

“Wal-Mart Moves Downtown: Implications of the Changing Retail Landscape for Low-Income Communities”

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Jenny Schuetz is an assistant professor at the University of Southern California’s Price School of Public Policy. Her primary research interests are urban economics, real estate development, and housing policy. Current research projects include the changing spatial patterns of big-box stores, an evaluation of HUD’s Neighborhood Stabilization Program, and the effects of Manhattan art galleries on neighborhood change. Previously, Schuetz worked for the Public Housing Strategic Consulting Group of Abt Associates Inc., assessing public and subsidized housing programs for the U.S. Department of Housing and Urban Development and local public housing authorities. She also worked for the Innovations, Research and Technology Division of the Fannie Mae Foundation and, together with the Joint Center for Housing Studies at Harvard University, provided consulting services to Mexico’s federal housing agency. Schuetz earned a BA with highest distinction in economics and political and social thought from the University of Virginia, a master’s in city planning from Massachusetts Institute of Technology, and a PhD in public policy from Harvard University. She completed a postdoctoral fellowship at New York University’s Furman Center for Real Estate and Urban Policy.

Summary and Findings: One of the most notable changes in the U.S. retail market over the past 20 years has been the rise of big-box stores, retail chains defined by physically large stores and low-priced to midpriced goods. Big boxes originally developed in suburban locations, taking advantage of cheap land costs for their large footprint buildings and ample parking. Recently, however, big-box stores have begun to open establishments in downtown locations. In this paper, I examine changes in downtown retail composition across several metropolitan areas in California by conducting statistical analysis of the National Establishment Time-Series Database. Preliminary results suggest that big-box stores and other large retail chains form a small but growing segment of the downtown retail market. Differences in economic and demographic characteristics between central cities and suburbs suggest that downtown locations may offer big-box stores access to a different consumer base. Increasing saturation by big-box stores in the suburbs may also be driving urban expansions.

Implications for Policy and Practice: The arrival of low-cost chain stores in central cities has important implications for urban consumers, independent mom-and-pop retailers, and the physical landscape of downtown. These stores offer urban consumers greater availability and lower prices for basic household goods, such as groceries, clothes, and school supplies, especially in low-income “retail deserts.” They also provide local employment opportunities, although wages and labor practices at big-box firms have created concerns among unions and labor advocates. Chain stores are likely to increase pressure on nearby mom-and-pop stores that sell similar products. Architects and urban planners are grappling with ways to modify big-box store designs from the typical suburban model to integrate with the existing built environment and accommodate different shopping and transportation patterns.