

GEOGRAPHY IN MOTION

Until recently, economic activity locations were moving in two ways: namely towards an extension of the tertiary core of the conurbation, and towards peri-urbanisation in the form of shopping centres and zones and business and industry parks. This deployment of economic activities is continuing but at a slower rate than in recent years.

The trend is currently moving from a phase of expansion to a phase of renewal and adaptation of the existing fabric, from quantitative reasoning to qualitative reasoning. This switch from supply to demand goes beyond the property and real estate context. Increasingly, it is the quality of the urban environment and the control over the great balances in terms of social cohesion, travel/commuting, and respect for the environment that make areas attractive.

Marrying economic, social, and environmental demands constitutes the challenge that the major metropolises of West Europe are endeavouring to take up in their planning projects.

Economic activities in Île-de-France: towards less sprawl?

The trend for economic activities to spread out over the area of the Region has levelled off since the early 2000s. Land consumption is more moderate and less disorderly. Dispersion and suburbanisation of jobs is slowing up and the property market is tending to move back into the built up area. Through these trends, marked polarisation of economic activities is emerging with the focus being on consolidating or extending existing centres or “poles”.

Financial activities: redeployments are generating a need for more space

Since 2000, banks and insurance companies have been re-organizing their locations in Paris and its inner ring. Resulting from location strategies that are highly selective depending on the activities carried on, these trends are continuing to generate high demand for offices.

It is an opportunity to give the Paris finance sector a more internationally visible showcase and to flesh out the development of a finance centre on the East Side.

What is the focus of current office construction in Île-de-France?

Over 3 million m² of office space is today about to be built to meet an upturn in business property demand. This pipeline supply is located in areas following on from the existing centres or within major urban projects that are already in progress. Alongside this, the ageing of the existing office supply will require management that is more active through renewal or conversion for other uses.

Offices and metropolitan planning in Western Europe

The intermingled effects of urban form and of planning policies have contributed to modelling the geography of the office markets differently in the major European metropolises. For a decade now, the various markets have been experiencing transformations that are similar in terms both of their spatial form and of the reasoning lying behind the actions of the players. Interventionist planning policies have given way to economic development and urban regeneration strategies that have used office property as a lever.

The challenge today is for the metropolises of Western Europe to design new peri-central districts that meet the requirements of urban density and of mixed use.

The historic business districts are making a comeback

Everywhere in Europe, the historic business districts are showing off their charms so as to vie with the architectural audacity of new growth in areas outside them. In addition to being very central and to having optimum public transport access, these traditional business districts have cultural and heritage assets that make them difficult to copy.

The business and industry parks of Île-de-France: a powerful network

The Île-de-France supply of business and industry parks and estates today boasts well over one thousand sites today. And yet the demand from firms remains brisk and is not always satisfied: difficult to find the land with the new town projects ending and decreasing stocks of marketable space, high land consumption of logistics which takes up large areas of ground or “footprints”, and a rate of restructuring and of regeneration of existing sites that is not yet high enough... such are the main reasons for this shortfall.

The logistics market: Île-de-France, European leader

The trends for firms to relocate production and to outsource certain tasks, in a context of globalisation and rationalisation, are making distribution activities an absolutely essential part of the economy. Île-de-France has become a logistics hub through its position at a major crossroads of Western Europe, and through the large size of the consumption catchment area that it represents. However, hosting logistics activities assumes that a range of spatial and environment constraints be complied with more satisfactorily than in the past.

Changes and future for hypermarkets, supermarkets and superstores in Île-de-France

The French shopping infrastructure has undergone profound change and has been modernised since the early sixties. Today, the large-scale retail trade dominates the shopping landscape: in the food shopping sector, hypermarkets and supermarkets account for two-thirds of sales, and in the non-food sector, the market shares of food hypermarkets and specialist superstores account for nearly 50% of sales. But in a context of changing purchasing habits and low growth in consumption, the development potential of the large-scale retail trade seems to be ebbing, with only specialist large-scale outlets continuing to progress. What is the current state of supply of large-scale retail outlets in Île-de-France? Who owns it? How has it changed over the last fifteen years, and what changes does the future hold for it?

PLAYER STRATEGY

The property production mechanisms, which have long been governed by the game of supply and demand from businesses, are undergoing major upheaval with the acceleration in the financialisation of the property market. The corollary to this is the growing influence of the financial reasoning of investors on modes of production, choices of location, and natures of projects. Through their growing influence, investors participate in enhancing the local area, stimulate production of innovative concepts, and bring in factors of dynamism; all of which are opportunities for the planners.

Town planning, planning and development, property... and financialisation

Be it for market dynamics, changes in trades, or urban development projects, investors are now omnipresent, and with them, financial reasoning. How has a situation come about that is so radically different from the situation that used to prevail?

The obvious answer that "it is logical for the rules of the market and of profitability also to apply to property" is both weak and dangerous. Weak because it is more of a comment than an explanation: if that reasoning is so obvious, why was it not revealed earlier? And why now? The obvious answer is also dangerous because it reduces to the level of flat banality a phenomenon of such novelty and of such power that it deserves more questioning on its subject and an attempt to understand the driving forces behind it.

Office jobs: current state of play and prospects up to 2015

Is the boom in the supply of office space in Île-de-France reaching the limits of the advanced tertiarisation of the Île-de-France economy? How much room does it have for progressing over the coming ten years, with what implications on the volumes of office space to be built? On the most probable assumption chosen by ORIE (Regional Observatory of Business Property in the Île-de-France Region), the supply of office space will increase by 5 million square metres by 2015. Henceforth, it is as much renovation and replacement as expansion of the supply that should meet the new or renovated office space requirements of firms, estimated to be over 10 million square metres.

Property management by the major French groups

The position of property manager has been developing in firms in recent years under the impulse of the growth of business property markets and of the recent financialisation of the property sector. Professionalisation of property management, accompanied by specialisation of the trades and by the appearance of new management techniques constitutes a major issue or stake due to potential impact on the performance of the firm.

The market for investment in retail property and in shopping centres

Lying in third place behind the office and residential markets, the market for investment in retail property is mainly constituted by very large shopping centres while the share of high-street shops is tending to decline. In spite of an unfavourable economic context marked by stagnation in purchasing power and by downwardly revised growth forecasts, retail property is attracting increasing numbers of investors. Influenced by the regulations that limit retail outlet openings, investors are choosing to hang on to an estate whose value is rising, and to go for new property products such as retail parks.

Property demand from craftspeople and tradespeople

Bakers, masons, printers, taxi-drivers, cobblers, florists, jewellers... all trades that bear witness to the diversity of the crafts and trades sector. With over 130 firms and nearly half a million salaried employees in 2004, the economic weight of the crafts and trades sector remains considerable in Île-de-France.

But the stability of the number of firms should not mask the very major sector-by-sector upheavals: the catering trades and certain commercial services such as those proposed by cobblers, photographers, or drycleaners/dyers are thinning out, while others such as beauty care services, and cleaning services are enjoying growth. The diversity of these trades generates a varied property demand ranging from the shop to the office, and including the laboratory.

But since craftspeople/tradespeople are having to serve increasingly urban customer bases, the main problem facing them is the skyrocketing property prices both for purchasing and for renting.

NEW STAKES: WHAT LEVERS FOR ACTION?

A component in regional planning, business property is a vector of local re-dynamization.

The profound changes being experienced by the property markets are bringing the public player to re-profile its action. It is a question of taking advantage of lever effects, of making up for the shortcomings of the market, of encouraging quality and respect for the environment, and of imposing the rule of mixed-use in urban development.

A score henceforth to be played by several players in an institutional context in which new players are making their voices heard.

Approval, licence fees...: successive reforms in the regional planning and development department

At a time of decentralisation and of financialisation of property output, new tertiary districts are being set up at the combined initiative of the local authorities and of private interest. In spite of high competition between communes (municipalities), the office property market in space terms has been developing in a relatively balanced manner since 1995, in particular between the west and the east of the central zone. To what extent have the regulatory and tax-based planning schemes (approval, licence fee, annual tax on premises, etc.) specific to the Île-de-France been instrumental in controlling this development?

The London Plan focuses on office space

The new master plan for Greater London is making office property the cornerstone of a planning strategy based on a return to urban compactness. Densification and mixed-function development are the watchwords of the London Plan for boosting the construction of offices and of housing, for keeping urban sprawl in check, and for limiting commuting and travel. In anticipation of increased and more sophisticated tertiarisation, the London Plan intends to re-dimension its business districts in line with the high economic ambitions of London.

The major regeneration programmes in the east and north of the conurbation and the old tertiary centres of the inner suburbs could suffer from the pre-eminence given to the hypercentre.

Sustainable development, conversion and brownfield development, support for small business: the focuses for action from the Île-de-France Region on business property

The Region is resolutely committed to fostering economic development through actions aimed at extracting added value from the assets of Île-de-France: support for sectors of excellence (centres of competitiveness), promotion tools (ARD⁽¹⁾), and drafting of the regional economic development plan (SRDE).

The context of major changes also calls for support for small businesses/very small businesses in their development. This is where the grants and assistance for conversion and for diversification of the property supply come into their own.

Those grants and assistance schemes are aimed by way of priority at territories on the margins of the dynamics of the market. This action is henceforth also associated with criteria satisfying the ambitions of the eco-region and of sustainable development.

(1) Agence régionale de développement (Regional Development Agency).

What responses can the public players offer to mitigate the property problems experienced by craftspeople and tradespeople?

The property supply for craftspeople and tradespeople must meet diversified needs depending on the craft or trade. Demand on the industrial premises segment is more difficult to satisfy than demand for retail or commercial premises. Forsaken by private promoters, the industrial premises proposed are often old and inappropriate in size. For reasons of profitability, private players hesitate to design, build, and manage small premises. Public players, whether or not they act in collaboration with the private sector, are best placed for incorporating the dimension of local business tax into their planning, spatial development, and property supply policies. They can offer different responses to the various different situations.

The Caisse des dépôts bank: playing the role of pioneer investor

A public financial institution, the Caisse des dépôts et consignations assists the local authorities in their development projects. For urban regeneration operations, its actions are aimed at engaging a drive to enhance sites on which other investors do not dare to venture, or at least not yet... An emblematic commitment of room for manoeuvre through public action in the face of market forces.

Business property: a market with a future for sustainable construction or “eco-building” (“HQE” in French)

Since the early 2000s, high-environmental-quality (“HQE”) property developments have been blossoming in France. Local authorities, social housing landlords, and, more recently, private operators are incorporating sustainable construction criteria into their projects. This development is a result of the mobilization of local players and of public bodies, and it should be amplified even further with the arrival of new directives and the rising costs of energy and of materials. A positive consequence is the recent dissemination of sustainable construction to tertiary and industrial buildings for an approach that is still essentially applied to housing and to public facilities.

Local business tax shows signs of becoming asphyxiated

Local business tax is the main tax resource for local authorities. It accounts for most of the disparities in tax wealth observed between local authorities.

After recurrent criticism of the burden of local business tax for businesses in France, numerous relief schemes have led, since the origins of the tax, to an increasing share of the burden of the tax revenue expected by the local authorities being transferred to central government.

As from 2007, it will be the local authorities themselves who, in place of the firms or of the central government, will bear a fraction of the incidence of the increases in the rate of taxation voted by them. This should reduce a little further, and a lot further for some, the local authorities' room for manoeuvre as regards taxation.

Developing business parks or “economic activity zones” (ZAEs): the emergence of inter-commune structures is being confirmed

In 2006, 103 groups of local authorities having their own taxation account for 5.1 million Île-de-France residents ⁽¹⁾. However, the inter-commune landscape of the Region is far from stabilized. Since the year 2000, the number of groups of local authorities has doubled, going from 47 to 103, with an acceleration in 2003 and 2004 but a downturn in 2005. New structures continue to be set up even though inter-commune growth, which has almost reached maturity at national level (90% of the communes), has been stagnating for the last three years. This “peaceful revolution” is not without

consequences for managing business parks (ZAEs) which are increasingly changing hands from commune level to inter-commune level...

(1)i.e. 58% of the population (excluding Paris itself) and 68% of the communes.

SIGARIF: the regional economy broken down locally is only a “click” away from the RGIS to dedicated GISs...

At IAURIF, the territorial and spatial approaches enjoy a predominant position in most of the surveys conducted every year. The regional geographic information system (RGIS or “SIGR” in French) that was set up 20 years ago is regularly enriched with new layers of geographic information and with new data.

For about five years now, the dedicated GISs ⁽¹⁾, “light” products derived from the RGIS associating maps and data, have been making it possible to bring together natural and institutional partners of IAURIF around federative themes, enabling data to be shared and pooled.

An annual subscription and signing of an agreement by each subscriber suffice to make available a “dedicated GIS”. For these tools IAURIF has chosen a software solution operating on stand-alone or networked PCs.

(1) Already operational: SIGARIF, Visiaurif, Visiaurif Habitat (housing), Visiaurif Tourisme (tourism), Visiaurif Politique de la Ville (urban regeneration policy);Partnerships and developments in progress (not yet distributed): Visiaurif Formation (training), Visiaurif Sport, Visiaurif Risques (environmental risks), Visiaurif Aménagement (planning)...