

Business property: riding the prevailing forces of the market

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The appearance of new strategies related to the economic recompositions, to the financialisation of the property market, and to the emergence of new institutional players have changed how firms relate to their property and to their host territory. These changes are not without spatial and urban consequences. At a time when regional planning and development is under debate, this Cahier (Notebook) sets out to help the reader to understand the spatial incidence of these strategies in order to anticipate the risks of territorial disparity becoming too great.

Technological changes and globalisation, forcing firms to put in place new forms of organisation, have increased the numbers of relocations and have accelerated the process of renewal of the business property supply. These trends are generally underscored by drives to reduce costs and to refocus on core trades. In this context, in order to increase their reactivity, and in order to acquire greater flexibility, many firms are outsourcing their property, preferring the flexibility of renting, or certain branches of their activity (such as logistics, for example). Added to this, are increased requirements in terms of accessibility, functionality, and comfort of premises, which explains the tendency of firms to prefer new or renovated premises. To a greater extent than the upturn in employment, it is these factors intermingled that have contributed to the emergence of new tertiary centres or logistics sites that have participated in reshaping the geography of the property market.

Investors have responded extensively to this demand by acting massively in funding for property, transforming its modes of production and of location. The financial reasoning of investors is contributing to renewing the supply in the most recognised geographic sectors and to polarising new development (offices at the gates of Paris, logistics sites in the main industrial and business parks, shopping “villages” on the periphery). For this type of property, investors have become influential players in planning. This does not yet apply for products such as industrial or craft premises which are less profitable and whose production is more difficult to organise.

As regards institutional players, twenty years of decentralisation and of new practices acquired through inter-municipal action have taught local authorities to position themselves as players in economic development, property being a key element in the attractiveness of their territories. A paradox of globalisation is that recent years have marked a new lease of life for the local dimensions. Increasingly, competition encompasses not only price but also quality of the products and services, and assets of the local environment (facilities, labour, transport infrastructures, and active presence of local contacts, etc.).

However, although business property production results from the association of private interest and of local strategies (by municipalities (communes), by inter-municipal authorities, and by associations of municipalities), it is at the regional level that many of the stakes and challenges are to be found:

- competitiveness of the metropolis;
- taking increased account of environmental quality criteria;
- understanding urban regeneration and its contrasts (abandonment/restructuring); and
- maintaining a diversified economic fabric.

Globalisation is leading to a change of scale that is forcing the major economic conurbations to compete for hosting metropolitan services and facilities or “functions”. The regions must now extract added value from the assets constituted by economic centres or “poles” that are specialised or that have a high concentration of such functions: business districts, trade crossroads, research sites or tourist centres. Organizing complementarity between such poles so that they operate as a system is becoming essential.

However, metropolisation is not without consequences on regional cohesion. It takes place at the price of certain territories becoming marginalised and of certain human resources being left on the touchline. It is up to the metropolitan authorities to put in place regulatory actions and to redress imbalances by using leverage

through facilities (transport infrastructures, culture facilities, etc.) and also by extracting added value from territorial enhancement actions already in progress (like the first inter-municipal “business/housing” agreement signed by the Plaine Commune inter-municipal authority), or by initiating with their partners pioneer strategies on territories for enhancement (witness the actions of the Caisse des Dépôts et Consignations bank).

Taking up the challenges related to the energy new deal is another field in which the players in regional planning and development can play an influential part. Laying down certain rules for ensuring that new site planning is consistent with limiting urban expansion and with travel reduction objectives, promoting the search for energy efficiency, and incorporating high environmental quality or “eco-building” criteria into property programmes are policies that are designed and developed essentially through incentive measures. The experience of other metropolises shows that, backed up by an active and dynamic market, the requirement of such criteria can be combined with the interest of the firms, who are concerned to be recognised as being socially responsible and to reinforce competitiveness based on sustainability.

In line with this ambition for sustainable development, and in a context of less buoyant growth than in the nineteen sixties, urban regeneration is increasingly appearing as a major component of planning. This is a time for optimising what already exists rather than for creating economic poles from scratch. More than in the past, areas already assigned to business or industrial use should be capable of being transformed to accommodate redeployments of business and industrial activities over the territory. Becoming fully aware of this phenomenon is essential in order to devise territorial re-balancing. The regeneration is spontaneously focussed on the most enhanced sectors, witness the developments described for the office sector. Only conversion action coupled with strategies targeting the location of activities with a bright future (eco-industries, creative industries, new forms of commerce, etc.) will be able to turn this trend around.

The heart of the conurbation is suffering less from such desertion. However, since it is highly enhanced, the level reached by the land and property costs complicates the life of businesses, in particular crafts or trades business, or very small businesses. Extension is difficult or even impossible, and moving out to the fringes of the conurbation is becoming the only possible solution. And yet it is these activities that make the city, and the urban atmosphere, in particular when they provide residential services: they are the cornerstone of a diversified economy and of social cohesion. The attention given to their property needs is therefore of collective interest. The question then arises of public action and of involvement of local authorities in property products such as craft “cities” or business “hotels”.

It can be seen that arousing the interest of promoters and of investors for meeting specific needs, enhancing sites hitherto considered to be of lesser interest, being demanding as regards environmental quality, and obtaining something in return when the dynamics so permit... define the outlines of a strategy. However, first, it is necessary to analyse the prevailing forces of the market so as to make good use of them and so as to keep up with international competition.