

RE 310 – Principles of Real Estate
How Do Urban Areas Develop?
Practice Homework Problems – Solutions

Dr. Stanley D. Longhofer

- 1) Explain how “willingness to pay” by different types of users can help determine land use patterns. (Hint: Look at your notes on Price-Distance Relationships.)

Different types of users will have different “willingness to pay” in order to be close to key transaction points. In a completely free and open market, land use patterns will be determined by demand in the market place. For example, even though residential users may like to be close to 21st and Rock Road, retail users are willing to pay higher rents for this prime location than would residential users. As a result, their higher willingness to pay translates into a predominance of retail in the area.

- 2) Briefly describe (two sentences each) the key ideas behind each of the four theories of urban development we discussed in class.

The Concentric Circle Theory is based on the idea that land use patterns consist of a series of rings moving out from the central business district (CBD). As higher-income households move to the outer rings, their housing is filtered down to lower-income users, resulting in a hollow shell effect.

The Sector Theory argues that land use patterns remain fairly consistent as you move out in a constant direction from the CBD.

Axial Theory suggests that development will be altered by natural geographical boundaries and the presence of transportation lines.

The Multiple Nuclei Theory suggests that towns may develop many central business districts with concentrations of development around them.

- 3) Explain briefly (one paragraph) the difference between the axial theory and the concentric circle theory of urban development. Which more accurately reflects the way typical cities grow?

The axial theory is based on the notion that transportation lines play a key role in the development patterns of urban areas. As a result, cities tend to grow in “star-shaped” patterns around the central business district. In contrast, the concentric circle theory focuses on the “filtering” of land-use in the inner core from higher-income to lower-income users. This can lead to a “doughnut effect,” with inner-city properties deteriorating to very low levels. Eventually, however, the advantages of the more-central location can make it worthwhile to redevelop these older properties.

Neither theory is a perfect description of the real growth patterns of any city. Rather, these and other theories of urban growth give insights into the factors that interact with one another to explain how cities grow.

- 4) Use the basic theories of urban development to explain how Wichita or some other city with which you are familiar has developed. Which of the theories are most evident in the development of that city?

Development patterns in the city of Wichita reflect many of the theories of urban development discussed in class. Consistent with the Concentric Circle Theory, Wichita has a central business district (CBD), with higher-density, commercial land use. Moving out from the center is a zone of light manufacturing and warehouses (although much of the warehouse district has been redeveloped into “Old Town.” Beyond that is older, lower-value residential property, with high-value residential areas on the periphery.

Although these rings are fairly distinguishable in Wichita, there is also noticeable clustering of land use, consistent with the Sector Theory. For example, moving out to the north and the south of the CBD are fairly-intensive industrial sectors. In contrast, directly to the east and west of downtown, residential development persists clear out to the edge of the city.

Axial Theory suggests that development will be altered by natural geographical boundaries and the presence of transportation lines. For many years, development on the West Side was limited by the Big Ditch. Along Kellogg, however, development has extended both to the east and the west. It should also be noted that the industrial development to the north and south of downtown lies along the main rail lines through town. Finally, the opening of K96 on the northeast side of town has spurred much new development along this corridor.

The Multiple Nuclei Theory suggests that towns may develop many central business districts with concentrations of development around them. Wichita may be too small for this phenomenon to be fully observed, but the developments on North Rock Road and West 21st Streets may be preliminary examples of this theory.

- 5) Name five key factors that affect whether and how a region develops.
- Transportation factors – Many regions develop because of unique transportation advantages. For example, the city of Pittsburgh grew because of its location near raw materials necessary for the production of steel. (Steel is an example of a weight-losing process.)
 - Natural resources – The presence of natural resources plays a key role in regional development. For example, development in the Pacific Northwest was centered for decades largely around the old-growth forests in the region.
 - Climate and amenities – Many regions develop because of a unique climate or their desirability for recreation and lifestyle characteristics. Examples would include Colorado ski resorts, and the Desert Southwest (since the widespread use of air conditioning and public water service).

- Economic interdependence – Some areas develop not because of unique features of their own, but because of their relationship to other regions. For example, Cleveland only began to grow and thrive on Lake Erie once the steel industry became so important. That is, Cleveland's location as a break between land and water transportation only became important due to the ideal placement of Western Pennsylvania for steel production.
- Political factors – Political factors are also important for determining how regions develop. Las Vegas is a classic example, because of its proximity to Los Angeles while still being located in Nevada, where gambling interests were able to affect state law to make gambling legal.