in some way, would this adversely affect the shopping center's business volume?

_____yes: shopping center would decline rapidly
_____yes: shopping center would lose a great deal of business, but would be sustained by its generative business
_____perhaps, depending on_____

_____

_____no
_____other (specify)_____

_____

_____difficult to estimate at this time
_____not sure

6. What effects, if any, does the presence of strip commercial establishments in the vicinity have on the subject complex?

_____they are beneficial to the complex
_____they are frequently visited by our tenants' employees
_____they create traffic congestion
_____they are responsible for a decline in land values in the area
_____they make the area look unattractive

_____other (specify)_____

_____

_____few or no effects
_____not sure

7. What are your general impressions of the impacts which Cumberland Mall has had:

7a. In stimulating commercial development in the area?_____

_____

_____

_____

7b. On the local economy?_____

_____

_____

7c. On prestige of the area?_____

_____

_____

7d. On traffic patterns in the vicinity?_____

_____

_____

8. What attitudes do you think local public officials should have toward the development of _____ (shopping centers/office parks/MXDs)?_____

_____

_____

_____

8a. What actions do you think local public officials could take to encourage or aid in the development of new _____ _____ (shopping centers/office parks/MXDs)?_____

_____

_____

_____

_____

8b. What actions taken by local public officials do you think would discourage or hinder the development of _____ _____ (shopping centers/office parks/MXDs)?_____

_____

_____

_____

_____

****

THIS COMPLETES THE INTERVIEW. YOU HAVE BEEN MOST HELPFUL TO ME, AND I GREATLY APPRECIATE YOUR TIME AND COOPERATION. I ASSURE YOU THAT YOUR RESPONSES WILL BE HELD STRICTLY CONFIDENTIAL.

****

APPENDIX E

CONFIDENTIAL INTERVIEW SCHEDULE USED FOR THE SUBJECT COMMERCIAL ESTABLISHMENT ENTREPRENEURS

CONFIDENTIAL INTERVIEW SCHEDULE

Development Decisions for Commercial Establishments Located in the Cumberland Mall Environs

The Commercial Establishment:

Name _____

Address _____

_____

Type of Business _____

Franchise, Single Location, or Multiple Location? (Circle one.)

The Firm or Owner:

Name _____

Street Address _____

_____

Mailing Address _____

_____

The Interviewee:

Name _____

Position or Title _____

Telephone _____

Date: _____

The Graduate School of Planning
The University of Tennessee, Knoxville

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INTRODUCTION

My name is Linda Nikoukary.* I'm a planning student from the Graduate School of Planning at the University of Tennessee in Knoxville.

I am doing a thesis on the possible impact which large commercial centers have in attracting smaller commercial establishments in the nearby area. For this purpose, I would like to ask you some questions regarding your firm's land development policies and the reasons why particular sites have been chosen by your firm.

In order to gain an accurate picture of business location decisions, honest and complete replies are important. Let me emphasize that your responses will be held in the strictest of confidence.

If you have no objection, I would like to record your answers on tape for better speed and accuracy. The interview should take approximately 45 minutes.

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*The author's last name was legally changed to Logan in March 1981.

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THE FIRST FIVE QUESTIONS CONCERN THE GENERAL BACKGROUND OF YOUR FIRM.

1. Approximately how long has your firm been in business?

_____(years) _____not sure

2. Where is the firm's headquarters located?_____

3. In what areas are commercial establishments owned by your firm located?

_____at subject site only

_____in the_____part of Atlanta

_____in the Atlanta area
_____in Georgia
_____in Georgia and other selected states: (name)_____

_____

_____in the Southeast
_____in principal U.S. and Canadian cities: (name)_____

_____

_____international locations
_____other (specify)_____

4. Approximately what percentage of your firm's activities is devoted to commercial establishment development?

_____(percent)
_____other (specify)_____

_____

_____not sure

5. What other types of real estate activities is your firm engaged in?_____

_____

_____

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(Note: If the firm has only one business location, this section may be skipped.)

THIS NEXT SERIES OF QUESTIONS CONCERNS THE GENERAL COMMERCIAL DEVELOPMENT DECISIONS AND POLICIES OF YOUR FIRM.

1. How often are new commercial establishments built by your firm? (Try to get a number rather than a vague response.)

_____(number) per year
_____(number) every_____years
_____other (specify)_____
_____difficult to estimate
_____not sure

2. What city or regional preferences does your firm have for its commercial establishments?

_____no preferences
_____at subject site only

_____in the_____part of Atlanta

_____in the Atlanta area
_____in Georgia
_____in Georgia and other selected states: (name)_____

_____

_____in the Southeast
_____in large cities: (name)_____

_____

_____other (specify)_____

2a. Reasons_____

_____

_____

3. Approximately how many similar businesses does your firm own in the Atlanta area? _____(number)

4. In what parts of a city or town does your firm prefer to locate its commercial establishments?

_____in the Central Business District
_____in the central city
_____in populous areas
_____in growing areas
_____in or near large commercial areas
_____in the suburbs
_____other (specify)_____

_____no particular preferences

5. What methods does your firm use in seeking locations for new commercial establishments?

_____relies on business publications
_____consults real estate personnel in an area being considered
_____hires market analysis consultants
_____consults local chambers of commerce
_____relies on familiarity with an area
_____reacts to presentations by others
_____engages in an active search: responsible person(s) in

the firm_____

_____

_____other (specify)_____
_____not sure

6. Who is responsible for recommending and making the final decisions for new commercial establishments developed by your firm?

_____the owner: _____recommends_____decides
_____market analysis consultants: _____recommend
_____decide
_____the regional office: _____recommends_____decides

_____other (specify)_____:
_____recommend(s)_____decide(s)

6a. Name(s) and title(s) of responsible person(s)_____

_____

_____

7. What factors are considered by your firm in locational decisions for its new commercial establishments?

_____location in a specific city or region
_____trading area must be of sufficient size
_____location in a specific part of a city or town
_____location in a growing area
_____buying power of the trading area population
_____proximity to residential areas
_____presence of abundant labor supply
_____favorable business climate
_____presence of agglomeration economies
_____potential for benefitting from shared business (business generated from a neighboring commercial center)
_____transportation factors
_____utilities factors
_____zoning
_____taxation
_____governmental policies or inducements
_____site characteristics
_____real estate market
_____land purchase price
_____social/cultural factors
_____near major activity centers, other than a mall
_____near a regional shopping mall
_____other (specify)_____

_____

7a. (If five or more factors were named): Which three of these factors do you consider most important?

_____

_____

_____

7b. Reasons_____

_____

_____

_____

_____

_____

8. Are there any particular types of facilities or activity centers that your firm prefers to locate its commercial establishments in or near?

_____along or near major highways
_____near other similar businesses
_____in or near strip commercial areas
_____in or near shopping centers
_____in or near regional shopping malls
_____in or near entertainment or recreational centers
_____near schools
_____in or near residential areas
_____in or near industrial areas
_____in or near airports
_____other (specify)_____

_____

8a. Reasons_____

_____

_____

9. Does your firm own other similar businesses which are located near regional shopping malls?

_____yes _____no _____not sure

9a. (If yes): Approximately how many are there?_____

Where are they located?_____

_____

Was the presence of a regional shopping mall at each location a primary determinant in the locational decisions for these businesses?_____yes_____no_____not sure.

10. In choosing locations for new commercial establishments, does your firm prefer to seek out promising locations which are as yet relatively undeveloped, or is your firm fairly dependent on the presence of a well-established retail market?

_____seeks out promising but relatively undeveloped locations
_____depends on the presence of a well-established market area

_____other (specify)_____
_____not sure

11. For new businesses, what type of financial arrangements does your firm prefer to have with the land and buildings?

_____purchases raw land and constructs its own building(s)
_____purchases raw land and leases a building constructed by someone else to suit your firm
_____leases a building constructed to suit your firm
_____purchases both land and building
_____negotiates a sale-leaseback
_____negotiates a land sale-leaseback with a leasehold mortgage
_____negotiates a sale-buyback

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THIS NEXT SECTION OF THE QUESTIONNAIRE DEALS WITH YOUR SPECIFIC BUSINESS LOCATION NEAR CUMBERLAND MALL.

1. Considering size, what is the approximate number of acres and square feet of building space at the subject site?

_____(number) acres
_____(number) square feet of building space
_____not sure of: _____acres_____square feet

2. What financial arrangement does your firm have with the land and building(s) at th ‹ subject business?

_____purchased raw land and constructed its own building
_____purchased raw land and leased a building constructed by someone else to suit the firm
_____purchased both the land and the building
_____leased an existing building
_____negotiated a sale-leaseback
_____negotiated a land sale-leaseback with a leasehold mortgage
_____negotiated a sale-buyback
_____other (specify)_____

3. (Whichever questions are applicable): In what year was the land purchased or leased?_____(year)_____not sure. In what year did construction begin?_____(year)_____not sure. In what year did the business move into the existing building?_____ (year)_____not sure.

4. Was the business opened before or after Cumberland Mall was constructed?_____before_____after_____not sure.

   4a. (If before): Was your firm aware of plans for the construction of the mall at the time your firm decided to locate the business here?_____yes_____no_____not sure.

   4b. Explanation_____

   _____

   _____

5. How did your firm first learn about the site?

   _____through business publications
   _____consulted real estate personnel in the area
   _____through market analysis consultants
   _____through publicity of the site or area
   _____through the chamber of commerce
   _____already familiar with the area
   _____through a presentation by someone
   _____accidental discovery
   _____active search for a site
   _____firm has owned the property for a long time

   _____other (specify)_____
   _____not sure

6. What factors caused your firm to first become interested in the site?_____

   _____

   _____

7. Who was responsible for recommending and making the final decision to purchase or lease the land or building?

   _____the owner: _____recommended_____decided
   _____market analysis consultants: _____recommended
   _____decided
   _____the regional office: _____recommended_____decided
   _____the headquarters office: _____recommended_____decided

   _____other (specify)_____:
   _____recommended_____decided
   _____not sure of: _____who recommended_____who decided

7a. Name(s) and title(s) of responsible person(s) who made the recommendation_____

_____

7b. Name(s) and title(s) of responsible person(s) who made the final decision_____

_____

8. (For those firms which purchased or leased raw land): What was the initial motive for the purchase or lease of this property?

_____acquired for undetermined future development, when conditions became favorable
_____acquired with the intent to build at a specified future date
_____acquired with the intent to build immediately
_____acquired for investment purposes, possibly to sell after an appreciation in land value

_____other (specify)_____
_____not sure

9. How would you describe the Cumberland Mall area at the time your firm first acquired the (site/building)?_____

_____

_____

10. How would you describe the Cumberland Mall area at the time the decision to build was made and/or the business moved into an existing building?_____

_____

_____

11. (For those firms which purchased or leased raw land): Was there a substantial increase in the land value of the site between the time of the land purchase or lease and the time when the decision to build was made?_____yes_____no_____not sure.

11a. (If yes): How much?_____(percent)_____not sure. Over what period of time?_____

11b. between the time the decision to build was made and the initiation of construction?_____yes_____no_____not sure.

11c. (If yes): How much?_____(percent)_____not sure. Over what period of time?_____

12. What methods were used to evaluate the development or business potential of the site?

_____feasibility study
_____market analysis
_____comparision with other sites
_____based on judgment and experience
_____no evaluation methods were used; firm already owned the property and decided that it was suited to the development of the existing business

_____other (specify)_____

_____

_____not sure

13. Would you please list the factors which influenced your firm in choosing this particular site for the subject business. (Place a numeral 1, 2, 3, 4, etc. in the blank next to each factor in order of their being mentioned.)

_____location in a specific city or region
_____trading area was of sufficient size
_____location in a specific part of Atlanta
_____location in a growing area of Atlanta
_____location in a populous area of Atlanta
_____buying power of the trading area population was good
_____proximity to residential areas
_____presence of a favorable business climate
_____presence of an abundant labor supply
_____presence of other commercial development
_____presence of shopping centers
_____presence of Cumberland Mall
_____presence of office parks
_____firm has previous success in the Atlanta area
_____site was highly recommended by others
_____favorable zoning
_____favorable taxation
_____utilities were adequate or promised to be improved
_____governmental inducements
_____attractive physical site characteristics
_____attractive land or building purchase or lease price
_____firm already owned the land
_____presence of a large amount of traffic in the area
_____near major highways
_____presence of amenities
_____attractive social/cultural factors
_____near major activity centers

_____other (specify)_____

13a. Explanation_____

13b. Was any one of these factors more important than the others, and if so, why?_____

_____.

_____

_____

14. What deficiencies, if any, existed at the site or in the Cumberland Mall area at the time the site was selected?

_____site needed zoning change: was zoned_____
_____site needed water or sewer extentions or modifications
_____roads were poor
_____traffic congestion
_____area was not well-known
_____other (specify)_____

_____

_____no deficiencies
_____not sure

15. What influence did the (presence of/announcement of plans for) Cumberland Mall have on your firm's decision to select this site for the subject business?

_____had no knowledge of the mall prior to site selection
_____site was selected in anticipation of the mall
_____site was selected before but irregardless of the construction of the mall
_____site was selected after and because of the presence of the mall
_____site was selected after but irregardless of the construction of the mall
_____other (specify)_____

_____

15a. (If the mall had some influence in the site selection): What aspect(s), if any, of the presence of Cumberland Mall did your firm consider to be beneficial to the business of the subject business at the time the site was selected?

_____location is prestigious due to the mall
_____traffic generated by the mall would be beneficial to the business
_____mall induced the construction of other similar businesses
_____mall anchors the area economically
_____other (specify)_____

_____

_____the mall's influence was perceived as detrimental rather than beneficial: (explain)_____

_____

16. Would the subject business have been built at this site even if Cumberland Mall was not here?_____yes_____no_____not sure.

16a. Reasons_____

_____

_____

_____

17. What other locations, if any, were considered for the subject business?_____

_____

_____

17a. (If any): What advantages did this site have over one of the others considered?_____

_____

_____

_____

18. What were the reasons for your firm's interactions, if any, with local public officials in the development process for the business?_____

_____

_____

_____

18a. What attitudes did these public officials have toward the development of this business?_____

_____

_____

_____

_____

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THE FINAL SECTION OF THE QUESTIONNAIRE CONCERNS YOUR FIRM'S REFLECTIONS ON THE SITE SELECTION DECISION FOR THE SUBJECT BUSINESS.

1. Is your firm presently satisfied with the location for this business? _____yes _____somewhat _____no

1a. (If yes or somewhat): What do you like about this location?

_____good exposure
_____plenty of business due to mall traffic
_____association with Cumberland Mall
_____near other similar businesses: agglomeration economies
_____in a populous area
_____in a growing area
_____near major highways
_____other (specify)_____

_____

1b. What do you not like about this location?_____

_____

_____

1c. (If no): What other locations would possibly have been better?_____

_____

1d. Reasons_____

_____

2. To what extent would you say the presence of Cumberland Mall has been beneficial to the subject business?

_____success of the business is due solely to the mall's presence
_____substantial extent
_____moderate extent
_____little extent
_____no extent; the mall is not needed for survival

_____other (specify)_____

_____

_____difficult to determine the mall's influence

3. (For those businesses that were constructed or leased prior to the construction of Cumberland Mall): Has there been any marked increase in the business volume at the subject business since the construction of Cumberland Mall, compared to previously?

_____yes: tremendous increase
_____yes : substantial increase
_____yes: moderate increase
_____no; business is about the same as before

_____other (specify)_____

_____

_____difficult to estimate
_____not sure

3a. (If yes): How much of this change do you estimate is a direct result of the presence of Cumberland Mall?_____

_____

_____

_____

4. Would you describe the business received at this establishment as generative (that is, produced through its own reputation and advertising efforts) or shared (that is, received as a result of the generative power of Cumberland Mall)?

_____wholly generative business
_____wholly shared business
_____partially generative, partially shared

_____other (specify)_____

_____

_____difficult to estimate
_____not sure

4a. (If wholly or partially generative): Do you perceive this establishment as being in competion with Cumberland Mall?

_____yes
_____somewhat
_____no
_____other (specify)_____
_____not sure

4b. (If wholly or partially shared): If access between this establishment and Cumberland Mall became blocked in some way, would this adversely affect its business volume?

_____yes: establishment would decline rapidly
_____yes: establishment would lose a great deal of business, but would be sustained by its generative business
_____perhaps, depending on_____

_____

_____difficult to estimate at this time
_____not sure

5. What effects, if any, does the presence of other similar establishments in the vicinity have on this establishment?

_____they are beneficial: agglomeration economies
_____they represent competition to this establishment
_____they create traffic congestion
_____they make the area too crowded and unattractive

_____other (specify)_____

_____

_____few or no effects
_____not sure

6. Does the experience of the subject business have any influence on your firm's future plans?

_____yes: considering locating new businesses in the areas

of other regional shopping malls: locations_____

_____

_____yes: possibly expand operations at this site

_____yes: (some other reason)_____

_____

_____no
_____not sure

7. What are your general impressions of the impacts which Cumberland Mall has had:

7a. In stimulating commercial development in the area?_____

_____

_____

_____

7b. On the local economy?_____

_____

_____

7c. On prestige of the area?_____

_____

_____

7d. On traffic patterns in the vicinity?_____

_____

_____

8. What attitudes do you think local public officials should have toward the development of commercial establishments around Cumberland Mall?_____

_____

_____

_____

8a. What actions do you think local public officials could take to encourage or aid in the development of commercial establishments around the mall?_____

_____

_____

_____

_____

8b. What actions taken by local public officials do you think would discourage or hinder the development of commercial establishments around the mall?_____

_____

_____

_____

_____

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THIS COMPLETES THE INTERVIEW. YOU HAVE BEEN MOST HELPFUL TO ME, AND I GREATLY APPRECIATE YOUR TIME AND COOPERATION. I ASSURE YOU THAT YOUR RESPONSES WILL BE HELD STRICTLY CONFIDENTIAL.

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VITA

The author was born under the name of Linda Marlene Nikoukary in Lakeland, Florida, on May 30, 1955. She spent her early childhood years living in the New Jersey cities of Woodbury, Westville, Fair Lawn, and Allendale. In 1963 she moved with her family to Dalton, Georgia, where she attended the Dalton public schools. Two successive moves occurred in 1972 to the nearby cities of Marietta and Kennesaw, Georgia. In May 1973, she received her high school diploma from North Cobb High School of Acworth, Georgia, graduating with honors.

In the fall of that year the author began her college education with an academic scholarship to Berry College near Rome, Georgia. After two years, she transferred to the University of Georgia in September 1975. There she took major course work in Landscape Architecture and later received a Bachelor of Arts degree in Geography in December 1977, graduating cum laude. Upon being granted a graduate assistantship, she then entered the Graduate School of Planning at The University of Tennessee, Knoxville, in September 1978 to begin study toward a Master of Science in Planning (M.S.P.) degree. After completing her thesis, in August 1984 she was awarded this degree.

The author received her first work experience in the planning field when she was employed as a summer intern at the Cobb County Planning Department in Marietta, Georgia in 1979, between school years. After completing her graduate course work, she returned home to Kennesaw in November 1980 to undertake the fieldwork for her

thesis. Upon finishing this task in March 1981, the author moved to Macon, Georgia, to accept a full-time planning position with the Macon-Bibb County Planning and Zoning Commission. At that time, she had her last name legally changed to Logan.

Ms. Logan is single and currently resides in Macon, where she is continuing her career as a land use and transportation planner. She is a member of the American Planning Association and Phi Beta Upsilon, an honorary geography society.