FINANCING SUBURBIA
Prudential Insurance and the Post–World War II Transformation of the American City

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In the years immediately after World War II, American suburbanization shifted into overdrive. For more than a century, since before the invention of the automobile or even the streetcar, people had been moving to houses at the city’s edge. But in the late 1940s, this movement entered a new era quantitatively and qualitatively. Sprawling residential subdivisions sprang up around every U.S. city and town, each developed from raw land to finished houses by a single “community builder.” Entrepreneurs created the first regional shopping centers, huge assemblages of stores that boldly challenged the dominance of downtown. And more quietly, employment began to shift outward from old office towers and factories to freshly built office parks and industrial parks on the suburban rim. This rapid decentralization of stores and jobs as well as housing has created a new kind of city, many observers agree, in which suburbia is no longer a tributary of downtown but instead a virtually independent urbanized region that thrives even as the center city withers.¹

Historians have attributed the dramatic postwar suburban transformation to three main factors. Automobile ownership jumped as World War II–induced prosperity allowed Americans to buy cars in record numbers, while new federal highway programs, including the 1956 Interstate Highway Act, constructed expressways that carried drivers to the suburbs. Federal aid to homeowners provided the second stimulus, notably, the mortgage insurance programs of the Federal Housing Administration (FHA) (in 1934) and Veterans Administration (VA) (in 1944) that enabled even blue-collar Americans to afford home loans. The third factor typically cited is the baby boom, the demographic bulge created as returning GIs started new families by the hundreds of thousands.²

In addition to those important stimuli, a fourth factor helped drive the suburban transformation—innovations in financing that provided dollars for develop-

¹ Author's Note: I thank archivist Dorothy Wolfe for her gracious assistance at Prudential and Richard Longstreth and Carol Sawyer for their helpful comments on an early draft. The views expressed are solely my own.
ment on a scale previously unknown. This article will explore activities of the largest single player in this little-known financing revolution, the Prudential Insurance Company of America. Prudential supplied the money for a surprising number of the landmark projects that redefined suburban America in the 1940s and 1950s, including Levittown, the pioneering enclosed Southdale Mall, and Dallas’s much-publicized Brook Hollow Industrial Park. Prudential was ranked as the nation’s biggest mortgage lender in the postwar period and also emerged as America’s largest private owner of retail property. The company’s internal magazine, the *Prudential Mortgage Loan Mirror*, is a source untapped by historians that offers a glimpse of Prudential’s activities and the ideas that guided its reshaping of the North American landscape.

**SEEKING LUCRATIVE INVESTMENTS: NEW LAWS AND NEW MONEY TRANSFORM THE GAME**

Life insurance firms gather money from insurance policy holders, put it to work in investments, and then pay back a set amount upon each buyer’s death. Investments must be both lucrative and safe over the long term. Traditionally, firms placed their dollars into four areas: stocks, government bonds, corporate bonds, and real estate mortgages. Stocks were least desirable because markets fluctuate unpredictably. Government bonds were next in desirability, very safe but giving low rates of return. Bonds issued by industrial corporations were more lucrative. The best and safest return, though, came from making mortgage loans on real estate. Rate of return ran high, and should the mortgagee be unable to pay, the insurance company could seize the land and building and then resell it to recoup the investment. A study of 1927 data, for example, showed that life insurance companies placed nearly half of their dollars in mortgages, with most of the rest in corporate bonds.

While real estate constituted the traditional mainstay of insurance investment, events of the 1930s and early 1940s blurred that focus. The Great Depression shook the industry with widespread mortgage defaults and industrial bankruptcies. Life insurers began moving cash into the safe haven of government bonds. This movement accelerated in World War II, as companies patriotically made heavy purchases of war bonds. By the war’s end, 46 percent of insurance investments lay in extremely low-yield government bonds—so low that the total return on all insurance dollars dipped to a minuscule 2.9 percent. Even while battles still raged in Europe and Japan, executives at America’s leading insurance firms began looking forward to getting out of government bonds and back into the lucrative arena of real estate.

The largest of those firms was the Prudential Insurance Company of America. Founded in 1873, it had grown as an aggressive and efficient player in real estate. By the late 1920s, the New Jersey–based Prudential vied with New York–based Metropolitan Life for the title of America’s largest mortgage
lender. During the 1930s, two innovations pushed Prudential into the lead. First, the New Jersey firm inaugurated a system of regional branch offices, each charged with “putting out money” in productive investments. Second, Prudential leaped into the new market in federally insured mortgages. Introduced in 1935 by the FHA, the FHA mortgage revolutionized home finance. The federal government promised to repay the lender in the advent of default by the homebuyer. Instantly, nearly every American became a good risk for a mortgage. Metropolitan Insurance regarded the new program with suspicion, but Prudential jumped on it. Within five years, Prudential booked $178 million of the new loans, compared with zero dollars for slow-on-the-draw Metropolitan. By 1945, Prudential had twenty regional branches employing fifteen hundred people across the United States and Canada and stood secure as North America’s biggest mortgage maker.

With real estate so financially attractive, why not get into the business of owning and developing buildings directly, in addition to simply making loans? In 1945, laws prohibited it. To protect consumers’ hard-earned savings, each state in the union regulated the kinds of investments that insurance companies, banks, and other financial institutions could make. Since 1905, when hearings by the Armstrong Commission exposed rampant abuses in the insurance industry, states had rigidly defined proper fields of endeavor. The list of activities did not include real estate ownership and development. Only a handful of special exceptions had been made. In 1922, New York State gave temporary permission for Metropolitan Life to own and develop an experimental apartment project in Long Island City, an attempt to alleviate severe housing shortages following World War I. In 1938, the midst of the Great Depression, New York again passed such a temporary relaxation, resulting in Metropolitan’s Parkchester, Riverton, and Stuyvesant Village projects. These efforts generated much favorable publicity, and California and New Jersey passed similar laws, which like New York’s were limited to low- and moderate-income housing, usually in slum-clearance areas.

Now, with war bonds about to mature and dump cash into company coffers, insurance executives seized these precedents as the entering wedge for a dramatic expansion of powers. In 1945, Prudential and the other life insurance leaders descended upon every state capitol in the nation in a concerted lobbying effort. In state after state, they requested laws granting broad permission to develop real estate not just for low-cost housing but for any type of for-profit use—apartments, stores, factories, offices. The laws were “sold to the legislatures on the basis that they would help to alleviate the housing shortages that existed following World War II. The insurance companies were frequently supported in their requests by organizations interested in veterans housing,” an industry insider candidly explained. “It should be recognized, however, that the insurance companies were primarily interested in investing in commercial real estate even though the legislation was enacted primarily to permit construction of housing projects.” The laws opened a new era. By 1948, nearly
every state in the United States plus most Canadian provinces allowed insurance companies to act as owner-developers. In addition to rebuilding its mortgage activities, Prudential could now put its huge capital to work in real estate directly.

And capital there was, in abundance. Though no one could have known it when the laws started changing in 1945, the insurance industry was about to enter a golden era thanks to post–World War II demographics. Baby-boom parents, basking in postwar prosperity and eager to safeguard the futures of their young families, bought insurance policies in record numbers during the late 1940s and 1950s. Life insurance owned by Americans jumped $6 billion dollars in the first half of 1947 alone, up a total of 53 percent over prewar levels. Between 1945 and 1960, the assets of life insurance companies in North America fully tripled. Suddenly, the economy was awash with huge sums of money in search of lucrative investments.

At Prudential, the growth of real estate operations was astounding. In the three and one-half years after World War II, Prudential’s real estate portfolio more than doubled, from $967 million at the start of 1946 to more than $2 billion by late 1949. In the single year 1950, Prudential made an eye-popping $1.38 billion worth of mortgage loans and property purchases. Total realty investment would surpass $7 billion by the close of the 1950s. Much of the sevenfold increase from 1946 to 1960 resulted from greatly stepped-up mortgage lending, but some also came from the new field of property purchase and development.

The Prudential Mortgage Loan Mirror reflected this swarm of activity. Launched in 1945 just as New Jersey opened the door for real estate ownership by the company, the periodical sought to bond together the growing regional office staffs, which would jump from 1,500 employees to more than 2,500, and keep them firmly in touch with company headquarters in Newark. The monthly magazine, edited by Prudential’s publications department and printed on glossy paper with abundant photographs, was no solemn source of policy directives but rather a gossipy celebration of branch office achievements. Although not a perfect or complete reflection of company policy, the Mirror provides fascinating evidence of Prudential’s growing impact on housing, commercial construction, and industrial development in post–World War II suburbia.

**HOUSING: BUILDING APARTMENTS, LENDING TO SUBURBAN HOMEBUILDERS**

Prudential shaped America’s suburban housing in two important ways during the postwar years. As an owner-developer, the company leaped into the construction of suburban apartment complexes during the late 1940s, helping make this once-urban building type popular in suburbia. As a mortgage lender,
Prudential set policies that expressly favored new subdivisions over existing urban neighborhoods.

Prudential’s first company-owned postwar housing development broke ground on June 12, 1947, in the university town of Orono, Maine. The project was a suburban garden apartment complex of thirteen two-story buildings arranged in courtyards on a grassy lawn. Apartments at the city’s edge were still a novel concept in the mid-1940s. Theorists such as Clarence Stein and Miles Colean had long been urging Americans to build multifamily dwellings surrounded by greenery, and small apartment blocks had popped up along suburban trolley lines in the 1920s. Now, with hundreds of thousands of returning veterans seeking housing, larger efforts seemed possible. By September 1947, Prudential purchased land for twelve major projects, with construction costs estimated at more than $57 million, all garden apartments featuring several buildings deployed on multiacre sites. The company also bought up more than a dozen similar projects just completed by developers, including South Moreland Garden Apartments in Cleveland’s posh Shaker Heights suburb, the Northwood Apartments on Baltimore’s elite north rim, and Leaside Development in Toronto’s wealthy northeast suburbs.

Unlike the low- and moderate-income projects of the 1920s and 1930s that had marked the insurance industry’s entry into real estate development, Prudential’s post–World War II apartments aimed unabashedly at white-collar renters. “Tenancy . . . consists of high-class business and professional people,” the \textit{Mirror} said of Leaside. Prudential had constructed three low-income housing projects in Newark prior to 1945 and had been dissatisfied with the return on investment. Company Vice President Charles Weatherfield now spoke out strongly against such efforts at social betterment. “Shall we hazard the savings of our 25 million policy holders by putting them in low rental enterprises which we know cannot pay off if constructed under existing conditions?” he wrote in 1949. “We believe the answer must be an emphatic ‘NO!’”

Prudential’s enthusiasm for upper-income apartments was even more evident in the company’s mortgage lending in the late 1940s. The \textit{Mirror} carried frequent articles mentioning such Prudential-financed projects as suburban Cincinnati’s 161-unit Colonial Village (1949). An important spur to this type of lending came from the FHA 608 program offered from 1946 to 1950, under which the federal government insured mortgage loans for virtually 100 percent of construction cost. A developer could borrow all the money needed to erect an apartment complex, then set rents to cover expenses and repay the loan and pay himself a profit on his “investment.” Lax FHA oversight allowed many to do even better than this. Numerous builders succeeded in getting loans—at low 4 percent interest—for substantially more than the project cost, and pocketed the surplus. The 3,000-unit Glen Oaks Village on Long Island, for instance, won a $24 million loan from Prudential but only cost its builder $20 million to erect, an instant $4 million in the bank. Before evidence of the abuses surfaced, Prudential financed FHA 608 apartments by the hundreds—a whopping
572 mortgages during the first six months of 1948 alone, totaling $182 million. When Congress shut the program down, Prudential and other life insurance companies would shy away from apartment construction for many years. But by the early 1950s, the suburban apartment complex had become a familiar sight in nearly every city in the nation.

While suburban apartment complexes had a high profile in the late 1940s, the bulk of Prudential’s real estate business in the postwar era remained firmly in single-family mortgages. Prudential continued to write conventional mortgages as it had always done and also continued making FHA single-family home loans, the new government-insured low-interest program that had propelled Prudential past Metropolitan in the 1930s. In addition, Prudential’s mortgage staff was quick to seize on another federal program that debuted in 1944. To reward returning World War II fighters, Congress agreed to back low-interest home loans to veterans on an even more generous basis than FHA mortgages—VA loans required little or no down payment. At Prudential’s urging, New Jersey allowed insurance companies as well as banks and savings and loans to get into the act as VA lenders. Within three years, Prudential had made more than 40,000 VA loans worth almost a third of a billion dollars.

In all postwar home lending, Prudential frankly favored new subdivisions in the suburbs. “You may have wondered why we do not lend in all residential districts, and why we do not favor old houses,” said public relations vice president Charles Fleetwood in 1948. He continued,

> The average American family is not content to stay put and live from generation to generation in the same house. As our children grow up they move to new residential districts, into new houses with all the latest gadgets, and the older houses decline in salability. As a result, people discard older houses in older neighborhoods long before their usefulness is at an end. We have found that in times of depression it is almost impossible to sell such houses. Remember, that in considering any loan we always ask ourselves, “If the worst happens can we get our policyholders’ money back without loss?” In the case of the old house in the older neighborhood the answer is generally “No.”

These were powerful words. To accountants who had so recently weathered the Great Depression, undoubtedly such restrictions seemed merely prudent. But they boded ill for American cities. When the nation’s biggest mortgage maker set a policy against loans in older neighborhoods—a policy almost certainly emulated by smaller financial institutions cautiously following the giant’s lead—it could become a self-fulfilling prophesy. Henceforth, even people who wished to buy older homes in the city would find it difficult to get mortgages.

As Prudential explicitly turned its back on older neighborhoods, it eagerly embraced the new generation of “community builders” transforming the suburban rim. Thanks to FHA financing guarantees, giant development-construction-sales firms had begun to spring up all over the United States in the
1930s. Where previous suburbs had been created piecemeal through the efforts of many separate lot sellers and carpenter-builders, the new firms used mass-production techniques, bulldozing land and erecting hundreds of dwellings at a time. Prudential loved these entrepreneurs. By arranging to supply mortgages to buyers in an entire subdivision, Prudential could make one blanket appraisal and mass-produce paperwork. Especially, FHA/VA applications could be streamlined since government inspectors could quickly gauge the nature of the entire neighborhood and grant approvals en masse. For mortgage makers eager to place large sums of postwar cash, big developers were a godsend.

Prudential carefully cultivated relationships with the busiest suburban homebuilders in every American city. Articles in the Mirror celebrated such men as “Herbert C. Huber, Builder Extraordinary,” who created the Hills-Dale and Huber subdivisions outside Dayton; Louis S. Schafer, who developed the Diamond S Ranch district of Seattle’s Bellevue suburb; and Ben Weingart, who constructed 3,500-acre Lakewood (Long Beach) and 1,600-acre Valleywood (San Fernando Valley) in suburban Los Angeles. An illustration of an ongoing relationship was that with Kemmons Wilson, the leading homebuilder in Memphis. After scattered small loans to Wilson, Prudential arranged to provide $700,000 in mortgage loans to the individual homebuyers in the builder’s 1950 Magnolia Hill subdivision and subsequently financed structures erected by Wilson in a suburban industrial park. “All in all,” wrote a Prudential staffer in June 1953,

at the time of this writing we have received from Kemmons Wilson about a million dollars worth of prime conventional residential loans, about $150,000 in FHA loans, and two industrial loans for $100,000. He has also steered several other builders our way and has been generally helpful in our operations. We look forward to a continuation of this pleasant relationship for a long time to come.

The most famous Prudential-assisted suburban community was Levittown, Pennsylvania. After launching their first Levittown on Long Island in the late 1940s, developer Abraham Levitt and his sons turned to the Philadelphia market in 1951, where they set to work transforming Bucks County farmland into a suburb of 16,000 homes with its own fifty-five-acre shopping center. Prudential arranged with the Levitts to become the project’s main lender and succeeded in placing $2.5 million in mortgage loans with Levittown home buyers.

Prudential was not alone in shifting housing loans out of America’s cities. A careful study of sample census tracts in the Chicago metropolitan area showed that 23 percent of urban tracts received no mortgage money from life insurance companies in the years 1945-1954, a figure that jumped to 38 percent during 1955-1964, and by 1966-1967 hit 67.7 percent. Prudential might still back an occasional in-city residential project, such as Seattle’s thirteen-story Decatur Apartments tower in 1951 or Brooklyn’s 1,334-unit Shore Haven project in
1950, but increasingly in the post–World War II period, the company’s residential dollars went to suburbia.  

COMMERCIAL: MOVING TOWARD SHOPPING PLAZAS AND OFFICE PARKS

Along with developing apartment houses, Prudential used its newly won ownership powers to move aggressively into the store and office arena after 1945. “The acquisition of commercial store properties constitutes our most important activity,” Vice President John G. Jewett announced in March 1946. “Our plan is to purchase store buildings in good locations leased for long terms to major chains or strong local merchants.” The definition of “good location” would undergo an important shift during the fifteen years following World War II.

Initially, Prudential focused its commercial ownership on existing structures in the heart of the city. We “seek investments particularly in downtown business properties,” officials stated in 1947, and by late that year the company had purchased more than one hundred “centrally located properties” leased to such blue-chip retailers as Lord & Taylor, Bonwit Teller, Woolworth, Grant, and J. C. Penney. Much thought went into identifying prosperous sites. “The best retail locations invariably are occupied by chain stores and ladies’ wear merchandisers. And where are the highest retail values found? Almost invariably in that limited section of every city where the largest number of ladies gather to spend money,” explained Vice President Jewett.

That spot might not always be in downtown. Prudential indicated a willingness to consider “well-established sub-centers where the density of population will provide adequate support.” In 1947, officials announced construction of Prudential’s new West Coast office on a ten-acre tract along Los Angeles’s Wilshire Boulevard. During the late 1920s and 1930s, Wilshire had emerged as one of the nation’s first upscale shopping corridors for automobile drivers, rivaling downtown Los Angeles as prestige locale for women’s clothing and beauty shops. Prudential’s contribution to the corridor was a ten-story office tower joined to a low-rise shopping structure. As prime retail tenant, occupying a large 126,500-square-foot store, Prudential brought in Ohrbach’s, a well-known New York City women’s clothier.

Willingness to dabble occasionally in suburban retailing during the late 1940s was also evident in Prudential’s mortgage lending. In summer 1946, the company financed Bellevue Shopping Square, “the first suburban shopping center in Seattle,” which was created to serve the newly opened Bellevue suburb. In 1948, Prudential wrote the mortgage for the Town and Country Shops, built by residential developer Hugh B. Coddington to serve his subdivisions near Santa Rosa, California. The Mirror described a “redwood, early Californian” style building with eleven small shops and offices. These small “community centers,” offering convenience shopping between trips downtown,
were typical of the limited nature of suburban shopping in most of America prior to 1950.

Prudential’s interest in stores in the suburbs increased sharply during the next decade. Nationally, a new era in shopping plaza history dawned in 1950 with the completion of America’s first large regional centers: Northgate in Seattle and Shoppers World outside Boston (both with mortgage financing by the life insurance giant Equitable). These models appeared just as insurance companies were making the decision to get out of apartments. Metropolitan and Prudential had been stung by criticism that their pre-1945 low-income projects were racially segregated, and then in 1950, Congress pulled the plug on FHA 608 subsidies for middle- and upper-income apartments. By 1952, equity investments in housing by insurance companies ceased completely. Instead, insurance firms put nearly $1 billion into ownership of commercial real estate between 1950 and 1955.

From the mid-1950s onward, Prudential emerged as a major player in shopping centers. As an owner, its most ambitious project was New Jersey’s Short Hills Mall, opened in 1956 and expanded in 1960. Located in one of the highest-income suburbs of the United States, the mall set a new standard for luxury shopping, with architecture by noted modernists Skidmore, Owings & Merrill and featuring the first Bonwit Teller branch to locate in a shopping center. As a mortgage maker, Prudential backed the even more important Southdale Mall in Minneapolis. When it opened for business in late 1956, Southdale won worldwide acclaim as the first fully enclosed mall, model for hundreds of giant climate-controlled centers that would remake retailing during the next thirty years.

In addition to nationally significant landmarks, Prudential provided the mortgage money that built numerous shopping centers of regional impact. *Mirror* profiles included Bishops Corner Mall outside Hartford, Connecticut (opened 1955); Normandale Shopping Center in Montgomery, Alabama (opened 1954, expanded 1956); Cincinnati’s Kenwood Plaza (1957); Phoenix’s Park Central (1958); Waterbury Plaza (1958) at Waterbury, Connecticut; Northshore (1958) on Boston’s Route 128; Prince Georges Plaza (1959) in the Maryland suburbs of Washington, D.C.; and Lloyd Center, hailed as “Portland Oregon’s ‘New Downtown’ ” (1960). For each, Prudential staff took a close day-to-day role in the development process. They assisted with economic surveys, helped set tenant mix (national chain stores were essential if the developer wished to get a sizable mortgage), okayed the choice of architect and contractor, determined whether building would occur in phases, and inspected during construction. The profile of the Portland project, for instance, listed eight Prudential officials who had “‘lived’ Lloyd Center for five years” and thanked three secretaries “who handled the mountainous paper work necessary to complete the appraisal exhibits, records and letters . . . during the 28-month construction and leasing period.”
Along with shopping centers, Prudential also evinced a growing interest in suburban office buildings. It liked such sites for its own branches, as first shown in the Wilshire Boulevard project in Los Angeles in the late 1940s. The next Prudential regional headquarters were also in the suburbs—the Southwest Home Office tower amid “27 1/2 acres of beautiful wood-land” four miles south of downtown Houston (announced 1950) and the North Central Home Office on a similar thirty-three-acre tract overlooking Minneapolis’s Brownie Lake (announced 1952)—and the company briefly considered moving its main headquarters from Newark to suburban Short Hills. These actions put Prudential at the forefront of experiments in corporate office suburbanization—a trend that would gain national attention in 1954 when General Foods and Readers’ Digest departed Manhattan for sylvan campuses outside New York City. Prudential chose to keep a high downtown profile when it announced landmark towers for the hearts of Boston, Chicago, and Jacksonville in mid-decade. If articles in the Mirror were any indication, though, by the late 1950s, most Prudential branches were heading for suburbia.

Prudential underwrote a variety of other suburban office projects, as well. In Los Angeles, it financed the multitower Uptown Wilshire Center created by noted New York City developer Tishman Realty beginning in 1951. In Houston, Prudential dollars added buildings to the suburban Texas Medical Center in 1956. In Detroit, Prudential made mortgages for low-rise office structures adjacent to Northland Mall in 1958. The same year, Prudential helped construct the suburban Stanford Research Institute in Menlo Park, California.

In both office and store investments, Prudential by no means abandoned downtown during 1945-1960. The company garnered much publicity by acquiring the mortgages for Manhattan’s famous Empire State Building and San Francisco’s huge Russ Building. Articles noted financing for center-city Belk department stores in North Carolina and described “Prudential Investments in Downtown Minneapolis.” Prudential also actively sought participation in federally subsidized urban renewal projects, such as William Zeckendorf’s Hilton Hotel/May Department Store by architect I. M. Pei in the heart of Denver. But over the course of the 1950s, downtown dropped from being the prime investment site to being merely one among many. Prudential put more and more of its eggs in the suburban shopping basket.

INDUSTRIAL: NEW PLANTS IN THE SUBURBS

Compared with its residential and commercial work, Prudential’s investments in industrial real estate were small. In general, insurance companies shied away from backing special-purpose buildings that could not be easily sold to another buyer if the original user failed. Manufacturing plants constituted serious risks in this regard. Prudential did choose to get involved in the
industrial realm, exercising great caution in selecting projects. In practice, that meant investing only in new buildings, virtually all of them at the urban rim.

As soon as Prudential won the power to own real estate, it launched a modest but innovative program developing factories and warehouses. Prudential officials created a “sale-leaseback” system in which an industrialist could construct a plant, then immediately sell it to Prudential, who would lease it back to the manufacturer. This apparently pointless maneuver in fact held two major benefits for the manufacturer and two for Prudential. The manufacturer immediately retrieved the working capital, and future lease payments were 100 percent deductible under federal income tax law, which considers rent to be a business expense. Prudential avoided the hassles of development and got ownership of a productive new building—a much better risk than merely holding a mortgage.

“The type of plant we prefer is a new, modern, general purpose plant,” Prudential Executive Director C. J. Faherty told a national convention of industrial developers. “A modern one-story building with general purpose use with a square foot area of between 25,000 and 50,000 square feet seems to be the most desirable.” Larger buildings or special-use structures might be approved, but only for companies with strong track records and outstanding credit histories—a criteria that favored America’s corporate giants, although Faherty ensured that smaller and newer companies would be considered as well. The best investments, Faherty added, “are usually those in a planned industrial area.”

Prudential, in other words, favored the suburban industrial park—a planning innovation just then taking hold in America. Planning theorists had discussed moving industry out of the inner city at least since the Garden City writings of the 1890s, and a number of industrial satellite towns had appeared during the early twentieth century. The idea took on fresh urgency after World War II due in part to fears of atomic attack on the concentrated factory zones of America’s metropolises. During the 1950s, suburban industrial parks blossomed outside nearly every U.S. city. Their sprawling acreage offered abundant room for the type of one-story modern plant Prudential analysts admired.

Throughout the 1950s, Prudential helped arrange construction of numerous individual buildings in suburban industrial parks all over the United States. One Mirror story described the postwar transformation of Teeterboro, New Jersey, from farmland to New York industrial suburb, where Prudential helped develop structures for Pepsi Cola and two other firms by 1952. Yet another ballyhooed a “new Oklahoma land rush” to the Oklahoma Industries park outside Oklahoma City, whose buildings included a 1952 Prudential-owned baking plant. Yet another Mirror story chronicled Prudential’s $3 million involvement with Brook Hollow Industrial District. Launched in 1953 along the soon-to-open Stemmons Freeway in Dallas by energetic developer Bill Windsor Jr., it quickly became one of the era’s most written-about suburban industrial projects. Publications ranging from Dun’s Review to the Saturday Evening Post touted Brook Hollow as a model for the industrial future of
America and, indeed, the world. The Post quoted German economist Dr. Hans Wesemann, touring U.S. industrial facilities, as saying that “the most impressive thing he had seen on this side of the Atlantic was the Brook Hollow Industrial District, in Dallas. ‘This,’ he said, ‘is what Germany needs.’”

CONCLUSION

The experience of Prudential Insurance in the real estate arena from 1945 to 1960 helps illuminate the processes that reshaped the American city in the postwar era. Two findings particularly stand out. One is the impact of changes in state laws starting in 1945 that allowed life insurance companies to jump into the development of buildings. Rich with cash from baby-boom policyholders, Prudential and other companies provided ownership capital that made projects possible on a huge new scale: apartment complexes, shopping centers, industrial parks. The other noteworthy finding is the existence of explicit policies against putting money into existing neighborhoods or factories. In both home loans and industrial investments, Prudential consciously directed its massive resources into new suburban construction.

Sometimes Prudential was at the cutting edge of innovation, for example, with its own suburban office buildings or its financing for the enclosed Southdale Mall. But its more important role was as an accelerator of trends. America’s giant life insurance firms possessed the power to turn a tendency into a certainty. When a company such as Prudential let it be known that it liked large community builders, or new suburban industrial parks, or regional shopping malls, those innovations gained considerable momentum. When Prudential refused to lend in older neighborhoods, it helped seal their fate.

Prudential’s influence as a property developer and lender continued to grow after 1960. By the early 1970s, experts identified Prudential Insurance as America’s largest landlord. Company literature listing the firm’s retail properties in 1982 boasted that “Prudential has the largest retail inventory of any private property owner in the nation,” 25 million square feet. Indeed, life insurance companies and pension funds owned most of America’s shopping plazas. Major players after Prudential in the 1970s included Connecticut General with $1 billion in shopping center mortgages plus ownership interest in nine regional malls including Paramus Park in New Jersey and South Center in Seattle, and Northwestern Mutual Life with half a billion in loans and $250 million in equity.

Today in metropolitan areas across the United States, most residents work, shop, and dwell outside the center city. Americans have embraced this suburban world, though it is not without problems, which range from environmental costs to lack of employment for the inner-city poor. The lending policies and large-scale capital projects initiated by Prudential and other life insurance firms in the years after World War II did much to make this new world a reality.
NOTES


3. The Prudential Mortgage Loan Mirror appeared monthly from 1945 to 1973, when it was supplanted by the Real Estate Investment Department Quarterly. The only known run of the Mirror is in the collection of Prudential’s Archives Preservation Office in the company’s Washington Street Building in Newark, New Jersey.


4. In 1945, 76.5 percent of Prudential income came from policyholders’ premiums, 23.5 percent from investments. “Life Insurance Dollars,” Mirror 1, no. 8 (August 1945).


9. “City Branch Offices and Territories They Cover,” Mirror 1, no. 1 (January 1945): back cover. The branch office system, launched in 1932, replaced an earlier system of individual “loan correspondents.” “Seventy Years of Progress, 1875-1945,” Mirror 1, no. 10 (October 1945): 3-5.

10. Bell and Fraine, “Legal Framework.” States, rather than the federal government, regulate the insurance industry due to the 1868 Supreme Court ruling Paul v. Virginia, which held that the insurance business was not “interstate commerce” and thus did not fall under federal purview. C. Joseph Pusateri, A History of American Business, 2d ed. (Arlington Heights, IL: Harlan Davidson, 1988), 291.


35. “Meet Herbert C. Huber, Builder Extraordinary,” *Mirror* 7, no. 9 (September 1951): 6-7, 16.


Another Los Angeles developer tied to Prudential was the Grandview Building Company (Edward K. Zukerman and Barney Morris), who arranged Prudential mortgages for the 1,330 homebuyers in their 1954-1956 subdivision, Hollypark, adjacent to the Western Avenue Golf Course. “The Johnson Rancho,” *Mirror* 12, no. 6 (June 1956): 8-9.


44. “John Jewett Discusses Commercial Loans,” Mirror 5, no. 3 (March 1949): 2-3. On the reasoning behind approval of such mortgages, see also “The City Department Committee,” Mirror 5, no. 3 (March 1949): 10-1.
45. “The City Department Committee,” Mirror 5, no. 3 (March 1949): 10-1.
47. “Space in Pru’s West Coast Building Leased to Orbach’s, Inc.,” Mirror 3, no. 6 (June 1947), 9.
51. Winnick, Rental Housing, 121-30. Similarly, Hoaglund, Real Estate Finance, 245.
53. “Southdale Regional Shopping Center,” Mirror 12, no. 4 (April 1956): 2-5, 16.
57. “Seven Years of Preparation,” Mirror 14, no. 10-11 (October-November 1958), 10-2.
59. “This is Northshore,” Mirror 15, no. 7-8 (July-August 1959): 2-5.
61. “We Helped Build Portland, Oregon’s ‘New Downtown,’” Mirror 17, no. 2 (February 1961): 4-5, and Hornbeck, Stores and Shopping Centers, 173-8.