The Financialization of Urban Development Projects: Concepts, Processes, and Implications

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The Financialization of Urban Development Projects: Concepts, Processes, and Implications

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La financiarisation des grands projets urbains : Concepts, processus, et conséquences

Résumé

Cet article analyse les projets urbains à la lumière de la financiarisation de la fabrique urbaine. Deux constats de départ sont formulés : les projets urbains opèrent une transformation du foncier au moyen de ressources (notamment en capital) échangées sur les marchés immobiliers ; des segments de l'environnement bâti (immobilier, infrastructure) sont de plus en plus considérés comme des actifs pour des investisseurs financiers engagés dans la diversification de leur portefeuille sous contrainte de risque, et ce, tant dans les pays dits développés qu'émergents. Dès lors, l'enjeu est d'identifier les processus par lesquels les stratégies et les attentes des investisseurs financiers circulent auprès des acteurs directement impliqués dans le pilotage et la gouvernance des projets urbains (collectivités locales, aménageurs et urbanistes, promoteurs immobiliers, etc.) Trois processus contribuent à ce que ces projets urbains soient réalisés pour les investisseurs financiers. D'abord, la production de représentations de marché, par le secteur du conseil en immobilier, est conçue pour un marché locatif s'adressant aux investisseurs financiers. Ensuite, sans négliger la demande (utilisateurs locataires), l'activité de promotion immobilière produit des bâtiments répondant aux attentes des investisseurs. Enfin, du fait d'une évolution des stratégies de développement territorial et de l'aménagement, soit en répercussion du rôle plus important des promoteurs immobiliers, soit à travers la mise en place par les collectivités locales et leurs agences de développement de stratégies d'attraction de l'industrie de l'investissement en immobilier. Cette réflexion se conclut par la discussion de trois pistes pour les recherches futures en vue d'une économie politique urbaine de la financiarisation des espaces urbains.

Mots clefs : financiarisation ; projet urbain ; marché immobilier ; développement urbain ; politiques urbaines ; économie politique urbaine

The Financialization of Urban Development Projects: Concepts, Processes, and Implications

Abstract

This paper pleads for revisiting Urban Development Projects (UDPs) in the light of the financialization of the urban built environment. If the rising integration of the urban fabric and financial markets has been acknowledged, it remains incidental to most of the literature on UDPs. The restructuring of the built environment (real estate, infrastructures) into bundles of assets provided for finance capital investors looking to diversify their portfolio through risk-adjusted strategies is developing on an increasing scale, from so-called 'developed' to 'emerging' countries. We posit that contemporary UDPs are an attempt to transform land-use by leveraging resources (including capital) exchanged on real estate markets. Therefore, the financialization of UDPs can be tackled through an analysis of the processes through which investors' strategies and requirements may be circulated among key actors of UDPs (e.g. local authorities, planners, development agencies, property developers). Three paths through which UDPs are shaped for finance capital investors are examined. First, the production of market representations, by internationalized property consultants, skewed towards investors' standards. Second, the tailoring of buildings as 'quasi-financial' assets in the course of real estate development, through which developers seek to address this now dominant financial clientele. Third, the evolution of strategic planning and land development, whether as a byproduct of greater room gained by developers, or as a result of a direct targeting of the investment industry by local public authorities and their development agencies. Eventually, the paper discusses three avenues for research for an urban political economy of one salient, though undersearched, aspect of the financialization of cities.

Keywords : financialization; Urban Development Projects; property markets; urban development; urban politics; urban political economy

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Index of abreviations used

DC	Development Corporation	Société ou établissement d'aménagement
FCI	Finance Capital Investor	Investisseur financier
GFC	Global Financial Crisis	Crise financière et économique (2008)
ha	hectare	—
IPC	International property consultants	Conseils internationaux en immobilier
IPD	International Property Databank	—
IPO	Initial Public Offering	Entrée en Bourse
M&A	Merger and Acquisition	Fusion-acquisition
MNC	Multinational Corporation	Firme multinationale (FMN)
MP	MegaProject	Grand projet
PFI	Private Finance Initiative	Partenariat Public Privé (PPP)
sq. m.	square meters	mètres carrés
SME	Small and Medium Enterprise	Petite et moyenne entreprise (PME)
TIF	Tax Increment Financing	—
TIYA	Tradable Income-Yielding Asset	Actif échangeable et générateur de revenus
UDP	Urban Development Project	Projet (d'aménagement) urbain
UK	United Kingdom	Royaume-Uni
U.S.	United States	États-Unis

1. Introduction

The present paper[1] aims at revisiting large-scale Urban Development Projects (UDPs) in the light of the increasing intertwining of the production of the urban built environment, and financial markets. Since the 2008 Global Financial Crisis (GFC), substantial attention has been drawn to this issue. Academics have joined in an endeavor to understand what such *financialization* does to cities, thereby turning, through multifarious works, urban space into a vast archeological field of our present (Halbert et al. 2014, 18). As such, we would like to lodge this paper under the auspices of scholarship on the production of the urban built environment, its importance, and its evolutions. First, this includes the debate over the seminal work of Marxist urban sociology (Topalov 1974) and geography (Harvey 1978) and its theoretical opponents (Ball 1986; see Healey and Barrett 1990 for a selective overview). Second, political economy works on urban regimes have pointed towards the role of 'city-makers' (elected officials, planners, and the real estate industry) in the process of globalizing cities through property redevelopment (Haila 1997; Fainstein 2001). Last but not least, the concomitant emergence of complex projects and integrated strategies of private big firms in the 1990s have triggered a parallel (yet short-lived) debate among French scholars (Verpraet 1991; Lorrain 1992; Ascher 1996).

Building on these, the present paper has two objectives. It aims at (i) offering a comprehensive review on works that address the relationship between UDPs and financial markets (or investors). These two objects have usually been considered apart; we contend that they should be more systematically reconciled because they tend to go hand in hand. Further, the paper sets out to (ii) develop an understanding based on our own research (see Appendix A). Thus, we seek to lay the groundwork for an urban political economy of the financialization of the built environment. Despite the proliferation of works on the topic, its theoretical underpinnings are yet to be further developed.

To carry this research agenda, the paper is based on the cross-fertilization of two objects, 'UDPs' and 'financial markets', whose relationship will be thoroughly examined rather than assumed[2], and whose respective contours will now be defined.

1.1. Urban Development Projects

On the one hand, Urban Development Projects (sometimes also Mega-Projects, MPs) will be considered (see various definitions in Olds 2001; Orueta and Fainstein 2008; Lehrer and Laidley 2008 - Table 1). This conceptual umbrella serves as a shorthand for various empirical objects, some of which will not be primarily addressed here. First, while UDPs can be a synonym for MPs (e.g. large-scale and/or complex real estate objects), the contrary does not

1 This paper was initially written within a research program on "Les grands acteurs de la fabrique urbaine" at the École des Ponts PariTech's Chair for Cities, under the coordination of Dominique Lorrain (Latts, Université Paris-Est). The authors would like to thank the members of the 'Finance, Territory & Infrastructure' research group at Latts for their involvement in the various research programs on which this paper is based, particularly E. Decoster for her precious understanding on the evolution of the development industry, N. Maisetti for the discussions on the property brokerage sector, as well as F. Adisson for the insightful theoretical exchanges (All at Latts, Université Paris-Est). Additionally, the paper benefited from both from Maria Kaika and Jonathan Rutherford careful review and comments respectively in March 2014 and September 2014. The findings presented here have benefited from a financial support from Plan Urbanisme Construction Architecture at the Minister de l'Écologie, du Développement Durable, des Transports et du Logement and the R2DS – Île-de-France region.

2 In their case-studies of two complex real estate projects in Switzerland, Theurillat & Crevoisier seem to infer a necessary relationship (our emphasis): « The links between the built environment and financial markets strengthened further as a result of the stock exchange crisis of 2000-2001 for company share markets (Theurillat and Crevoisier, 2012). *In parallel, but linked thereto, urban megaprojects (Fainstein, 2009) developed.* Certain financial investments were made in large complexes (airports, stadiums, university buildings, hospitals, prisons, etc.) and in utilities (telecommunications, power, transportation, etc.), whose financing and ownership were traditionally in the hands of the public authorities. Other investments concerned major private objects (large shopping centres, business centres, etc.). » (2014, 4) « So a second wave of financialization of the build environment *has developed in relation to the resurgence in urban megaprojects* (Fainstein, 2009), which are potentially attractive financial products (Hagerman et al., 2007; Torrance, 2009. » (2013, 2)

always apply since MPs include, for instance, transit-oriented infrastructure development (e.g. Altshuler and Luberoff 2003 cited in Salet 2008). It follows that our understanding of UDPs does not include infrastructure projects (although UDPs rely on them). Second, albeit large-scale and capital intensive, nor will we deal with 1950s-70s urban renewal programs which arguably represent a "first generation" of UDPs with different characteristics, notably since the State is no longer the single key actor onboard (Lehrer and Laidley 2008, 799; Salet 2008, 8; Pinson 2009). Third, UDPs or MPs have often been associated in the literature with 'mega-events' (e.g. Moulaert et al. 2003, 65–90; Vanwynsberghe et al. 2013; Raco 2014). Although mega-events are usually a platform for UDPs (e.g. Olympics in Barcelona 1992, London 2012, Rio 2016; but also European Capital of Culture in Marseilles 2013), we consider that they are not a necessary condition, and therefore will not be dealt with specifically[3].

Table 1 – Definitions of UDPs or MPs in selected works

Sources	Characteristics (in-text quotations)	Examples included
K. Olds (2001, 6)	- developed with a myriad of capital sources that change over time; - modeled on each other; - developed and planned by architects, financiers, engineers, and planners who have experience of working and/or knowledge of previous or ongoing mega-projects in other cities around the world; - developed with both explicit and implicit internationalization strategies in mind; - marketed to overseas firms and high income individuals for subsequent lease or purchase and; - designed to symbolize a global urban 'utopia' for the twenty first century	London's Docklands, Paris' La Défense Case-studies: Vancouver Pacific Place, Shanghai's Finance Center
F. D. Orueta & S. Fainstein (2008, 760–1)	- in locations which, as a consequence of urban restructuring, have lost their previous uses but have potential to be once again profitable within the post-Fordist urban economy; - generally developed within the context of public-private partnerships; - frequently mixed-use; - cater to the needs of office-based businesses and tourism and leisure services; - introduction of new methods of financing, with greater collaboration between the public and private sectors	Regeneration of waterfronts; recovery of old manufacture and warehouse zones; construction of new transport infrastructure or the extension of existing ones; renovation of historic city districts, usually to meet the special consumer demands of middle- and upper-class sectors (Zukin, 1998; Lourés, 2001).

3 In the same fashion, we argue that UDPs are not exclusively realized under PFIs/PPPs schemes, which are legal devices applied to various objects, including transit-oriented MPs. Therefore, these would not constitute a specific entry point in the remainder of the paper, although they may be touched upon in some case-studies discussed.

U. Lehrer & J. Ladley (2008, 799)	- from 1980s to today; - initiated by State and private sector; - very costly; - financed by PPP/state investment facilities private sector investment; - focus on flexibility and diversity – many uses, many building types; - physical appearances as complexes/districts; - characterization of public benefits: The appearance of democratizing public space through large-scale improvements intended primarily to catalyze, and thus ensure a return on, private investment; - resistance is low and criticism relatively absent.	Case-study: Toronto Waterfront

Therefore, we put forward a fourfold definition of UDPs on which we will ground our argument. UDPs encompass the process of urban (re)production and its built outcomes, characterized by: (i) intricate uses, within the same large objects (e.g. megacomplexes) or neighborhood (e.g. mixed-use masterplan); (ii) a change in land-use destination, rights, and markets; (iii) various streams of funding, usually both public and private; (iv) and the rescaling of State concomitant with the rise of new urban strategic actors (e.g. urban governments, developers, consultants, citizens, etc.). UDPs thus embrace a *continuum* of situations ranging from 1990s integrated projects (Verpraet 1991; Menez 2006) to today's complex real estate objects (Lorrain 2002; Theurillat and Crevoisier 2014) and large-scale redevelopment projects in global and regional metropolises (see Table 2 below).

Table 2 – Typology of urban development objects, including UDPs

Object	Unit	Characteristics	Examples
operation	land plot	property estate	office tower, council estate, etc.
integrated project*	large land plot or block	complex object (size, deal structuring, functions)	stadium, retail and entertainment complexes, malls, etc.
urban project*	several blocks or large-scale plot (macrolot), neighborhood, contiguous redevelopment area	global redevelopment plan	business centre, new mixed-use neighborhood, etc.

** denotes what is considered as Urban Development Projects following the authors' definition.*

1.2. Financialization of the built environment

On the other hand, financial markets will be considered in the light of the heightened academic debate on the financialization of the built environment[4]. To start with, financialization can be broadly defined as the "growing influence of financial markets over the unfolding of economy, polity and society" (French et al. 2011). More specifically in reference to the built environment, the concept seeks to capture the deepening interpenetration of the urban envi-

4 Although quite recent (and less established than others such as neoliberalization), the concept of financialization has been dated back as early to Hilferding's 1910 notion of "finance capital" (Christophers 2012), or alternatively to Harvey's 1982 argument about "land as a financial asset" (Christophers 2010), if not to Sweezy's 1997 article on globalization (Marois 2011).

ronment and financial markets in the post-Fordist era (but see Lizieri 2009, chap. 3; Lorrain 2013, for long-term perspectives). It suggests that financial actors and their market finance techniques have acquired a greater prominence in the financing, ownership, and management of parts of the built environment. Despite being an "unfinished business" (Erturk et al. 2008, 9) such a rising trajectory – sometimes analyzed as autonomization – has triggered debate on internal tensions within late-stage capitalism (Aalbers 2008). Although financialization encompasses manifold routes and process, we outline three major aspects of its interpretations concerned with the built environment.

First, the *evolution of public financing of urban development*. Following a decrease in central State's grants, the dependence of municipal budgets has shifted towards capital markets since the 1970s, especially in the U.S. case (Kantor and Savitch 1993; Hackworth 2002). This funding gap would have resulted in local governments to devise ever-sophisticated instruments, such as Tax Increment Financing which allows them, with the help of financial brokers and consultants, to finance urban redevelopment through the securitization of future fiscal income (Weber 2010; Pacewicz 2012; Strickland 2013).

Second, the *development and innovation in mortgage distribution and securitization*. Financial innovations such as asset-backed securities have contributed to considerably increase the capital available on markets (Erturk et al. 2008) while generating "subprime cities […] modeled by the flow of capital in and out of neighborhoods" (Aalbers 2012, 5), notably through a predatory lending apparatus (Galbraith 2008; Wyly 2008). This aspect might be the most debated since it has received substantial political, social, and academic exposure following the 2008 GFC.

Third, the *restructuring of property markets via the acquisition by finance capital investors of large parts of the built environment*, whether through the stock exchange or non-listed circuits. This ranges from infrastructures (Lorrain 2008a; 2008b; Torrance 2008) such as highways (O'Neill 2009), port terminals (Rodrigue et al. 2011), and energy utilities (Lorrain 2007; Allen and Pryke 2013) to real estate, with few works on residential markets (Uffer 2011; Fields 2014) and more on commercial properties (see *Regional Studies* 2014 special issue vol. 48 no. 3 for a recent overview). In order to diversify their portfolios, finance capital investors (Attuyer et al. 2012a, para. 6) have entered real estate markets as landlords, thus resulting in property being considered as a "quasi-financial" asset (Coakley 1994) "[set] in the context of other investments and the wider economy" (Ball et al. 2002, 260).

1.3. Focus and research objective

In this light, three aspects of the impact of financialization can be discussed when considering UDPs. The literature review addresses each of these whereas our argument seeks to expand on the third point in particular. While the restructuring of property markets understood as financialization arguably affects an ever-wider range of situations, from globalized "mature [property] markets" (Kheog and D'Arcy 1994 cited in De Magalhães 2001, 101) to developing countries, its implications yet remain to be given greater attention in the case of UDPs.

This paper posits that UDPs attempt to transform land-use by 'leveraging' resources (including capital) exchanged on real estate markets and are thus exposed to the financialization of property. This process is co-constitutive of a shift according to which property owners mostly consider buildings on financial grounds, especially finance capital investors for which they represent 'tradable income-yielding assets'. In this light, this paper sets out to *unravel the processes through which investors' strategies and related requirements are circulated towards and among the key actors of urban redevelopment in UDPs*, namely city governments and planners, development agencies, property developers, consultants, etc. As a consequence, it sets out to discuss how UDPs may thus be directly or, as we shall discuss, most likely indirectly shaped *for* these financial intermediaries, since their expectations are increasingly taken into account, not without potential frictions and, in some cases, negotiations.

1.4. Outline of the paper

Through the undersearched combination of two strands of academic literatures on UDPs and geographies of finance-*cum* property economics, the literature review proceeds in two steps. It assesses the growing role of property markets and actors within the wider shift from government to governance (section 1), while outlining the various ways in which UDPs are elect sites for the financialization of city-making via property markets and taxes (section 2). Expanding on this, we expose our research objective: since property investment firms have become a new financial clientele for developers, their impact on urban (re)development ought to be thoroughly analyzed. We put forward the notion of 'tradable income-yielding assets' to capture this shift and, on the basis of our own research and recent academic contributions, discuss three concurring processes that may contribute to the alignment of UDPs on investors' requirements (section 3). First, through the production by property consultants of *market representations* skewed towards tradable income-yielding assets, i.e. investment products on a rental market (section 4). Second, through the tailoring of buildings as assets in the course of *the real estate development process*. As they target this new financial clientele, property developers arguably take into account investors' expectations in terms of design, location, or preferred tenants (section 5). Third, these are likely to be increasingly addressed through the *evolution of strategic and land planning/development process* (section 6), whether as a byproduct of the greater room left to property developers or as a result of direct targeting of the real estate investment industry by local public authorities and their economic development and planning agencies. We conclude the article by opening a discussion on the impact and limits of these processes by laying out three avenues for further research: in terms of urban 'models' *de facto* articulated by the property investment industry; the local public planning and policies that may encourage, adjust, or resist these; and the resulting spatial, material, and socio-political consequences.

2. Contemporary urbanization through large-scale UDPs

2.1. UDPs as the evolution of city-making from government to governance

The use of large-scale Urban Development Projects has been a salient aspect of the remodeling of the urban fabric of major cities over the past decades (see Table 1). This mushrooming of (re)development initiatives has triggered growing academic inquiry among various disciplines (e.g. geography, political science, sociology, planning), as scholars repeatedly observed (Halbert 2007; Orueta and Fainstein 2008; Majoor 2008). Although this plethora of works has brought an equal variety of interpretations, a general understanding has formed around the empirical processes observed, notwithstanding theoretical controversies.

In most cases, UDPs are considered as emblematic illustrations of the recent restructuring in planning policies and practices: (i) the shift from comprehensive planning to strategic projects, as well as (ii) the transition from a vertical hierarchy of powers centered around Nation-States to more horizontal and collaborative practices. In sum, the shift from the plan to the project in the planning sphere would be indicative of a larger shift in urban policy and democracy, as may be summarized in the move *from government to governance* (Le Galès 1995). This result encompasses the findings of key academic works, which have offered comparative perspectives between major UDPs in the mid-2000s (Moulaert et al. 2003; Salet and Gualini 2007; Pinson 2009). Because they all highlight to some extent the pluralization of relevant actors on the urban scene, such as citizens and private firms with real estate developers at the forefront, the academic controversy is rather on theoretical grounds. Arguably, authors do not disagree so much about the observed outcomes of UDPs as they do regarding their theoretical interpretation. On the one hand, neoMarxists have developed critical accounts on the extent and effect of the neoliberalization of city-making through the restructuring of planning policies and practices (Moulaert et al. 2003). They observe that the adjustment of cities to the global restructuring through UDPs would lead to increasing socio-spatial differentiation. On the other hand, neoWeberians have challenged this emphasis on the transformations of capitalism, arguing that observed processes are not solely reducible to this (Pinson 2009), and that politics do matter in understanding policies (Le Galès 2006), such as UDPs. Furthermore, some planners have argued that despite ideological emphasis on public-private partnerships in strategic planning discourses, the involvement of the private sector has often times been problematic (Salet 2008), while coordination with other public actors remains an equally important issue (Janssen-Jansen and Salet 2009).

However, while this theoretical debate has proven important, its underlying controversy has too often been overestimated as some of its protagonists have acknowledged (Borraz and Galès 2010). As a result, discrepancies have been stressed at the expense of converging results. First and again, the main *findings* indicate the shift from people (Keynesian welfarism) to places (Post-Fordist entrepreneurialism) (see Harvey 1989, Brenner 2004) and the accompanying renewal of political and economic elites who opportunely use UDPs to establish their power through governance networks. Second, the *methodology* appears identical since UDPs both stand as objects and analyzers of larger phenomena, be it the restructuring of capitalism or repositioning of the State. Last but not least, *criticisms* have been overemphasized. For instance, if it has been argued that UDPs entailed divergence (i.e. rather than the convergence observed by neoMarxists) (Pinson, 2009), strong similarities nevertheless remain in terms of motivations and outcomes (Guéranger, 2010)[5]. Furthermore, while planners have raised the issue that the objective of private partnership (the "cognitive process of framing") is not self-sufficient *per se* to actually involve the private sector (the "framing of collective action")

5 Thus leaving it to a matter of scale: standardization (or convergence) is observable among cities, but then their UDP content or strategic positioning might differ given their history and local context.

(Salet 2008), this had readily been acknowledged by neoMarxists who noted that if this kind of partnership is encouraged by neoliberalization it often fails and requires filling-in by the public sector[6].

Although, to some extent, the academic controversy has lost some of its flamboyance, UDPs have kept on spreading on the urban scene, fuelling an uninterrupted flow of case-study analyses, especially in the early 2010s. Not only have these recent works confirmed and amplified previous results, but they have also underlined the use of multiple *ad-hoc* planning tools and organizations that shape the relation between public and private actors in UDPs. In the light of the results offered by Moulaert et al. (2003), Raco and Henderson (2009) note that should there be any change in the outcomes of UDPs, it would be of scale, not of nature. In their case-study of the Paddington Basin, they observe how the Westminster City Council attempted to "change the image of the area, and, in the short term, turn it into an investment space" (*ibid.*, 311). They underline the tailoring of a special planning perimeter excluding NIMBY residents by the municipality to lure developers and investors, whose requirements for targeting high-end housing and retail clientele was not frontally challenged, as long as they paid for an institution for the creation of trickle-down jobs. In the case of Paris Nord-Est redevelopment project, Savini (2012) has similarly highlighted how UDPs can act as a vehicle for the emergence of cross-border coalitions of political elites. Here too, *ad-hoc* planning tools are key; they allow for the translation of public-private interdependencies into cooperation (*ibid.*, 1890). While private actors provide land redevelopment skills and fiscal resources, they depend upon coalitions for the unlocking of land through planning in order to enable, secure, and maximize their investments. Through the observation of planning practices, these two case-studies lean towards a greater role of private investors and developers in contemporary city-making, which reflect the shift towards property-led planning. In the French case, this has resulted in state-sponsored Development Corporations (DCs) to regulate private developers and investors' behaviors instead of carrying in-house land and real estate development (see "public action [as] regulation" in Morel-Journel and Pinson 2012, 193). By providing additional evidence on UDPs, these works have *de facto* offered a first step in overcoming a substantial shortcomings of the mid-2000s case-studies, which too often considered the "private sector" as a single abstract entity, thereby deterring analysis to "move beyond simple abstract assertions regarding the global flows underlying these projects" (Olds 2001, 7).

2.2. UDP at the crossroads between planning and property markets

Still, it may be argued with Van Criekingen (2010) that most case-studies, have failed to accurately take into account land and property processes, beyond allusions[7]. So that the mobilization of property market mechanisms, which is arguably constitutive of UDPs (and increasingly, if one accepts that the shift to governance paradigm outlined above), remains insufficiently analyzed.

In seeking to address this shortcoming, Van Criekingen (2010) proceeds with a diachronic case-study of two UDPs in Brussels. Instead of laying emphasis on the "politics of rent production", he argued that the genuine remarkable shift laid in the engineering of the redevelopment process by public actors towards structural dependence on real estate markets and actors. While in the 1960s public investments were falling under the State's budget, in the 1990s the mechanism has considerably changed. The pre-requisite for redevelopment spending (e.g. public spaces, and infrastructures, social housing) has become the ability of an *ad-hoc* public development agency to capture sufficient value from the transformation of land. In other words, the extraction of land surplus for and by public authorities would have become a direct mode of financing the "public purpose" of redevelopment (*ibid.*, 12, our translation).

6 This is the case in most case-studies conducted in Moualert et al. (2003): Athens (pp. 65-90), Copenhagen (pp. 91-106), Berlin (pp. 107-214), Bilbao (pp. 181-208), and Naples (229-246).

7 Thus, Moulaert et al. (2003) allude to a « new breed of city builders, the real estate developers in association with banking interests » (16), and speak of UDPs as « real-estate based urban restructuring » (260). Some case-studies (e.g. Vienna Centre Expo 95, pp. 167-180) speak of a « real estate capital » without any mention of whom or what actually enact its interests.

This implicitly leaves room for a greater porosity of public planning authorities to the expectations arising from private real estate players. In unpacking the co-production practices at work in project-based planning, Arab (2004) has for instance highlighted the ability of a quasi-public DC in charge of a multi-purpose complex (i.e. commercial property including both retail and leisure) to define and carry out its development by selectively taking into account retail market standards. On the one hand, the DC has been able to keep at bay some of these standards which were deemed to be inappropriate for a project that was aiming for unconventional features. This was based on strong mayoral support which enabled the development agency to pull off the project for a two year timespan in order to let it further deepen its planning concept, including by taking examples from other international projects. On the other hand, and at the same time, because of the aim to keep the project attractive in the eyes of investors, the DC has been integrating some market expectations. In this light, Arab observes how the development agency has conceived, and later, steered the project on the basis of the yield expected by investors. Anticipation of market requirements and standards led to adjust the density, leisure/retail mix, and type of lessees. Similarly, Bertoncello et al. (2009) have emphasized the cooperation between the State-sponsored DC Euromeditérannée and real estate brokers and developers in Marseilles, France. This joint effort included studies on the type of properties to be developed according to market standards (so-called 'international') as well as finding property acquirers (investors) and tenants (end-user firms). Last but not least, Malézieux (2003) has observed that the emerging business center Landy France in northern Paris City-Region resulted from the conjunction of public powers and the development sector, as long as their respective interests went along. He remarked that the latter was organized as an industry (a "*filière*") in which financial and foreign capital had a substantial weight.

Despite a call for greater scrutiny over land and property processes, there remain limits to these works since they hardly address major changes in the *restructuring* of property markets, or fail to do so systematically. When these are taken into account, the analysis remains descriptive at the expense of critical assessment of their impact. Yet, since UDPs are increasingly realized by private firms and/or based on property markets mechanisms, they can arguably be construed as complex objects constrained by a return on investment (Lorrain 2002)[8]. In this light, we outline three related tasks in revisiting the analysis of UDPs. To start with, there is a need to further unpack the so-called "private sector" related to land and real estate markets, not only by looking more precisely at related processes in UDPs, but also at the changes in the property industry. Therefore, the analysis ought to take into account the increasing intertwining of property and capital markets observed in the economic property literature, and the related restructuring of property markets (i.e. actors, strategies, tools, cultures, etc.). Accordingly, its implications for urban redevelopment through large-scale UDPs ought to be discussed.

8 In his analysis of large-scale megacomplexes, this leads Lorrain to question the final outcomes on projects: "These megacomplexes have in common to be developed by private firms that are constrained by return on investment imperatives. How do such financial constraints, along with more technical ones, impact the final project?" (2002, 80. Our own translation from French)

3. Revisiting UDPs: Factoring in the restructuring of property as a 'quasi-financial' asset

Property has undergone substantial restructuring processes during the past decades, chiefly amongst which is the role of financial markets. Academics interested in the production of the built environment have increasingly studied this process in reference to the concept of *financialization*, a burning issue since the 2008 GFC. On the one hand, classical Marxists such as Harvey consider this process of "increasing tendency to treat the land as a pure financial asset" as the latest stage of contemporary capitalism (1982, 347 cited in Christophers 2010, 98), in which various social agents try to build on the dissociation between use- and exchange-value. On the other hand, cultural economists analyze this as the "hyper-capitalization of (almost) everything" following which financial capitalism is constantly on the search for new "regions" to colonize through the creation, circulation, and extraction of "new assets streams" (Leyshon and Thrift 2007). This concern for the role of financial markets, although not always grounded on the concept of financialization, has triggered various academic contributions, including some considering UDPs[9].

3.1. Building UDPs on debt: from mortgages to securitization

Much of the literature, when considering the relationship between financial markets and property, has laid emphasis on debt, mostly provided by banking institutions[10]. The bulk of studies deals with the 1980s-90s property boom in the UK and the U.S., including the role of mortgages (see *Environment & Planning A* 1994 special issue vol. 26 no. 2). For instance, the late 1990s UK property bubble has been reported to result from the stimulation of the development activity by a combination of steep rental growth and the availability of bank lending (Healey et al. 1992, 45–61). These findings were corroborated and expanded on by Fainstein (2001) in her seminal analysis, where she has provided a critical account of property development in New York and London which "belonged to the '80s financial boom as a cause, effect, and symbol" (*ibid.*, 28). She underlined the mutually self-reinforcing circle between the growth in the Finance and Businesses Services sector – particularly in the securities industry – and property development, whose "growth […] itself stimulated bank expansion, since almost all construction loans emanated from the banking sector" (*ibid.*, 31; see also Coakley 1994; Pryke 1994). Besides, in single case-studies of UDPs (Canary Wharf, Battery Park) or developers (Olympia & York), Fainstein illustrated the relevance of an analysis cognizant of financing techniques and circuits. Adopting what could be qualified as an urban political economy approach, she delineated the nexus between local government officials, planners (DCs), and developers, united in property-led entrepreneurial strategies. This relationship between property and the securities industry has been scaled up in the 1990s-2000s through innovations in securitization, as was epitomized by the 2008 subprime crisis. Observing the resulting influx of capital, Rutland (2010) witnessed a similar relationship in Halifax, where the availability of mortgage-backed securities prior to the GFC triggered competition among lenders willing to finance new development. This resulted in risky development ventures of commercial buildings in the downtown area, based on a supposedly boosted occupational demand (e.g. new financial services) which the local government aimed to accommodate by means of planning streamlining and containment of citizen participation.

The financing of urban redevelopment through securitization has also been directly engineered by local authorities as "active agents" (Weber 2010). In the case of Tax Increment Financing, the Chicago municipality has directly provided securitized capital for the redevelopment of 30% of its urban fabric through the selling of future fiscal income streams to investors on capital markets (*ibid.*). In other words, local governments may have a direct role in spreading

9 The reference is sometimes explicit, but more than often implicit, especially given that the debate has been dominated by considerations over neoliberalization (e.g. Weber 2002).

10 Financial institutions such as institutional investors (e.g. pension funds, insurance firms) have traditionally been major property owners in the UK (Massey & Catalano 1978, 114–138), but it has been argued that they had remained marginal contributors to the 1980s-90s property cycle (Coakley 1994, 701; Healey 1994).

financialization into redevelopment projects, by the tailoring of securities in conjunction with specialized brokers. Quite noticeably, far from disempowering the local government, Weber argues that this results in Chicago's municipality exerting greater discretionary power towards developers and other taxing jurisdictions involved (e.g. state and county governments – *ibid*., 260). However, she also highlights how this process bears consequences in terms of spatial unevenness since local governments that seek to attract institutional investors backing tend to select spaces which involve high projected fiscal income/low risk perspectives of rent-gap, and large-scale redevelopment programs based on 'highest and best use' (i.e. owner-occupied and retail instead of social housing and green spaces). In spite of standing amongst the most valuable insights when dealing with the socio-spatial consequences of the financialization of UDPs, this work is arguably quite U.S.-specific. More to the point, it does not touch upon a key aspect of the ongoing restructuring of real estate markets: the transformation of property markets as a "quasi-financial" asset (Coakley 1994), i.e. the shift from an owner-occupied to rental market where financial investors are final buyers seeking tradable income-yielding assets.

3.2. The provision of financial assets through the restructuring of property markets: the forgotten side of UDPs

Parallel to the literature on UDPs and equally related to the academic concern for financialization, coexistent orthodox works have documented the restructuring of property as a "quasi-financial asset" in terms of actors, mechanisms, and process limits.

Based on empirical material, a handful of authors have surveyed how investors in search for portfolio diversification consider 'local development' as a new market opportunity: whether through investment in real estate (buildings, retail, or rehabilitation) or in local businesses. They converge in highlighting the Internal Rate of Return (IRR) as a key decision-making factor for private investors. On the one hand, under the "geography of finance" (Clark 2005) umbrella several business case-studies were conducted on portfolio diversification strategies of large U.S. pension funds (Hagerman et al. 2005; Hebb 2005; 2006; 2007; Hebb and Sharma 2014). They highlight strict investment policy and rationale based on risk-adjusted returns as key drivers for success in so-called "untapped markets". On the other hand, others have examined the financing of urban regeneration by property investors through surveys and focus groups oriented towards best practices (Adair et al. 2000; Trache and Green 2002; Nappi-Choulet 2006). While also acknowledging the need for IRR, they have emphasized the role of public actors in providing infrastructures, land, and tax abatements. Last but not least, they highlight the existence of various types of investors, whether in terms of size (Trache and Green 2002) or risk profiles (Nappi-Choulet 2006).

These empirical observations echo trends in the restructuring of property markets that have been put into perspective by real estate economists for the past decades especially on commercial markets[11].

First, the *internationalization* of property markets and actors: in so-called "mature" markets, they have became globalized (Keogh and D'Arcy 1994 discussed in De Magalhães 2001, 99–101). This results in the 'scaling up' of investment markets to supra-national (e.g. Europe, Asia) or transnational (e.g. cross-Atlantic) regions. At the same time, key actors have expanded beyond their national boundaries, starting with *end-user firms* such as MNCs. Contrary to residential markets, *property brokers* for commercial real estate and other *service providers* (such as IPD) have expanded globally too, through organic growth and/or a series of takeovers between U.S. and UK firms (De Magalhães 2001; Ball 2007), notably to provide services to MNCs and transnational *investors*. Regarding these, the internationalization of office ownership (i.e. held by investors) in International Financial Centers (IFCs) has been considered as one of the key trends in property markets (Lizieri 2009). Additionally, this increasingly in-

11 Although the same investment firm may also be involved in housing markets, or manage (distinctive) investment funds for commercial and residential properties. See Uffer (2011) on the case of Berlin's housing provision and Fields (forthcoming) on New York.

cludes the "peripheries of capitalism" such as Eastern and Central Europe where the change in property investment techniques resulted from the arrival of new actors and the adjustment of traditional local actors (Taşan-Kok 2004), or in 'emerging' countries (David and Halbert 2014a; Halbert and Rouanet 2014; Searle 2014).

Second, the *financialization* of property markets and actors: the treatment of property as an investment asset following strategies of portfolio diversification based on risk-adjusted returns. In his discussion of his "structures of building provision" concept, Ball has reported the shift in office ownership patterns according to which "large-scale financial institutions (especially pension funds and insurance companies […] have became substantial owners of office property. Their desire for safe investment returns encourage them to be office-rent receivers. Their intervention helps to determine the yields on office ownership and also affects the office-development cycle. Yields on alternative non-property investments influence institutions' interest in investing in property, and, hence, the relative returns from doing so" (1986, 455). This has been termed the transformation of property as a "quasi-financial" asset (Coakley 1994). Accordingly, attention paid to risk has brecome a central element in guiding property market behaviors (i.e. through risk-adjustment) as well as its analysis by academics (Nappi-Choulet 2006; Dörry and Michael 2012).

Although we will demonstrate in the next sections that the geography-*cum* real estate literature offers insights to develop an urban political economy of the financialization of UDPs, there remain substantial limits[12]. First, the majority of them do not consider the importance of local landscapes and actors that actually contribute to shape what is perceived as investment opportunities by fund managers (Wilson 1991). Second, the outcomes of investment strategies and practices are not considered in terms of their material, socio-spatial, and political consequences. This omission seems to imply that there are no 'strings attached' to the type of capital used, despite so much attention given to indicators such as IRR and risk-adjusted returns. Building on other authors (Guy et al. 2002; Lizieri 2009; Henneberry and Mouzakis 2014) and our work (Attuyer et al. 2012b; Halbert et al. 2014; Guironnet et al., submitted), we contend the opposite by excavating the selectivities of financial property investors. Last but not least, whereas these selectivities underscore the very political dimension of the financing of urban redevelopment by finance capital (though UDPs), this aspect is often times absent, if not deliberately evacuated by some[13]. Therefore, there remains a substantial gap in the existing literature if one sets out to analyze the financialization of UDPs regarding (i) the manifold consequences of financing urban redevelopment through financial markets based on the evolution of property as a "quasi-financial" asset, (ii) how this process is taken into account, or challenged, by other players involved in the governance of UDPs, and thus (iii) how it eventually refashions public-private power relations.

12 These apply to most of the works cited taken as a whole, although not to each and every one.

13 Such is the case of the "geography of finance" case-studies, in which authors argue for the containment of politics through strict investment policy based on professional (i.e. risk-adjusted) criteria and identification by Board members of market opportunities, precedence of IRR over social benefits which are mere extra-bonuses (i.e. trickle down) but should not be the primary objectives, and insulate Board members from political pressure.

4. The financialization of city-making through tradable income-yielding assets (TIYA)

There is a need to reconsider the relationship between the built environment and financial markets following the restructuring of property markets as pools of tradable income-yielding assets (TIYA). If developers may still rely on financial markets to support their overall growth strategy at company level (e.g. through the listing on the stock exchange or by opening their capital to private equity investors) or to obtain construction finance (e.g. loans and bonds), greater focus needs to be set on the role of finance capital investors as *final buyers* of developed real estate. This point is particularly relevant in the case of UDPs. Not only do these projects heavily rely on investors for they are mostly concerned with the capital-intensive production of *new* properties, but also because they are often strongly dependent upon commercial real estate (which thus often takes up an important amount in the total area of built space). On the one hand, UDP promoters use properties as vehicles for economic development through property-led strategies (Turok 1992), expecting to host new firms – and hopefully to create jobs – thanks to property investment supporting the development of new commercial space. On the other hand, commercial real estate may provide the financial viability of redevelopment schemes by generating immediate revenues through building right sales – and in the longer term by enhancing the tax base[14].

The 'TIYA' notion seeks to capture a shift in the nature and provision of capital characterized by financial *re*intermediation: fund and investment managers pump up finance capital directly from capital owners and thereby provide equity, amply leveraged with debt, to real estate markets[15]. This turn has been commented in a handful of recent contributions that will be discussed throughout our argument. Starting with the observation that the real estate development industry targets a new financial clientele, the central claim of this paper is that through UDPs, finance capital investors may now increasingly impact what is built, where, and for whom. Given the relative dearth of evidence on the matter and its developments, the paper will therefore seek to address how this process may happen by discussing three hypotheses regarding the processes/mechanisms whereby financialization of UDPs occurs.

4.1. Tradable income-yielding assets (TIYA): A liminary definition

Building upon Leyshon and Thrift (2007), we put forward the notion of 'tradable income-yielding assets' to capture the shift in the purpose of building provision from owner-occupying to rental (buy-to-let) market. Property landlords are thus finance capital investors, while occupying firms have become tenants. The former includes a wide range of financial institutions, such as: pension and mutual funds, insurance firms, real estate investment trusts (REITs), investment banks, and other third-party portfolio management firms. By using *finance capital investors* (Attuyer et al. 2012a, para. 6), we thus refer to the blurring of boundaries between financial and real estate markets (Coakley 1994; Lizieri 2009) through a threefold definition.

First, these finance capital investors are firms and professionals in real estate markets that manage leveraged equity *on behalf of* stakeholders (securities on stock market) or of individual and institutional investors (non-listed vehicles)[16]. Second, this mandate is articulated in

14 See Janvier (1996) on the French case in the 1990s.

15 Hence, likewise Erturk et al. (2008), if we argue that the ongoing process is more about *re*intermediation than *dis*intermediation, it follows that traditional players of the first era such as banks have had to "reinvent themselves" in this late-stage capitalism context (Erturk and Solari 2007). Various banks have jumped onto the bandwagon of Real Estate Investment Banking through dedicated in-house subsidiaries: BNP Paribas, Crédit Agricole and Société Générale (Amundi Immobilier), Deutsche Bank (RREEF), ING. See also (Lapavitsas 2013).

16 In other words and for matters of disambiguation: while the term "Finance capital investors" can apply to a wide range of intermediary investors within a *continuum* linking a primary investor to a building, we are here considering the *final* investor, i.e. the last chain unit which owns a property title (of a building, an index, a security), usually through a SPV.

portfolio management theory and market finance practices based on the risk-return rationale. Within this framework, the course of an "asset" in a given investment portfolio is split between three main stages: investment (acquisition), management, and disposal (arbitrage). Third and in turn, this corresponds to different responsibilities and professions, including *inter alia*: fund management (e.g. relation with fund clientele, fund structuring on legal and financial grounds, fundraising), investment management (e.g. provision of deal cash flow, structuring of business plan for a given asset, defense of business plan before the investment committee), asset management (rental, financial, and legal handling of portfolio)[17]. The overall rationale consists of the optimization of financial performance, i.e. (active) value creation as opposed to (passive) mundane management (Tannenbaum 2009, 33)[18].

This is achieved by working on the two components that make up the return on the capital locked in buildings, i.e. a recurrent rental income (hence income-yielding) and capital appreciation generated by sale (tradable). The return is calculated through *income-based* methods (capitalization rates, discounted cash flows). Investment strategies are devised and ranked by the level of risk-adjusted returns targeted[19]; typically these include: 'core' (5-10% return), 'value added' (10-15%), and 'opportunistic' (+15%). Bearing that in mind, if the presence of properties in portfolio of insurance firms or some trusts is not that new (e.g. Massey and Catalano 1978; Yates 2012), its widespread diffusion and standardization amongst real estate investors is[20].

This TIYA turn has its roots in three co-constitutive processes. First, commercial real estate has been increasingly considered as a store-value for firms, which have then sought to monetize it by shelving it from their books. This has led to various strategies, among which are the opco-propco model (Christophers 2010) and sale-and-leaseback or 'asset-light' models devised to outsource real estate (Halbert 2013a). It is worth noting that these have often been articulated as part and parcel of focusing corporate resources on firms' 'core business', in strong compliance with practices implementing the shareholder value theory (for a definition see Zorn et al. 2005). Second, a cohort of firms and professionals have specialized in real estate portfolio management, thus acting as agents of the "hypercapitalization" (Leyshon and Thrift 2007) of property assuming day-to-day tasks from rent collection to arbitrage. Third, corroborating Ball's theoretical argument that "state intervention is a necessary condition for most structures of building provision" (1986, 461; see also Haila 1988, 96 on the role of national legislation supporting the treatment of "land as a financial asset"), central States have been key orchestrators of the TIYA shift. Governments had an active role in the creation of new investment vehicles as illustrates the diffusion of Real Estate Investment Trusts schemes throughout numerous countries (see Sotelo and McGreal 2013 on Europe). By doing so, States have increased the liquidity of real estate (see Gotham 2006 on U.S. REITs), seeking to retain domestic savings and attract foreign capital. States have also supported non-listed investment vehicles (e.g. SCPI and OPCI in France) and tax incentives, including for REITs.

In this light, UDPs that have mushroomed in major cities over the past decades appears to suit very much the 'income-yielding' scheme: not only for they obviously provide investors with new investment opportunities, but also because of their features. First, investors may benefit from the 'flagship effect' of UDPs, whose commercial buildings may generally be designed by signature architects while attracting premium firms considered as 'anchor tenants', with the support of public authorities. Second, UDPs offer brand-new properties which will counte-

17 It is worth noting that investors may be, in some instances, also engaged in development activities, for instance through a subsidiary firm (e.g. Tishman Speyer, Hines, French REITs like Gecina and Icade, and third-party investment management firms such as AXA REIM).

18 In interviews with professionals, 'mundane management' is often referred too as 'prudent person' strategy in which so-called 'traditional' landlords such as insurance firms used real estate assets as a hedge against inflation.

19 Strategies actually span among a continuum instead of being within strict boundaries (Halbert et al. 2014, 20) and their definition may vary from one investment firm to another.

20 Although this process of diffusion may be subject to discrepancies in space and time. For instance it seems to have occurred earlier in the UK market (1950s-70s), whereas in France it took place during the mid-1990s.

ract the obsolescence of assets for a given portfolio. This effect is likely to be reinforced by a rising concern for 'sustainability' as it is increasingly becoming the market norm for newly developed properties. In that case, UDP are timely opportunities for investors to comply with the law (e.g. on France see Attuyer et al. 2012a). Third, today's UDPs are generally based on the provision of transport infrastructure, be it by their proximity to existing major hubs or the creation of these anew. Obviously, this substantially contributes to the improvement of the 'location, location, location' factor as the saying goes in the real estate business.

4.2. Three paths to the financialization of UDPs: An outline

We assume that UDPs constitute an attempt to transform land-use by leveraging resources (including capital) exchanged on commercial property markets[21]. Their analysis thus requires paying attention and taking into account what is going on in property markets. One of the major changes repeatedly observed by the literature has been the "meteoric rise of property as an investment" (Ball 1986) alongside its transformation as a "quasi-financial" asset (Coakley 1994), i.e. its financialization (Malezieux 1995; Lizieri 2009; Nappi-Choulet 2013). Through this ongoing restructuration outlined above, property markets have provided TIYAs for finance capital investors in search for portfolio diversification. Therefore, this questions the *processes* through which investors strategies, requirements, and representations are circulated towards and among the key actors of urban redevelopment in UDPs (local government and planners, land developers, property developers, consultants, etc.). In short, through which routes investors contribute to shape UDPs? We posit three hypotheses. First, through *market representations*: the simultaneous representation/production of a market skewed towards investors by the property consultancy industry (section 4). Second, through *property development*: the tailoring of buildings by real estate developers to address their new financial clientele (section 5). Third, through the evolution of *land planning and development*: by taking into account investors, whether because developers have acquired greater room and leverage or because local authorities and their agencies directly target the investment industry (section 6). Therefore, our purpose is not to look at the restructuring of the real estate industry *per se*, but to analyze the mechanisms through which various players involved in city-making take up the investment industry requirements. In sum, we aim to lay the groundwork for an urban political economy of one key facet of the financialization of the built environment.

Our argument starts is grounded upon a comparative and comprehensive reading of the emerging academic literature on the financialization of UDPs related to the shift to TIYA (Theurillat and Crevoisier 2014; 2013; Charnock et al. 2014). As importantly, it is also rooted in our research on the French case based on quantitative and qualitative methodology (see Halbert et al. 2014, 38–51 for an overview; also see Appendixes), including focuses on regional markets (Bordeaux, Rennes) and an in-depth UDP case-study in the Paris City-Region (see sections 5 and 6). Further, to the extent that we observe strong similarities with the U.S./UK academic literature and business press[22], our reasoning is not strictly limited to the French case. This can be explained in terms of the "maturity" (Kheog and D'Arcy 1994 cited in De Magalhães 2001, 101) reached by the French property market which has become globalized, likewise its Anglo-Saxon counterparts. Besides, based on this argument our reasoning can also be extended to developing countries (e.g. Central Europe, BRICS), to the extent that their property markets seem to follow a similar trajectory (Taşan-Kok 2004; Cattaneo Pineo 2012; David and Halbert 2014a; Halbert and Rouanet 2014; San Felici, forthcoming). That is not to say however, that we do not take into account the *situated* characteristics of property markets and more generally of "structures of building provision" (Ball 1986; Wood 2004),

21 And vice-versa: private investment depends on (heavy) public investment, as has been usually emphasized in the literature: see Healey et al. (1992) on the public sector as a "risk-taker" (282) in the UK property-led redevelopment case, also at the core of criticism of "rent closing" (Moulaert et al. 2003)

22 This might not be that surprising since the financialization of the French commercial property market has started with the arrival of Anglo-Saxon funds applying financial strategies and techniques to distressed property portfolios (Nappi-Choulet 2013).

in terms of space and time[23]. However, we want to stress that if buildings remain locally embedded, the restructuring of property markets through financialization has put them within the reach of transcalar finance capital investors (see David and Halbert, 2014a; David and Halbert, 2014b; and Halbert and Rouanet 2014 for examples on Mexico and India).

23 Hence, we acknowledge that national specifities exist (e.g. on the difference between French and British/ Deutsch investment decision making, Roberts and Henneberry 2007).

5. The role of international property consultants (IPCs) in making TIYA markets

5.1. Disseminating market representations in UDPs

This section analyzes the representations of commercial real estate market dynamics held by key actors of UDPs such as developers, planners, and public authorities. It thus directs attention to the production of cognitive categories used to define such markets. Although they might seldom be directly involved in a UDP, we argue that commercial property consultancy firms play a critical role in the *framing* of such representations, i.e. both by the *definition of cognitive categories* and the '*filling-in*' of those categories with the market information they collect and circulate[24]. By telling the market, property consultancies simultaneously *make* it. As a consequence, they contribute to forge and disseminate the informational apparatus which, as Lorrain argued, underpins the power of the global financial industry over the built environment (see Lorrain 2011 on information as second-rank institutions). The views provided by property consultancy firms (and especially their Research departments) are amply used by actors involved in UDPs. This follows two parallel routes: one specific to UDPs planning while the other, although more pervasive, is probably much more potent in its effects on land and property development actors' strategies and practices.

First, following the growing 'professionalization' of planning practices (on the French case, see Bourdin 1996; Janvier 1996, 21; and Turok 1992, 362 for the UK), most UDPs rely on feasibility studies that include scenarios and forecasts regarding economic development and property markets. Undertaken by multi-disciplinary consortia that includes an economic development consultancy firm or individual, these studies typically base their diagnosis and scenarios on a combination of two types of analyzes. The understanding of firms' location factors and mobility choices is complemented by interpretations over the dynamics of commercial real estate markets. In turn, the latter analysis relies on real estate data typically covering rental prices, vacancy rates, supply absorption, as well as more general forecasts on the future supply and demand usually segmented between standardized real estate 'products' (office, retail, logistics, etc.). Such forecasts are provided at the infra-urban scale in order to describe the potential evolutions of the surrounding area in which a UDP will be developed. However, they also place these 'micromarkets' in relation to the wider metropolitan/city-regional real estate dynamics, since the latter may affect the prospects of a UDP due, for instance, to other developments in the city-region, and, sometimes, to the perceived competition of other metropolises at national and continental levels.

Second, besides such UDP-specific studies, it also appears that most actors in the commercial property development and planning sectors, are exposed, and seek to be so, to an understanding of property markets that comes predominantly from specialized property consultancy firms. Developers who directly solicit real estate consultants to define the 'highest and best use' for a given tract of land in their possession best exemplify this. But the process cannot be reduced to the analysis of a single property. The ceaseless provision of market analyzes by property consultancy firms (e.g. quarterly updates on the markets of so-called major city-regions and their micromarkets, sector-specific studies on office spaces, retail, and logistics, and issues-specific analyses such as macroeconomics, sustainable development etc.) are key in *placing* a micro-market on the commercial property map. Following this, it is thus necessary to analyze how, for whom and under what conditions are these representations constructed by consultancy firms.

24 More precisely, we claim that the framing *unfolds through* the filling-in of cognitive categories with market data (e.g. take up, projected supply, vacancy rates, yields, etc.) provided by property consultancy firms that UDP actors rely on).

5.2. Working for TIYA markets: "covering the playground of investors"

In relation to the internationalization of some clients (MNCs and investors), the real estate brokerage sector in non-residential markets has gone through a process of concentration (De Magalhães 2001; Ball 2007) as a result of organic growth and M&As of existing regional and national brokerage companies. Consequently, and even though some market niches remain, only a limited number of major firms claiming to offer 'global' geographic coverage holds a large part of the brokerage and valuation activities related to such international clients: BNP Paribas Real Estate, CBRE, Colliers International, Cushman & Wakefield, DTZ, Jones Lang Lasalle, Savills[25]. In spite of innovations that attempt to make use of the availability of ever larger sets of online data (e.g. combination of data-mining techniques and online mapping solutions), the production of market data remains still hugely dependent on the direct recording of commercial transactions. By centrally collecting data from their brokerage and valuation teams, IPCs' Research departments may thus be in a favorable position to claim access to the most accurate available databases. This proclaimed legitimacy in providing views of market dynamics, may further be strengthened when IPCs put aside business competition and decide to cooperate by centrally aggregating some data[26].

IPCs' Research departments are thus in a situation where they provide data on what would remain otherwise scattered transactions. By constituting databases and providing material representations of them (through a series of statistics, tables, graphs, benchmarks and other illustrations such as property clocks and investment weather maps), they play a key role in *giving existence* to commercial real estate markets, which would otherwise remain invisible. Although this work of *translucidation* (see Halbert and Rouanet 2014 on this notion) is far from a mundane task[27], it results in IPCs having a crucial role in sorting and organizing the data, as well as defining the categories through which they will circulate views of the market to other market actors (tenants, investors, developers, planners). Due to the aforementioned concentration and internationalization processes at work in the sector, data and analyzes are increasingly following standardized definitions, computing, and representations. In the same way that the internationalization of major property consultancy firms has reflected an attempt to keep pace with the globalization of their main clients, this standardization is clearly aiming at providing an homogeneous understanding of local markets to IPCs' globalizing clients[28]. Business lines and required skills are constantly adjusting in order to follow every new market segment turned by investors into their new "playground" as well as the internationalization of the clientele (IPC firm, Head of Research, A024, 2012 and B003, 2013).

As a result, it may be argued that a limited number of IPCs contribute to creating, implementing, and circulating a *cognitive frame* on commercial property markets. Through their taxonomic work and the production of market analyzes, they order i.e. prioritize the types of buildings, uses, demands, and, last but not least, they define market geographies and their spatial boundaries. In addition, they provide interpretative elements on the past and present states of commercial markets as well as on their likely future. They also contribute to benchmark the types of real estate segments and products, the tenants and places that are favored, neglected,

25 According to Crosby et al. (2010), 69% of the capital value of the main commercial property index of the UK is valued by the largest five valuation firms

26 This is the case in France with joint observation platforms, either through public-private city-regional observatories (often with the direct involvement of some public actors and planners, such as the city-regional planning agency) or through private-private initiatives as in the Paris City-Region with the Immostat initiative where the 4 main international brokers and Investment Property Databank (IPD) have joined forces to provide information regarding transactions and available supply on 22 sub-sectors.

27 IPCs have to invest in the infratructure that will permit the centralization of data produced mostly by brokers and appraisers in their day-to-day activities, whereas their Research departments have to work with data that are not designed for them.

28 It should be noted at this stage that this standardization is all the more powerful that IPCs are highly active in the professional associations and bodies that contribute to collectively define and spread these shared categories within and between national and regional markets.

or considered as (un)promising. Such analyzes highlight the places that provide little potential opportunity for investors and tenants, those that are emergent, and point out so-called 'hot spots'.

5.3. When market-telling is market-making

To understand the nature of the dominant market representations that IPC firms produce, it is necessary to come back to their recent evolutions. IPC firms may not find viable to cover all markets and products. Besides, their business model is overly targeting the investors and end-users of TIYA markets, i.e. they explicitly attempt to service a clientele made of a combination of MNCs (as end-users) and international/domestic property investors (as owners). For example, they have expanded from their brokerage activity to offer a growing number of services specifically dedicated to investors: third party investment management, property appraisal, asset management, property management, facility management, and project management for the development and refurbishment of buildings. Although they have developed some services to owner-occupiers, they are mostly active on commercial property markets where rent relations are dominant and assets are owned by 'professional' institutional investors. It results that market representations produced by these IPC firms are *skewed* to those transactions that reflect the TIYA market[29]. This is likely to leave aside other parts of the market such as small-scale transactions, small-size markets, and non-standard products for which TIYA-type investors are reluctant to invest in, as well as markets where owners are not finance capital investors (e.g. owner-occupied or with non-institutional investors).

To the extent that other key UDP actors effectively take them into account, these market representations – provided by IPC firms – potentially *frame* their views of commercial real estate through which they think their own strategies and practices. For and investor or a developer, they can help inform to which extent investing in a given UDP is sound. Reciprocally, planners and local governments that wish to attract investors to kickoff their redevelopment plans may find it useful to take into account what is seen as *the* market's expectations. IPCs entertain repeated contacts with planners whom with they share information about the market: whether through the above mentioned dedicated observatory platforms, or informally. For example, besides a core clientele of developers and investors, trading advices on a given property (e.g. valuation, capitalization rates) against information on the development pipeline in local markets is a usual practice (IPC firm, Head of Development projects, A039, 2012). In addition, economic and planning consultants involved in UDP systematically use the cognitive frame, data and forecasts provided by IPC firms.

As a result, UDPs that rely on market data and views provided by the limited number of IPC firms are likely to be developed following a TIYA-based definition of commercial real estate markets. This may potentially impact the building specificities, size, product mix, location, type of tenants, etc. We have observed how the consultancy firm Ernst & Young has spread the idea that the minimum threshold to create a successful new business location in Rennes, France, would amount to 100 000 sq.m. of office space, i.e. a level that is defined by finance capital investors as a pre-requisite for a sufficient level of liquidity (be it in terms of rental transactions or property sales). Likewise, Bertoncello et al. (2009, 100-101) have observed that real estate programming for commercial properties in Marseilles, France, was defined by joint studies on the local market's 'needs', conducted by the State-sponsored DC and former property broker Atisreal. Altogether with the subsequent inputs of major property developers, it resulted in building new properties based on so-called 'international standards', which notably suit investors. Overall, it appears that the role of IPC firms may be crucial in spreading the expectations of a market dominated by the TIYA frame since the representations that they circulate constitute the backdrop for the real estate development process, as we shall now turn to.

29 It is worth noting that this bias also impact academic researchers, since there is virtually little commercial property market information outside of what is covered, or *translucided*, by dominant property brokers.

6. The real estate development process and the new financial clientele

As final buyers of properties, finance capital investors represent a new breed of customers that real estate developers target as their main clientele. Therefore, property development is a key conduit for the diffusion and implementation of investors' expectations through the anticipation by developers who directly negotiate with overseeing public authorities.

6.1. The adjustment of real estate developers to their financial clientele

In the TIYA market where buildings represent 'quasi-financial' assets, the developer will typically look for an investor to engage in the actual development (i.e. construction). In the aftermath of 1990s crisis in which mortgages were underwritten by banks against soon-to-be developed buildings (as collaterals) leading to a major bubble-burst once development came to a halt, today's developers hardly engage without the prior commitment of investors (presale). Developers, and the banks that provide them construction finance, are reluctant to bear risk; they attempt to transfer it as early as possible to investors[30]. Alternatively, the developer will look for a tenant as a property end-user. In so doing, the developer's aim is not so much to cover its costs, but to actually search for a *rental cash flow* (i.e income-yielding) to sell to an investor.

It is not to say that the supply-side of development (investors) has taken over the demand needs (end-users) (on the limits of the dichotomy see Coakley 1994). Given the impact of the GFC on access to bank lending (e.g. credit crunch, Basel III requirements) and widespread risk-aversion among investors, such an argument seems precarious, besides being out of our focus[31]. Rather, we intend to stress that not only do developers build soon-to-be assets for their target clientele of investors, but also take into account potential tenants, yet only inasmuch as they correspond to the type of tenants associated *by* investors *to* a given risk-adjusted return. This notably result in developers attempting to pre-let their buildings to so-called 'bluechip' tenants, whom are assessed by investors according to a set of criteria, widely accepted within the investment industry (Halbert et al. 2014, 318–324): power purchase; real estate needs and related firm size; ability to commit to a long-term lease; risk of default; reputation. This intersects with representations based on reputational and cultural biases which altogether form what is considered as a prestige, hence legitimate, 'signature'. In the words of an Investment Manager of a London-based pan-European fund involved in the Paris City-Region market,

> "We prefer Gaz de France [former national French gas company] or the State as tenants, rather than a SME. For a handful of reasons; besides it is not the same thing if it is Ubisoft [French MNC in video game development and publishing] or a SME. A SME or IT services are more likely to go bankrupt. Furthermore, it is more difficult for us to explain to our Fund Managers who they are. Our [client] investors are international investment funds: they prefer l'Oréal [French cosmetics MNC] as tenants, notably because it speaks to them; it is the same for us, if we do not know the brand it does not speak. For example, our Asian pension fund clients, they want l'Oréal because they know the brand; then they can issue PR reports on that because it is prestigious. We still take SMEs as lessees because today's rental market is down, so we are open to go for smaller deals for sure. But it also depends on the [available] floor size, we ought not to divide it too much." (Property company, C013, 2013)

30 Of course, this varies according to the property timing cycle. During a property boom, developers are likely to take more risk and engage in development thereby considered as "speculative" (see Healey et al. 1992, 279; Turok 1992, 376; Fainstein 2001, 215 respectively on the 1980s-90s UK and London/New York cases).

31 Thus, the question at issue here is not to assess whether supply drives demand or the other way around (but see Turok 1992, 376), but to analyze the implications for city-making of shifting ownership patterns which coincide with the evolution of property as a "quasi-financial" asset.

Based on a mix between risk-adjusted rationales and the specific logic of portfolio management costs, an investment *doxa* has taken shape alongside the ongoing restructuring of property markets as TIYA markets. It does not solely lead investors to protect themselves from their tenant's potential default, as much as to select organizations (firms, administrations, associations) whose business model and maturity seems to respectively offer stability and convenient appraisal. As institutional economists have stressed, this *doxa* is not without cultural and collective biases: it may not lead to offer the best risk-return in absolute terms but what *is believed* to be the best (Henneberry and Roberts 2008; Henneberry and Mouzakis 2014).

Furthermore, the provision of TIYA by developers is not limited to rental markets. Crosby and Hennebery (forthcoming) argue that the observed standardization on investment markets also extends to owner-occupied cases, since

> "Companies need to maximise their asset value because of its impact on share prices and its use as security for raising loans. Put simply, compliance of designs with other similar types of building and with institutional specifications maximises the re-sale market for the firm's building." (ibid., 12)

In investor-led markets, standardization is likely to extend to owner-occupied schemes for matters of resale liquidity. This might happen when there is no investor at a given time to accommodate for the real estate needs of a given firm. Again, this rationale is particularly relevant given the post-GFC constraints on capital availability. For instance, it might account for the current trend observed in the Paris City-Region, where several large MNCs have contracted (as acquirers) with real estate developers the building of large corporate campuses in the inner periphery. The 'market timing' might not have been the best for investors who were reluctant to engage in 100,000+ sq.m. projects that could amount well above the €300 million mark. This explains why end-user firms, scattered between multiples sites and looking for costs reduction through relocation in a single campus, have jumped onto the bandwagon of 'turnkey' ownership. For instance, the business press has recently reported that after the completion of its brand new campus, IT firm SFR is looking to pass on the ownership of its campus to a consortium of investors as part of a sale-and-leaseback scheme (businessimmo.com, 17/10/2013).

6.2. The resulting standardization of UDPs: examples from case-studies

As a result of the adjustment of real estate developers to their target investor clientele, the development output is increasingly characterized by standardization and selection. Several recent case-studies attest how this impact UDPs and can eventually counteract urban and economic strategies articulated by local authorities.

In Barcelona, Charnock et al. (2014) have observed how the implementation of a knowledge-based economy (KBE) in the Poblenou neighborhood has ran counterwise to the actual functioning of property markets in which "properties were developed […] for the rent they might yield […] realized through so called 'turnkey' transactions [involving] the delivery of a property by a developer to an investor according to a contractually defined cost and time period" (9). Building on secondary sources, they document how several buildings, once turned to investors, were not rented to KBE firms or had to be filled in by the public sector despite contractual agreements signed between developers, the local authority, and the ad-hoc Development Corporation 22@bnc Inc. Adopting a Marxian take on urban rent theory, they point towards the framework of land redevelopment which would put the financing of social housing, infrastructure, and green spaces at the mercy of the maximization of the rent-gap realized by developers and its taxation by local powers. Hence the interest for the "City council to maximize its appropriation of rents" (10), and 22@bnc Inc. to act as a "brokering agent between local institutions and financial capital, facilitating the circulation of capital through – and generations of rent from the transformation of – the built environment" (8).

Questioning sustainability in urban development policies, Theurillat et Crevoisier (2014; 2013) have studied the negotiations between local authorities, developers, and investors surrounding the development of complex real estate objects (e.g. shopping and leisure complex in Zurich and a mall/stadium in Neuchâtel, both in Switzerland). In both cases they highlight how real estate developers are at the center of the stage: on the one hand, negotiating with local authorities and other local stakeholders (including environmentalist associations); while on the other hand, looking for investors to acquire their buildings. Thus, property developers negotiate *with* local officials *on behalf* of investors. As they put it,

> "It would appear that the relations between the actors who raised the sustainability issues, the economic actors and finally the financial investors form a sequence of bilateral relations, even though no multilateral discussion, debates or negotiations took place. The Fahrtenmodell was built up step by step around the central actor — Karl Steiner, the developer — during the project development phase, and around the investor — Crédit Suisse — during the construction phase, and its creation owed a great deal to compartmentalization between actors and to distinct time sequences." (2013, 18)

In order to do so, developers make use of their position and skills as gatekeepers able to organize the "commutation of capital" (Halbert and Rutherford 2010) through the translation or articulation of capital markets, real estate, and planning:

> "The various professions that shall be called those of specialized intermediation such as the promoters, the building companies and the real estate companies (real estate services, brokers, agencies providing comparable information about various real estate markets) play a key role in the financial calculations and in obtaining capital on the part of financial investors (purchase of existing objects or the development thereof) since they have the necessary knowledge of the local markets (GUY and HENNEBERRY, 2002; TORRANCE, 2009). Consequently, and second, to characterize one's view of the financialization of the city, these professions had to adapt to the demands of their 'new' financial clientele." (Theurillat and Crevoisier 2014, 5)

The in-depth study of a 100 ha redevelopment initiative through a single UDP in Saint-Ouen's Docks, in the northern Paris City-Region, France, has corroborated such findings (Halbert et al. 2014, sec. VII). Our analysis of several semi-structured interviews (see Appendix B) with developers and investors that have respectively built and acquired commercial properties in the zone clearly demonstrate the impact of investors on the real estate development process. First, developers have anticipated and enact their investment clientele requirements in terms of type of properties, location, and type of tenants. Second, the production of buildings as TYIA has led developers to enter in bargaining with the municipality and appointed DC, whose agenda was challenged over several issues. For example, interview with a developer (C017, 2013) of an 8,000 sq. m. office building located within the UDP revealed that despite its claimed flexibility in terms of floor division, it would not be leased to SMEs. Nor will it offer parking space other than to its lessee, instead of sharing with next-door housing tenants. Further, the developer was *a priori* reluctant towards the inclusion of street-level retail shops beneath office floors. The confrontation with the municipality's agenda reveal frictions with the aim of creating a mixed-use and sustainable environment, be it in terms of diversified economic activity (size, sectors), reduction of car use through alternative parking systems based on mutualization, or multifunctional buildings and blocks. The same developer insisted that being in touch with investors to get to know their "philosophy" was as critical as networking with local officials and land developers to source land deals[32].

These examples testify as to how the alignment of property developers towards their investor clientele has impacted the development process overseen by local authorities. In some cases, the resulting standardization counter their redevelopment objectives and municipal agenda.

32 Given the market conjuncture at the time of the interview (April 2013), the developer changed its strategy and decided to primarily look for a single tenant on a long term lease (instead of an investor), whose occupancy will then be sold to an investor.

In an early call Guy et al. (2002) urged local policymakers not to blindly turn to institutional investors to finance urban regeneration, but also to consider "independent and locally based forms of property investment and development" (1194) whose culture might afford what the locality want. This encourages us to shift the focus from real estate to the larger planning and land development process.

7. From taking into account to targeting investors: the evolutions of strategic planning and land development processes

The restructuring of property markets as TIYA and co-constitutive rising role of investors can impact the land planning/development process in two ways. On the one hand, *taking into account* investors' requirements can be a byproduct of larger processes affecting local governments' ability to steer urban development. Expanding on our previous argument, the greater room for developers, the closer investors are to local authorities and planners through developers. On the other one, *targeting investors* is seemingly a growing practice among local authorities and their DC/agencies which seek to directly address them as potential key contributors in achieving local economic and/or urban development.

7.1. Taking into account investors: a side effect of the restructuring of planning processes and land ownership patterns

Several works on urban development (e.g. *inter alia* Fainstein 2001; Menez 2006; Verhage et al. 2008; Bertoncello et al. 2009; Halbert et al. 2014) converge in noting that developers are increasingly key stakeholders in UDP, and more largely in land development and planning processes. Expanding on our argument about the restructuring of commercial real estate as TIYA markets, developers contribute to voice and enact investors' requirements not only at the development stage but also throughout the planning processes. We argue that this is a byproduct of two interrelated phenomena.

On the one hand, the involvement of developers in early stages of UDPs planning may result from what academics have identified as the evolution of coordination mechanisms in the production of the urban built environment (Bourdin 1996), i.e. from the plan to the project (Arab 2004; Pinson 2009). In the French case, a new form of coordination has emerged in several current UDPs through workshops in which local authorities, appointed planners, selected architects and property developers interact (Lucan 2012). For example, in Bordeaux's Bassins à Flot redevelopment plan (700,000 sq. m. mixed-use on 16 ha), the workshop (*l'Atelier*) is the main arena for coordination between these stakeholders within a partnership agreement. Property developers participate in the workshop, where issues of planning and real estate development are negotiated, including for example the impact of sustainable agenda over the provision of parking lots. In that respect, a developer involved in the project has publicly acknowledged that within this institutional framework, its agenda was to "safeguard the investor's interest [since my] job is not to hold the property in portfolio" (Personal notes, Conference proceedings, Plan Urbanisme Construction et Architecture, Paris, 17/01/2013). The situation is similar in the Docks of Saint-Ouen (820,000 sq.m. mixed-use on 100 ha)[33], where developers also attend workshops with architects, city government and DC staff (Temam 2009): these collaborative platforms potentially represent an opportunity for property developers to negotiate on behalf of investors[34]. More generally, the DC Sequano in charge of this project recently supported a stronger and more systematic partnership not only with developers, but also with investors (Valentin 2013). They are both considered as strategic partners to team up with for joint applications to request for proposals. By doing so, the DC aims to guarantee the awarding city that projected land sale prices will be "market realistic", i.e. ensure municipalities that they will not have to pay for an overoptimistic scheme that would eventually turn bankrupt.

33 Despite a more traditional redevelopment framework and legal apparatus given the vote of a special planning zone (*zone d'aménagement concertée*).

34 Although a representative of Sequano has described the issues debated in the workshops as mainly technical and architectural (Valentin 2013)

On the other hand, developers may intervene more directly in the planning process when they are landowners of areas considered by overseeing governments for UDPs[35]. This notably stems from the decreasing ability of public institutions to afford land banking/development (even more so in post-GFC austerity). It can also result from the liberalization of the land development sector as is exemplified in Europe with the initiative taken by the European Union Commission (2004/18/CE). Landownership introduces developers in key stages of planning *as of right* (see Verhage et al. 2008 on the impact of landownership on UDPs). Becoming quasi-land developers as any DC, they acquire an extraordinary ability to factor in their financial clientele requirements in planning matters through negotiation with local authorities. In this respect, Saint-Ouen's redevelopment plan for its Docks area offers an interesting example (Guironnet et al., forthcoming and box no. 1 below).

The case of the Docks de Saint-Ouen

Upon acquisition of a land and property portfolio of 16 ha in 2004, French property holding Nexity became a key landowner in the area[36]. Remarkably, the ability to land buying and banking was based on the engineering of a sale-and-leaseback scheme with on-site MNC Alstom. The acquisition rested on the ability of Nexity, through the conjunction of its land development/planning team (Villes & Projets) and property development (Entreprise) to temporarily pay land costs by Alstom's rents, and then tailor TIYA for investors by erecting two pre-leased buildings. At the same time, on the basis of planning and market studies respectively conducted by an appointed planner and in-house property development teams, Nexity Villes & Projets engaged in a 4 year-long process of bargaining (2004-2008) with the local authority. In a defensive stance, the local government had used its zoning powers to buy some time and prepare its own redevelopment plan by appointing another planner. As a result of its landowner status, Nexity thus entered negotiations in order to produce a single 100 ha redevelopment plan including but not limited to its site. It has therefore enjoyed a position in which the tailoring of TIYA could be pursued, within a larger negotiation over a mixed-used plan aimed at sustainable development. Bearing no exception to what we have outlined, the in-house commercial property developer aimed at targeting a clientele of investors by assembling a viable asset through building development.

This strategy led to several negotiations in which the local authority's agenda in terms of urban and economic development was repeatedly confronted. For example, Nexity Villes & Projets and its appointed planner pleaded for the regrouping of office properties near the subway, whereas from the outset the urban fabric was to be mixed-use at every scale, including individual blocks. The actual clear-cut agglomeration of offices along a single street in accordance to market principles echoes the investment industry's belief that asset liquidity stems from geographical concentration, i.e. that such TIYA buildings could easily be turned into cash and sold to other investors. The Investment Manager of a pan-European fund confirmed this: during acquisition procedures, office density around the considered building ranks among pros, while the opposite (i.e. a mixed-use block) would definitely stand as cons. Additionally, the developer has leveraged its landownership to bargain and secure exceptions within the 2012 tripartite partnership agreement with the city and appointed DC Sequano. These include the availability and use of parking lots, which the local authorities wanted to share between end-users of different buildings (housing, retail, and offices) in order to improve sustainable development through car-use reduction. Nexity stressed that this would run counterwise to so-called 'market standards' that were known to its through a solid market experience. As a result, 50% of parking spaces on its site have a special status, i.e. restricted to office users and entitled to a special fee. As was also observed in other case-studies (Theurillat and Crevoisier 2013), parking lots are a key issue in negotiation for

35 Although developers usually acquire land properties in order to construct buildings thereupon, we here consider large quantities of land that can be held for a decade or more, not for a couple of years.

36 Nexity is originally a housing developer. Through IPO and various M&A, it has since then developed upwards (land development and planning) and downwards (real estate investment and management of portfolios and condominiums).

developers willing to address risk-adverse investors who search for low-risk TYIA (i.e. providing a cash flow based on rental stream, implying tenants) but face localities which aim to enhance sustainability through urban planning.

7.2. Targeting investors: UDPs as a showcase

The rise of investors and their requirements within UDPs may also directly result from strategies articulated by mayors and their development agencies willing to address them. Our observation of current practices reveal that some local public powers have put together more or less explicit strategies that involve human, financial, and cognitive resources in order to reach and turn property investors into new partners. It seems that IPCs and developers have been contributing to raise local elected officials, planners, and DCs' awareness that investors are nowadays *sine qua none* in the provision of commercial real estate. They have been identified as key contributors to achieve local development, or more prosaically, to balance off the financial sheet of UDPs.[37] Two exploratory cases may illustrate this trend.

First, in order to address investors, local elected officials and planners attend property fairs such as the Mipim (Cannes, France) and Simi (Paris, France)[38]. These are three to four days events where public project sponsors such as local authorities and their agencies come to showcase their land, real estate, and more generally economic opportunities. Through their presence, they seek to meet property investors among other partners. As for the Mipim, our research has noted an increase in the number of local governments as showcase attendees (*exposants*) over the past ten years, which also globally send an increasing number of delegates (Halbert et al. 2012). We argue that this is not only a matter of showcasing (and occasionally, selling) opportunities through business networking during and around these fairs. It also consist in attempting to alter the representations associated to a given urban space in order to turn it into an investment space[39]. Furthermore and relatedly, this is a way to exist as a 'hot spot' on the investment map. This means being part of a club of 'happy few' made of cities considered as 'dynamic'. Interviewees at the Mipim (2012) and Simi (2013) repeatedly stressed this insider/outsider effect and its implication: a costly yet continuous attendance each year, the opposite meaning bad press in the property industry.

Second, some local governments have designed and implemented official strategies regarding commercial real estate markets that include targeting investors. The most manifest case in France is the Grand Lyon[40], the intermunicipal institution for the Lyon city-region. The area usually ranks first among regional metropolis behind Paris in brokerage notes, and its market structure is considered by some IPC Research departments as getting closer to the capital city (Head of Research, IPC firm, B003, 2013). The Grand Lyon has created a in-house team dedicated to commercial real estate within its administration in charge of international and economic development. As put by one of the municipal staff administration at the Mipim,

37 Janvier (1996) noted a shift in the provision of financial equilibrium in UDPs in the French case: from social housing in State-led *greenfield* urban development of the 1950s-1970s, to business property in schemes of the 1980-90s led by local governments and their Development Corporations/agencies. Writing in the aftermath of the 1990s property bubble burst, he argued that this system had come to a halt. Although the equilibrium factor may vary on a project basis, we observe that offices still play this significant role in some UDPs (Guironnet et al., forthcoming), and more generally that the restructuring of property markets following the arrival of Anglo-Saxon investment funds and subsequent market cycle has contributed to re-ignite the burst market considered by Janvier (Nappi-Choulet 2013).

38 We have conducted two participant observation sessions during the Mipim in March 2012, and the Simi in December 2013. See Appendix A.

39 Healey et al. (1992) have stressed such a purpose in the case of 1990s property-led flagship projects in the UK. More recently, this was also referred to by Raco and Henderson (2009) in their case-study of the regeneration of the Paddington Basin. In the French case, see Verhage et al. (2008, esp. pp. 35-6).

40 The analysis below is part of an ongoing research on the area of the greater Lyon and its several UDPs. At the time of writing, our discussion is based on preliminary findings (late 2013), and may be subject to evolve as the research goes on.

> "Ideally, our action is focused on businesses [i.e. end-user firms] which create jobs. Property developers and investors are a link in the chain. But [here] we do not meet with businesses. However, we also have to offer a [property] supply for a demand whose existence we assume. It's the snake that bits its own tail. As far as we are concerned, our role is to keep the development projects' pipeline on. The local authority aims for the [property] demand, but one still needs to leverage the supply." (Project Manager, D016, 2012)

In conjunction with the regional economic agency (ADERLY), they produce a single official discourse aimed at real estate market actors (Communauté Urbaine de Lyon 2013). If this is not that surprising alone, the taxonomy and representations articulated within this discourse on its built environment under the "Only Lyon" marketing label is[41]. The local authority's motto, "sound property development for a tailored supply", relies on a fourfold strategy worth quoting at length:

> "In order to attract businesses and promote their development, the institution has adopted a strategy based on four priorities:
>
> - make each site distinguishable at the scale of the agglomeration, ensuring that it is unique and complementary to the others;
> - provide a full and non-competitive supply of commercial real estate, by positioning each UDP with respect to its counterparts in a way that ensures market coherence;
> - phase the development of UDPs at distinct temporal intervals in order to maintain control over the output of property development;
> - foster a mixed-use urban fabric that aims to provide an optimal working environment, bringing together entertainment, retail, transport, etc."
>
> (Communauté Urbaine de Lyon 2013, 19. Our translation)

Throughout this strategy and marketing, the local institution behaves as IPC firms would, borrowing their cognitive framework (see section 4). First, it orders its territory through a threefold labeling: the agglomeration is thus composed of UDPs, mixed-use centres, and business centres. These different sites are to offer guarantees of "equilibrium and market depth" as to achieve a "smart and concerted growth of property supply". Second, it adjusts its vocabulary through the adoption of TIYA market taxonomy and reasoning. Not only do the local institution provides levels of transactions, take-up, average yield, prime rent, and investment transactions, but it also lays repeated emphasis on the diversity of the "existing stock" or "assets" presented as a guarantee of "a sane market". Considered in the light of portfolio management theory, which insists on the importance of diversification in mitigating risk-returns for investors, this may be a clear example of an attempt to speak to investors and address their identified concerns. Third, a benchmark comparing Lyon's office market with other European (Frankfort, Milan, Amsterdam, Barcelona, Manchester) and French (Paris, Marseille/Aix, Toulouse, Lille) major cities in terms of take up, existing stock, and prime rent is provided. In sum, in order to generate economic development the intermunicipal institution has increasingly engaged in property brokerage, especially regarding market analysis. Commenting upon its strategy, some IPC brokers have lauded the mayor's effort in spearheading real estate markets and considered this case as a unique and inspiring example: other French regional metropolises are believed to look forward to implement the same strategy through the tailoring of a specific marketing discourse (Head of Research, IPC firm, A024, 2012). It yet remains to be seen how it interacts with urban planning and development within UDPs. Indeed, such strategic planning is at the crossroads between economic and urban

41 Also see the official website: http://www.economie.grandlyon.com/immobilier-entreprise-lyon.61.0.html. Accessed on November 14, 2013.

development, two types of local policies that have entered into tension in the case of Lyon (Linossier 2006, section 3), and more generally under current prevailing metropolitan development agendas (Halbert 2013b).

8. Conclusion

8.1. Summary of the argument

In this paper, our aim has been to discuss the rise of finance capital investors in large-scale UDPs as those increasingly rely on property markets. Financialization and UDPs have too often been considered apart, whereas they increasingly go hand in hand. On the one hand, following the *reintermediation* process characteristic of late-stage capitalism, finance capital investors seeking portfolio diversification have acquired multifarious segments of the urban fabric. These include commercial properties which are treated like 'tradable income-yielding assets' (TIYA). Finance capital investors have thus increasingly come to be an attractive and predominant clientele for real estate developers. On the other one, the shift towards property-led redevelopment schemes and urban governance has implied a new framework in which public authorities and the redevelopment of their locality rely more substantially on property market actors and resources. Therefore, a crucial issue is to understand how UDPs are increasingly shaped *for* finance capital investors. The existing academic literature offers unsatisfactory answers. We suggest that one way to explore this issue is to look at the process whereby these investors' strategies, expectations, and representations are circulated towards and among other key actors of UDPs, such as developers, planners, and local authorities.

First, the *production of market representations* on which local planners and developers rely to implement UDPs. These representations are framed by international property consultants, which both devise cognitive categories and fill them with data collected by their valuation and transaction departments. This work of *translucidation* giving existence to commercial real estate markets is key for redevelopment project actors. Given that these property consultancy firms mostly cater to investors and end-users of TIYA markets, they provide standardized market representations skewed towards transactions that reflect these very markets. Consequently, UDPs that rely on market data and views provided by such a limited number of property consultancy firms are likely to be adjusted to representations that take into account investors' expectations, at the expense of other market segments such as small-scale transactions, small-size markets, or non-standard products left aside by finance capital investors (not to mention owner-occupied markets).

Second, the *tailoring of buildings that qualify as 'tradable income-yielding assets'* by property developers. Given the outsourcing of commercial real estate by corporate landowners, developers alternatively target finance capital investors as a preferred clientele. Accordingly, they have grown alert to their expectations in terms of buildings location, characteristics, and tenants – and seek to anticipate them. Such expectations proceed from the association *by* investors *to* a given risk-adjusted return. Put otherwise, when erecting properties, developers seek to provide tradable income-yielding assets whose viability (for investors) notably rests on a stringent sorting between potential tenants, depending on how their business model and maturity offer stability and convenient appraisal for an investor. On behalf of their investment clientele, developers thus select would-be tenants on the basis of *what is believed* to offer the best risk-adjusted returns[42], i.e. 'bluechip' end-users such as MNCs. A similar process is observed with buildings' location (e.g. distance to public transportation, density of surrounding offices) and technical features (e.g. floor size, ceiling height, adaptability and flexibility, integration with the surrounding urban fabric) which are expected by finance capital investors (on technical features see Henneberry, 1988). As a result, properties are characterized by standardization, as it was noted as early as the mid-1980s in the British case where institutional investors had acquired a greater role in property markets: "we can thus see a tendency for buildings to approach the form of pure commodities, homogenous with clearly understood categories. Taken to its logical extreme, this would mean an investor could telephone from New York and buy 'prime London offices' with as little need for further information as when buying gold or government stock" (Edwards, 1985, p. 212).

42 This 'best' not necessarily being the 'highest', as institutional economists have shown (Henneberry & Mouzakis, 2014; Henneberry & Roberts, 2008).

Third, the larger *evolution of land planning and development* paves the way for the dissemination of finance capital investors' requirements among key actors of UDPs. Property developers have acquired a greater role in these projects, not only at the development stage but also in early planning steps to which they contribute as key strategic partners. First, because of the shift in the coordination mechanisms in the production of the built environment, often times encapsulated in the ascent of *urban governance* (Le Galès, 1995) which indicates more pluralistic, horizontal, and public-private relationships in urban politics. Second, thanks to their ability to engage in landownership, but also given the decreasing ability of public authorities to engage in costly landbanking. They are thus involved in key stages of UDPs where they can negotiate with public authorities, whereby the expectations of finance capital investors are more likely to be factored in. Put otherwise, redevelopment projects are partly negotiated on behalf of commercial property investors by developers. This mediated situation is supplemented by the emergence of strategies that directly address property investors as key partners. Whether because the provision of business properties is considered as a lever for local development or source of revenues to balance off the financial sheet of costly urban redevelopment, some local public powers have put together dedicated resources to reach to investors. This trend is most noticeable in property fairs such as the Mipim, where the biggest increase in attendees for the past ten years has concerned local authorities (Halbert, Bouché, & Yver, 2012). Additionally, some local authorities have turned the Mipim-style rationale (to exist on the property investment map) into ordinary development policies, in which property development – and foremost in UDP areas – is meant to meet finance capital investors requirements.

8.2. Avenues for research

By outlining three paths whereby the expectations of finance capital investors on commercial property markets insinuate into UDPs, we have laid the groundwork for further inquiry on one facet of the process of financialization of the urban built environment. This can provide urban political economy with a starting framework to factor in the rising – and despite the 2008 crisis, lasting – role of finance over cities. Various works have flourished in the past years, more or less concerned with renewing the classical urban political economy issues (what gets built, where, for whom?) in the light of the multifold aspects of the deepening interpenetration of the built environment and financial markets, such as the securitization of municipal bonds and mortgages, or the shift in the ownership of infrastructures and real estate to finance capital investors. Regarding this third aspect on which our paper have focused, three avenues for research can be sketched.

To consider financialization as the circulation of finance capital investors' requirements among key actors of UDPs implies that property investors actually *do have expectations*, not only regarding risk-adjusted returns, but also the corresponding built form and its uses. In other words, we assume that investment and asset managers have an *agency*, and that their selectivities are the ouput of a *social construction* (Guironnet et al., submitted). These expectations towards investment opportunities are not the mere answer to market demand, but the ceaseless translation between categories of market finance and the built environment – and vice-versa. They also proceed from the business of portfolio management, which implies its own rationale (e.g. generating economies of scale by managing very few but large properties). What output does the combination of risk-adjusted returns and portfolio management produce? Put otherwise, what is the kind of urban fabric, or even 'model', conveyed by these? First, it should be stressed that this urban form is not necessarily formulated as such in investment and asset managers' discourses. Instead, it proceeds from the translation of investment opportunities features (building size, type, year of construction, potential tenants, etc.) into financial ratios by managers and its discussion during investment committees. It also results from the sedimentation of standards emerging out of the ongoing circulation of experiences within the small community that is the property investment industry. This contributes to the emergence of a *doxa* over what spaces, buildings, and tenants constitute viable tradable income-yielding assets. Second, this urban 'model' conveyed within investors' expectations is situated in time and space. This implies that these expectations are not fixed but open to

change given macroeconomic fluctuations and national legislation. For instance, sustainable development is gradually being taken into account by property investors through so-called 'green' properties and practices (see Attuyer, Guironnet, & Halbert, 2012 on France). Third, further research should stay open to the potential tensions or contradictions embedded within these sets of expectations held by finance capital investors.

If this urban 'model', as it were, is increasingly an input in redevelopment projects, it is obviously not the only one. Public authorities are still key actors in steering urban development. It is therefore important for the analysis to confront finance capital investors' expectations over what gets built, where, and for whom, with the agendas and strategies put together by local authorities and their development agencies. To which extent UDPs are compliant with these investors' requirements? If tensions arise, how are they resolved, by whom, on whose behalf? These issues seem all the more pressing: not only because of the lasting existence of property-led urban redevelopment, but also given the current stress on public spending, including for local authorities whose dependence over financial circuits to fund UDPs is unlikely to decrease. To answer these, one may consider the undersearched role of key actors who actually contribute to confronting these expectations with local agendas and strategies (when not devising them), such as property brokers and other economic development consultants. Additionnally, one may consider situations where tensions arise between the property industry and investors (e.g. David, 2013; Searle, 2014).

Last but not least, following the tradition of urban political economy, it remains important to analyze the consequences of funding urban redevelopment through finance capital. What are the implications of turning some urban segments into tradable income-yielding assets? Three analytical dimensions can at least be distinguished. First, in tune with the agenda developed by the "geography of finance" school (Clark, 2005) or territorial economy (Corpataux & Crevoisier, 2013), further research may explore the contours of finance capital's geography. Given the reintermediation of late capitalism and the concentration of major investment firms in global cities, investment managers can be construed as nodal points collecting savings and equity and redistributing them in elect areas (e.g. Martin & Minns, 1995). The analysis may involve comparison between cities as well as within them. However, it involves practical issues since it requires to access information on portfolios from providers such as IPD or particular investment firms. Second, the material consequences need to be taken into account, that is the sensible urban forms that result from the negotiations between local public authorities, property developers, and investors. Here it may equally be important to consider the impact on the assets themselves (e.g. standard characteristics) *and their articulation* with the surrounding urban fabric (e.g. contribution to mixed-use feature of a given area). A third complementary aspect lies in the socio-political dimension of the process: who has a right to the city in which finance capital investors are the landlords? One can also ask what uses of building and spaces are implied, if any, for tenants. Again, the analysis could benefit to consider these issues at a larger scale to explore the possible tensions between assets under portfolio management and the rest of the urban and social fabric.

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Appendixes

A. A few words on methodology

This paper is based on several research programs conducted in the past years on the production of the urban built environment and its circuits of capital. It is mainly based on research carried in 2011 and 2012 within the framework of two research programs for the Urban & Architecture Plan (*Plan Urbanisme Construction Architecture*) of the former State Departement for Public Works and the Sustainable Development Research Framework of the Ile-de-France Region. An expanded description of the methodology can be found in Halbert et al. (2014), pp. 38-51. Its key aspects are detailed below.

Both of these programs have involved a multidisciplinary (economic geography, planning, sociology, political science) joint effort to conduct research on the French commercial property industry:

1) Industry-type approach: conducting research on property development, brokage, and investment firms.
2) Case-study approach: regional markets and specific UDPs, including Bordeaux[43] (partnership with l'AUrba, Regional Planning Agency), EuroRennes, and Saint-Ouen (see B. infra on this project).

In both of these approaches, we have used a mixed-method research:

1) Quantitative research: access to Investment Property Databank (IPD, http://www.ipd.com/) database (2004-2011) which registers 7,000 assets as of 2011 for an area of approx. 35 to 40 million sq.m. held by financial investors.
2) Qualitative research: collection of mixed research material and systematic cross-comparison between
   - documents: press coverage (business, real estate press, national press titles); grey literature published by the industry (brokerage notes, conference proceedings, reports, white papers, etc.); unpublished material collected through interviews;
   - participant observation: Mipim (*Marché International des Professionels de l'Immobilier*, Cannes, March 2012, 19,000+ participants) and Simi (*Salon de l'Immobilier*, Paris, December 2013, 24,000+ participants);
   - interviews: 179 semi-structured interviews, including 146 since 2011 with both professionnals from the French commercial property industry (industry-type approach) and key stakeholder in UDPs (case-study approach). See Table 1 and 2 below.

43 See Morel, Maïté. 2012. *Financement de l'immobilier de bureaux dans le cas de la métropole bordelaise : quels investisseurs, quelles dynamiques dans un marché de « région» ?* Unpublished research report. LATTS & L'AUrba.

Table 1: Breakdown of interviews, by year

Year	Interviews
2010 and earlier	35
2011	55
2012	82
2013	7
Total	179

Source: Halbert et al. (2014) p. 47

Table 2: Breakdown of interviews, by type of interviewees

Type	Interviews *n*
Property investors	74
insurance firms, pension funds	*10*
Real Estate Investment Trusts (SIIC)	*21*
Third-party portfolio management	*35*
Bank holding	*5*
Private investor	*3*
International Property Consutants	23
Research & Study Dpts.	*9*
Property development	15
Firms (renters)	21
Urban design, planning, and architecture	9
City governments	32
Other (NGOs, researchers, experts, etc.)	5
Total	179

Source: Halbert et al. (2014), p. 50

B. Focus on the Docks Saint-Ouen case-study

The case-study of Docks de Saint-Ouen is part of an ongoing PhD research carried at the LATTS. Its methodology is based on a multiple qualitative data collection:

1) field observation on several occasions;
2) document analysis: published and unpublished documents on the municipal strategic planning framework, Docks redevelopment project, property portfolio and assets in the area, etc.
3) semi-structured interviews: 20+ as of 2014 with major actors involved in the urban redevelopment project (ZAC des Docks), including city elected officials and technical staff (planning and economic development departments), city-appointed planners, city-appointed Development Corporation, consultants, property investors and developers.

The in-depth case-study aims at surveying the impact of the strategies and expectations of financial investors on the urban redevelopment project in various dimensions, and the resulting negotiations with local authorities if any.