



OPEN SPACE:

an asset without a champion?

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Executive Summary

Governments have long recognised the need to preserve certain open space lands because of their importance, but “**Open Space: an asset without a champion?**” reveals the new impetus for open space creation and preservation is coming from the private sector. With both public and private players universally recognising the value of open space, it is no surprise that collaboration is the number one item on the open space agenda.

This report presents the findings of a survey of 350 real estate developers, investors, consultants and public sector workers across Europe conducted by global design firm Gensler and the Urban Land Institute, aimed at discovering the value of open space in Europe’s cities.

The survey reveals an overall consensus about the value of open space for cities, businesses and people, and the need for the public and private sector to work together on open space-related issues. The challenge remains how to encourage the creation and maintenance of open space when public sector investment is scarce?

Surprisingly to some, the survey reveals that the private sector is more than willing to invest in open spaces if the right vehicle for investment is made available, and their investment is managed properly. *95% of our respondents not only believe good open space adds value to commercial property, but are prepared to pay at least 3% more to be in close proximity to it.* In London alone, this could equate to an additional £1.3 billion of additional capital that could be invested in open spaces. Appropriate investment models need to be identified in order to achieve this.

Another key theme to emerge from our research is that open space, despite its economic, human and environmental value, may be caught in a cycle of under investment, if government and private stakeholders don’t find creative ways to supplement public funds to create and maintain these spaces.

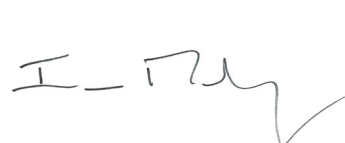
Population growth and continued migration towards successful cities increases the pressure on existing open space. “Open Space: an asset without a champion?” warns that without the creation of more open areas, London will have an open space deficit of 1100 ha by 2031, the equivalent of five Queen Elizabeth Olympic Parks.

Our survey respondents, however, point the way forward: 84% of those surveyed believe that both the public and private sector should be responsible for the development of open spaces. This percentage increases to 100% among developers, indicating a clear willingness of those in the private sector to partner in the development of open spaces.

Furthermore, 69% of respondents believe open space should be maintained through a combination of efforts from both the public and private sectors; 73% say that open space could act as a crucial catalyst for economic development; and 82% would be prepared to invest more in open spaces if there was a financial incentive.

Through a review of the Gensler/ULI research and a series of case studies, this paper explores how much value the real estate community and society as a whole place on open spaces, and discusses best practice investment models from European cities. It also explores the viability of the widespread adoption of these investment models, with a focus on the concept of Business Improvement Districts as an exemplary model for collaboration.

The paper concludes with 10 key themes that have emerged from our research, representing possible avenues for further discussion, debate and action in order to realise the full potential of urban open spaces.



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Preface

By Roger Madelin, Joint Chief Executive of Argent

As a developer currently engaged in the enhancement and development of public realm, I welcome this joint report by Gensler and the Urban Land Institute as confirmation of the value of open space, along with the opportunity to discuss and showcase much needed collaboration with regards to public-private open space investment, development and maintenance models.

Developers certainly value open space and invest in it accordingly because they understand the potential long-term return on investment. The presence of high quality open spaces in a new development has a number of benefits for investors and developers. Good quality open spaces, not only increase the attractiveness of a place but are also key to placemaking, which in turn can help to attract prospective tenants – with cafes, bars and restaurants especially willing to pay a premium for access to open spaces. As cities place increasingly greater importance on the livability agenda, many occupiers also see outside space as an amenity that can contribute to the wellbeing of their workforce, as well as aiding in the attraction and retention of employees.

There are, however, a wide range of variables which determine the attractiveness of a development, including connectivity, geographical location and the prestige of the address. Although these variables conspire to make the actual premium paid for open space inherently difficult to quantify, they don't detract from the fact that good open spaces are essential to the success of urban areas.

I firmly believe that the only way to ensure that the value of open space is preserved for society as a whole is for the public and private sectors to work together effectively.

This collaboration, however, can be challenging as the priorities and timescales of businesses and local government aren't necessarily aligned. The Business Improvement District (BID) model is one possible solution which establishes an excellent framework for local businesses to work with local authorities for the improvement and maintenance of existing open spaces. In terms of new development, developers must lead the way in partnering with local councils to create a collaborative model that will deliver long term benefits.

We are currently pioneering the establishment of a hybrid development model, which illustrates how public-private partnerships can be tailored to specific objectives, giving both parties assurance that their needs will be met.

This hybrid model is being applied in the redevelopment work taking place at Kings Cross, London. This £3 billion project, one of the most significant projects in Europe, includes some fifty new buildings and the refurbishment of some twenty historic buildings and structures, all set within world class public realm. The project encompasses twenty brand new streets and ten major new public spaces. The streets, built by the private sector, will be managed by the local authority who are providing us with guarantees of a high maintenance and cleaning standard. The open spaces will be maintained by the private sector, but are fully accessible to the public.

Other examples of private sector players behind new and revitalised open spaces can be found all over the UK, Europe and other parts of the world as highlighted in this report. Regardless of geographical context, one message is clear: collaboration, whether driven by investors, developers, local businesses or public sector, is at the heart of all successful developments.

Argent is a development company with a strong track record in delivering projects that combine offices, shops, hotels, cafés, restaurants, residential and other uses, having become a leading practitioner in city centre regeneration.

About The Survey

Methodology

In October 2010, Gensler, in partnership with the Urban Land Institute (ULI), conducted an online survey of 350 investors, developers, property advisors and public sector workers in 33 European countries about the importance of urban open spaces (public parks, squares, outdoor public venues, open waterfront, small landscaped areas between buildings, roof terraces) and their commercial value.

81%

of respondents work for companies operating in more than one country.

59%

of respondents operate at director level and above.

0 to 5

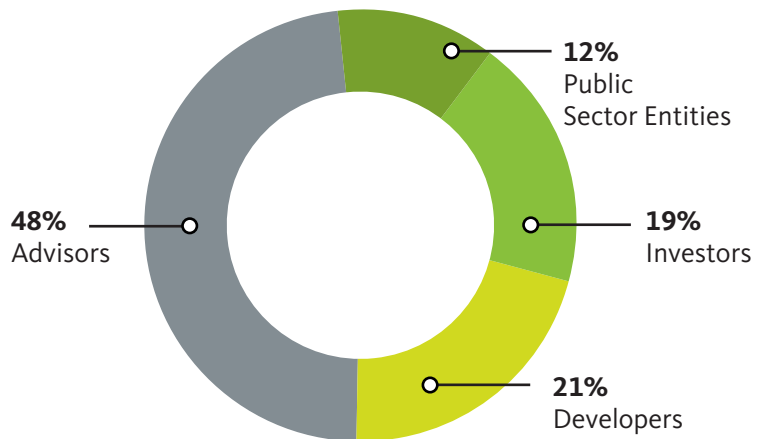
the distance in miles most respondents work in relation to their city centre.

Respondent Profile

We surveyed professionals based in Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Luxembourg, Malta, Monaco, Montenegro, The Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, and United Kingdom.

The largest concentrations of survey respondents were located in the UK, Germany, Turkey, Portugal, Russia, France and Spain.

Respondent Industry:



What is open space?

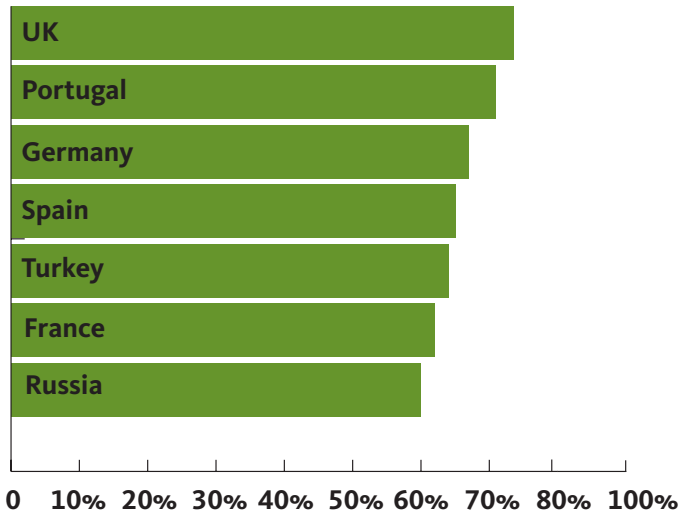
Open space refers to an undeveloped, publicly or privately owned, land or water area. This includes agricultural and forest land, undeveloped coastal and estuarine lands, undeveloped scenic lands, public parks and preserves. It also includes water bodies such as riversides, lakes and bays.

The definition of open space varies according to the context in which it is situated. In a big city, a vacant plot or a small marsh can be open space. A small park or a narrow corridor for walking or cycling can be classed as open space too, even though it may be surrounded by developed areas.

Finding One: Open space is an intrinsic part of people's lives, regardless of nationality, job role or seniority.

The survey reveals that respondents value accessibility to open space, with 70% of respondents using open spaces at least once a week and almost one third using it every day. Only 3% said they never used open space.

Frequent users of open space: (use open space at least once a week)



Respondents at the director-level and above use open spaces more frequently than managers and those in more junior positions, with an average of 74% of directors, members of the board and CEOs/Managing Directors using open space at least once a week, compared to only 68% of managers using it as regularly. This challenges perceptions that people in senior positions do not engage with their surrounding spaces, highlighting the importance of open space to employee wellbeing regardless of seniority.

Open space provision – the ideal formula?

In 1943, Patrick Abercrombie, in his seminal plan for London, attempted to define what an appropriate level of open space provision should be for London. He settled on a figure of 1.62 ha / 1000 people. This target was subsequently lowered in the 1950s to 1.01 ha / 1000 people and by the 1960's the policy target was dropped altogether.¹

The Urban Green Nation report by CABI calculated that London currently has 1.24 ha / 1000 people, falling short of the mean score of 1.79 ha / 1000 for England as a whole.² 1.79 ha / 1000 people is surprisingly close to the 1.62 ha identified by Abercrombie in 1943.

The difference, however, is that London's population is now approximately a million people less than it was in 1939, which has enabled London to close the gap on what was regarded as an aspirational target.

The challenge for London since the 1980s has been the reversal of the post war decline in population. The population is anticipated to continue growing, reaching an estimated 8,840,100 people by 2031.³ Just to maintain the provision of open space at the current ratio, London will need an additional 1100 ha of open space, which is equivalent to five Parks the size of the new Queen Elizabeth Olympic Park, London. This equates to a current open space deficit* of 30% and a deficit of 46% by 2031.

	Open Space Available in London	Ratio 1.24 ha/1000 ppl	Abercrombie target 1.62 ha/1000 people	Open Space Deficit
2011:	9796 ha	9796 ha	12,798 ha	30%
2031:		10608 ha	14,320 ha	46%

*Deficit = The difference between the 1943 Abercrombie target and the current open space provision as estimated by CABI.

Finding two: All believe in the commercial value of open space; level of quality impacts the perception of value.

The survey results indicate a strong correlation between the quality of an open space, its usage and assessment of value. However, even in countries where usage is below average, an overwhelming majority believe in the value of open space, indicating an appetite for improvement.

In Germany, where open spaces achieve an approval rate of 68% (the highest rate across all countries surveyed), a staggering 97% believe open space adds value to commercial real estate. Russians, on the other hand, rate their open spaces as the poorest, with an overwhelming 83% stating that their city does not provide good quality open spaces, and they are also the least frequent users of open spaces, with only 61% using open spaces regularly. While 94% believe open space has a commercial value (matching the European average), only 77% (compared to a 90% average) would be prepared to pay more to be in close proximity to good quality open space.

What constitutes good-quality open spaces?

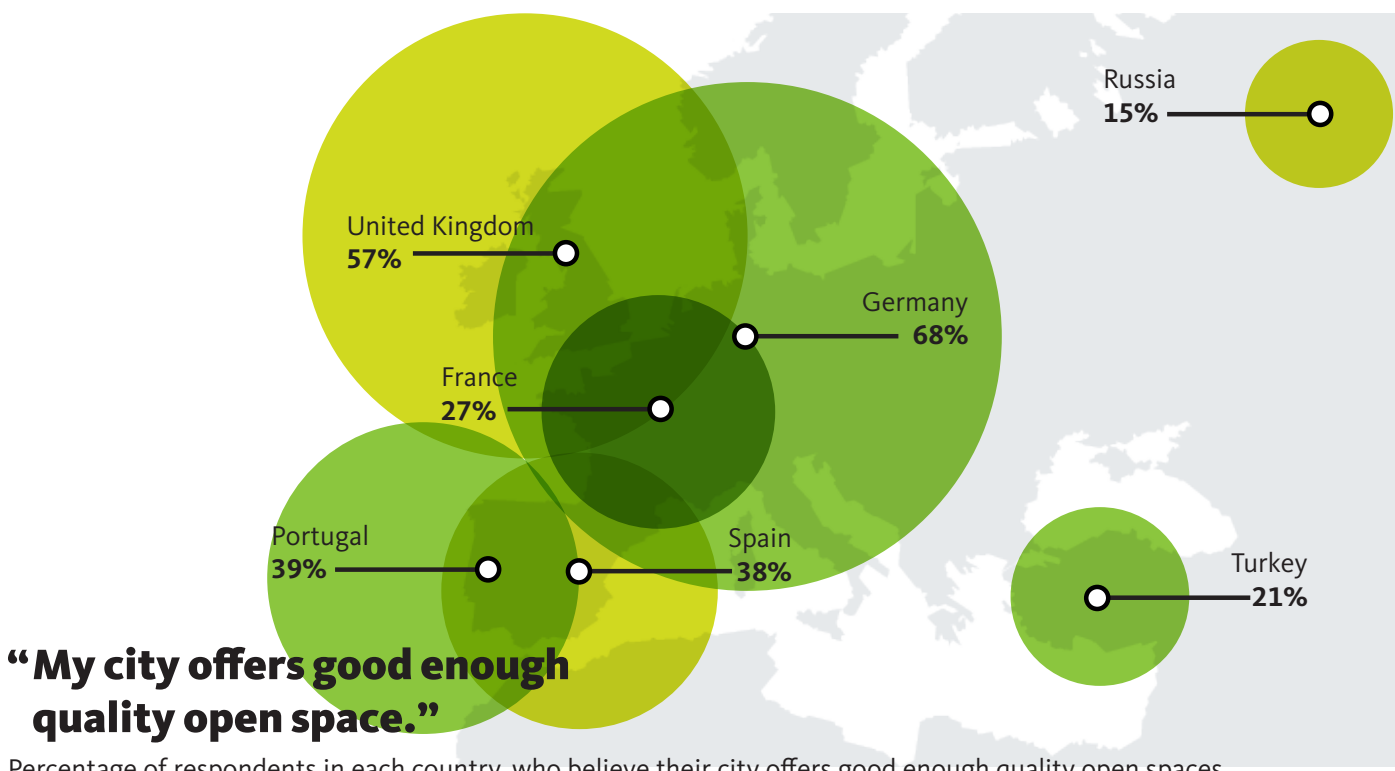
Survey respondents rated greenery, restful spaces and security as the most important elements of successful open spaces. Recreational and cultural spaces then ranked fourth followed by water, lighting, food and beverage and wi-fi provision. This perception is uniform across most surveyed countries with only small variations, such as security being the number one concern for Portuguese respondents, but not rated as important by respondents from the Netherlands.

In addition to the survey results, research conducted by William H. Whyte in “The Social Life of Small Urban Places” on public plazas in Manhattan, investigated the factors that create successful urban open spaces.⁴ The volume of seating space, and the flexibility and comfort of these spaces, proved to be the most valuable assets for open spaces.

Interestingly, other issues such as the shape or size of space proved less important, underscoring the great opportunity in highly developed cities for the creation of infill public space.

The Project for Public Spaces, based in New York, has built on the work of Whyte and takes a similarly pragmatic approach, identifying “10 Principles for Successful Squares.”⁵ These principles highlight that design is only a small fraction of what goes into making a great square. To ensure success, factors such as amenities, seasonal strategy, accessibility, the central role of management and diverse funding sources must also be considered. This attention to detail can have far-reaching positive impacts on open space usage.

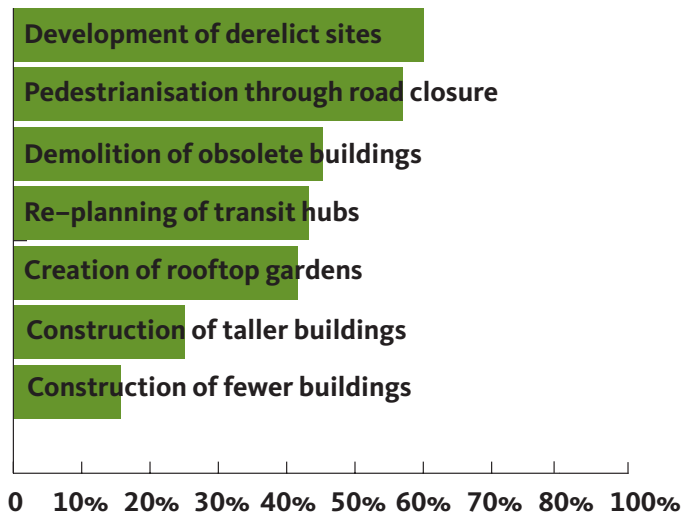
“Flexibility, both of use and physical configuration, and careful consideration of a space’s relationship to its surrounding neighbourhood are also important. Successful urban open spaces are easy to find, easy to access and easy to use,” says Greg Clark, ULI Senior Fellow.



Finding three: Creative use/re-use is key to providing additional open spaces in heavily built cities.

In already dense cities, we may not be able to achieve the social, economic and environmental benefits of open spaces through greenfield or traditional brownfield regeneration. So what is the most feasible option?

How would you create more open space in your city? (top three alternatives selected)



Ian Mulcahey says, “In cities where development land is scarce, there is a need to address open space provision creatively and realistically through the revitalisation of under-used building plazas, the construction of river parks and multi-use spaces, the conversion of voids in between buildings, and the construction of roof terraces, among other less conventional alternatives. Access to open space is key to making cities more livable. As active players within the design and construction industries, it is our responsibility to champion the balanced development of our cities and the need for public and private sectors to work together.”

What challenges must we address to foster better open space?

Open space is a scarce commodity in both European and world cities. Our survey revealed that only 54% of our respondents deemed their city to have adequate open space provision.

Challenge 1: Urbanisation

While population and labour force size in Europe is set to decline, the United Kingdom, Scandinavia, Ireland, France, Switzerland and the Netherlands will continue to grow over the next 20 years. This, combined with migration towards successful cities, will increase the demand for residential, office, retail and entertainment spaces.⁶ London alone is expected to have to accommodate an extra one million people by 2016 and although currently Moscow and Istanbul are the only global megacities (urban agglomeration with more than 10 million people) located in Europe, urbanised Paris will squeeze into this category by 2025.

Challenge 2: Planning regulations

Although many cities have well developed policies for the safeguarding of existing open space, very few cities address the provision of new open space and the intensification of its use. Population increase, worker migration and tourism in successful cities will further reduce the availability of open space in urban environments.

Challenge 3: Stable land values

The latest recession was a “service sector” recession, and although it halted development across Europe, it did not lead to the release of vast swathes of land as in previous recessions.

As land has retained its overall value in successful metropolitan areas, a clear understanding of the economic value of open space is key to securing the investment necessary for adequate open space provision.

Finding Four: Open space has a definable economic value; it triggers economic revitalisation and is key to a sense of place in urban environments.

Governments in cities throughout Europe, and the rest of the world, have frequently recognised the need to preserve open space because of its critical role as a provider of food, recreational opportunities, natural hazard mitigation, or because they possess rare geological or biological features.

What may have been underestimated, however, is the commercial value of open space and its potential to create economic value.

Open space as a valuable commodity

Like any commodity, there is an inversely proportional relationship between the availability of land and its value. This relationship is underlined in the Lincoln Institute of Land Policy Research's paper, "Making Room for a Planet of Cities" (January 2011). The report highlights the decline in the accessibility of open space as a consequence of urban growth, predicting that as the supply within metropolitan regions decreases, its value and efforts to preserve that value will increase. The paper subsequently defines the economic value of open space as its real estate market value; that is, the cash price that an informed and willing buyer pays an informed and willing seller in an open and competitive market.⁷

The Gensler/ULI survey further substantiates the conclusions made in this report: *95% of respondents believe that open space adds value to commercial property and would be prepared to pay at least 3% more to be in close proximity to open space.* This willingness to pay more to be close to high quality open space, our survey respondents asserted, could be harvested to relieve the fiscal burden of developing and maintaining urban open spaces.

"It is one of the ironies of our urban life that some of the most valuable land has no buildings on it. Open space doesn't just add value, it can create it. Using open space as a catalyst for regeneration and revival is broadly accepted but achieving great design and functionality requires both sophistication and creativity. Cities need to understand what the space is for and how it will be used. Perhaps the most celebrated example recently is the Millennium Park in Chicago, which changed dramatically from the first concept as it became clear how important a role it could play within the community."

– Jeremy Newsum, Chairman, Urban Land Institute and Executive Trustee, the Grosvenor Estate

Although the main criteria for choosing office space consists of geographic location, proximity to transport links and cost, access to open spaces ranks fifth and is deemed more important than amenities and building aesthetics when choosing a commercial property.

Reasons for selecting a commercial property Ranked In Order:

- #1 **Geographic Location**
- #2 **Cost**
- #3 **Proximity to Public Transportation**
- #4 **Amenities**
(retail, food outlets, gyms, entertainment, etc.)
- #5 **Access to Open Space**
- #6 **Prestige of Address**
- #7 **Building Aesthetics**

Open space as an economic catalyst

73% of those surveyed believe that open space could act as a crucial catalyst for economic development. This figure goes up to 79% among investors, 77% among public sector workers, and 87% among our advisor audience (architects, engineers, property agents and consultants).

Open ended answers fell broadly into the following categories: open space's ability to "improve the attractiveness of a place," its potential for "place making" and the ability for it to serve as an "attraction for businesses, customers and/or clients to an area."

Place making and economic revitalisation

Our surveyed audience revealed that one of the critical factors in economic revitalisation is the creation of an environment that supports the creativity, health and satisfaction of employees, which in turn could lead to an improvement in the overall productivity of local businesses and the improvement of the overall community.

This perception is reiterated by planning bodies worldwide. Many are pursuing open space strategies to halt the downturn of commercial areas, support the stabilisation of faltering neighbourhoods, as well as instill a sense of pride in the local community.

Similarly, spaces that are extraordinarily popular in their own right can have almost no impact on their surrounding neighbourhood. This can be due to the physical and economic shape of the built environment around the open space itself. If there is no capacity to allow for the growth of small private enterprises nearby, or nearby residential or entertainment uses, there can be relatively little street life in the vicinity of the open space, resulting in an infertile ground for economic value creation.⁸

When deciding whether to use urban open spaces for community revitalisation, developers, private businesses and local authorities should identify areas of open space where there is physical space, excellent connectivity, economic opportunity, and political commitment to revitalise. The case studies used in this paper support and reflect the importance of these criteria.

Case Study: The revitalisation of Hamburg using open spaces

Overview

Hamburg is in the process of being revitalised. On an area of 157 hectares, a new concept for urban living is currently being developed that will increase the size of Hamburg City by 40% by 2025.⁹ The development, taking place between the historic Speicherstadt warehouse district and the River Elbe, and being managed by HafenCity Hamburg GmbH, will see more than 2.25 million m² of gross floor area newly constructed, providing 5,800 homes for 12,000 residents. In addition, business premises offering in excess of 45,000 job opportunities, plus retail and leisure facilities, cultural amenities, parks and plazas will be built.¹⁰

The role of open spaces in the revitalisation of Hamburg

Through the implementation of the Masterplan, planners and designers were able to connect a previously disparate and contaminated land mass to the rest of Hamburg. The prioritisation of non-motorised users through a dense network of foot and bike ways, layered onto the necessary traffic infrastructure, ensures that public spaces are better placed to act as an attraction to Hamburg's citizens. HafenCity Hamburg attempted to prove this point by commissioning Martin Kohler, a lecturer at HafenCity University, to lead a sociological and ethnographic study into how open spaces are being utilised in everyday life.

Kohler claimed to be “really surprised” by the results: “Overall, very little that they observed was surprising. Many places are being used in just the way that the planners anticipated, which reflects a good balance between the specifications, the public and the quality of the planning.”¹¹

HafenCity, Hamburg: Marco Polo Terrassen



Finding Five: Open space has a definable human value to investors, developers, occupiers and government alike.

The clear message from our survey is that health and wellbeing, real estate value, productivity of staff and staff attraction and retention are the four greatest benefits associated with proximity to open spaces.

Research by the Commission on Architecture and the Built Environment (CABE) cites improvements in both physical and mental health associated with access to quality green space (Community Green: Using Local Spaces to Tackle Inequality and Improve Health).¹² While this research is more focused on residential proximity, the parallels to commercial uses are strong and point to benefits ranging from reduced anxiety to increased physical activity, resulting in a lower risk for strokes, heart disease, diabetes, obesity and certain types of cancer.

Meeting the “pyramid of human needs”

David Telford, Director at Hurleypalmerflatt and a practising environmental psychologist, strongly believes that open space has a human amenity value. He asserts that open spaces have the capacity to meet a “pyramid of human needs.” This pyramid includes the need to feel comfortable, the need for leisure/exercise, the need for social interaction, and the need for aesthetics. By meeting the “pyramid of human needs,” an open space has the capacity to indirectly transform an area as the area’s employees are more motivated and economically productive.¹³

“The public realm affects our humanity and our enjoyment of life. The totality of civic space is what matters, not just a few good buildings. Everyone should be able to enjoy open, public space. It should be simple in concept, so it can be used by everyone in different ways. One of the responsibilities of developers is that we must remember that cities should be a series of places. Creating and maintaining good open spaces can help to generate civic pride.”

– Sir Stuart Lipton, Deputy Chairman, Chelsfield Partners

The social aspect of open space

Additional observation and research, pioneered by Jane Jacobs, and explored in more depth by Jan Gehl of the University of Copenhagen (Life Between Buildings, 1987, and Cities for People, 2010), highlights the social aspects of quality urban public space.¹⁴ Quality open space provides an informal, relaxed means of maintaining social ties and a sense of community in an urban environment.

As work increasingly extends outside the time and space of the workplace, these social interactions offer opportunities for both recreation and productive engagement. Gensler’s own pioneering workplace research shows the productive nature of informal interaction in the workplace, with top performing companies spending 14% more time collaborating than average companies. Successful open space provides opportunities for interactions throughout the city, extending these opportunities outside the organisation’s walls.¹⁵

Case Study: The human amenity value of open spaces in Bryant Park

Overview

The revitalisation of Bryant Park in New York City offers an interesting insight into the link between both the human and economic value of urban open spaces.

Over the last two decades, New York City's Bryant Park has transformed from blighted Midtown plot into a grand urban greenscape, revitalising the surrounding area. Indeed, research by Economic Research Associates asserts that the Bryant Park redevelopment increased the leasing activity on the adjacent 6th Avenue by 60% in the 24 months after the park opened and office rents by as much as 40%.¹⁶

The human amenity value of Bryant Park

The economic value created by the Bryant Park redevelopment stems partially from the area's provision of human amenities. Gensler has worked with multiple clients to build on the park's success and leverage the space as an urban campus for clients, with human value playing a critical role in the design process to maximise the attraction, retention and motivation of the local workforce.

MetLife relocates to Bryant Park

In 2008, Gensler worked with MetLife to expand its New York City presence to the west of Bryant Park, linking the company to the rich resources, networks and cultural activities of an urban setting.

Working closely with MetLife, Gensler conducted a multi-generational research study to address the desire for a space that was both green and accommodating to its diverse and mobile workforce. The findings pointed to a dynamic, diverse, educational and social environment that supports a healthy, restorative balance between work and life. The result was an urban campus with Bryant Park as the central quad.

"The park has had a significant impact on the interior design of MetLife's new home and how they define themselves in their community," said Gensler New York Workplace Leader Tom Vecchione.

A sustainable building for Bank of America

Prominently sited on Bryant Park's west side, Bank of America's environmentally responsible office tower rises 51 stories above the park's lawn. Gensler designed Bank of America's LEED® Gold interiors, 36 floors, with the building as a whole achieving LEED® Platinum certification from the U.S. Green Building Council. A natural extension of the workplace, the park offers a place to eat lunch, as well as a venue for inspired collaboration.

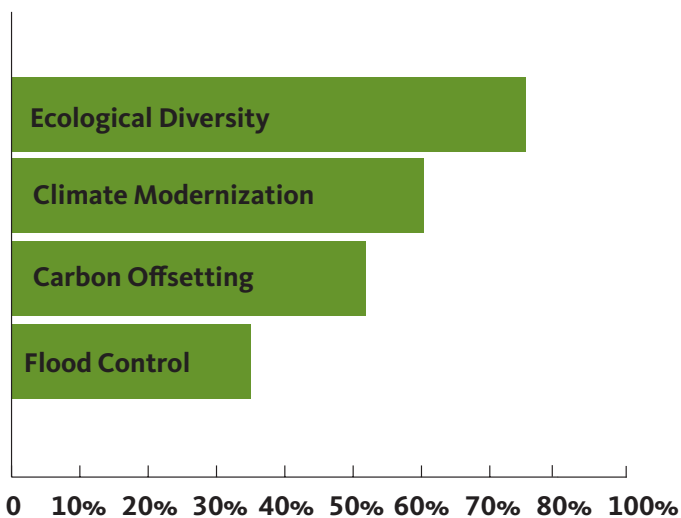
New York, NY: Bryant Park



Finding Six: Open space has a definable environmental value; even small-scale open space can make a positive contribution to the environment.

Over half of the world's population now live in cities, with this figure reaching 90% in the UK. The growth of urban areas is subsequently putting great stress on the maintenance and preservation of open spaces, which has a negative environmental impact.

Open spaces have a positive impact on the following factors:



Open spaces help to alleviate the “heat island effect.”

The increase in the amount of hard surfaces and the reduction in the proportion of green open spaces combine to raise the average temperature in towns and cities.

A study by Whitford, Ennos, and Handley (2001) of four urban areas on Merseyside, UK, reveals that the most effective means of overcoming this issue is through the maintenance and creation of green open spaces with a high density of trees. The study concluded that the temperature was 7°C cooler where vegetation cover was 50%, compared to areas where vegetation cover was only 15%.¹⁷

Alleviating the “heat island effect” will help to combat climate change.

Over the next 50 years, it is anticipated that summer temperatures will rise by between 3 and 5°C (UK Climate Impacts Programme, 2006).¹⁸ 60% of the people we surveyed believe that urban open spaces contribute to climate moderation. Research substantiates this belief, illustrating that an extra 10% of green infrastructure can reduce the urban heat island effect by 3°C, thus helping to combat the impacts of climate change.¹⁹

Open spaces contribute to improved air quality.

52% of our survey's respondents believe that open spaces can help to offset carbon emissions. This view is substantiated by research from the United States which purports that a large healthy tree can store up to 93kg of Carbon per year (Nowak 1994, 2006).²⁰

Open spaces help to conserve biodiversity in urban areas.

An overwhelming majority (77%) of our survey respondents believe that open spaces have a positive impact on ecological diversity in cities. Public green spaces are critical in the preservation of natural systems, including carbon, water and other natural cycles, within the urban environment, supporting ecosystems and providing the contrast of living elements in both designed landscapes and conserved wildlife habitats within urban settlements.²¹

Sustaining the environmental value of open spaces

Governments all over the world are beginning to realise the true environmental value of open spaces. Indeed, in January 2011, the Design Trust for Public Space and the City of New York published the “High Performance Landscape Guidelines: 21st Century Parks for NYC.”

The paper publishes a set of guidelines for New York's urban open spaces, which include: keeping rain water within parks for the use of plantings rather than sending it to sewers; increasing the resiliency of plantings by considering the soil, the effects of climate change, the plant type and future maintenance needs; and designing to save labour, reduce operating expenses and decrease the frequency of capital replacement.²²

These guidelines are certainly well grounded in research and can be seen as a model of best practice in the field of protecting the environmental value of open spaces.

Finding Seven: One size model for creating open space doesn't fit all – successful development and maintenance models vary from city to city.

The development and maintenance of open space in most European cities is largely within the remit of government. There is much evidence, however, of private sector involvement in the development and maintenance of open spaces in European cities. Although the BID model is not as widespread in Europe, in many countries like France and Spain, business associations such as the chamber of commerce act as a facilitator for public-private sector partnerships in the development of open spaces.

There are also more examples of developers initiating dialogue with local government and establishing collaboration frameworks for specific projects.

The Netherlands

In Utrecht, in The Netherlands, shopping centre developer and operator Corio set out to refurbish 67,000 m² of gross lettable land in the redevelopment of the Hoog Catharijne shopping centre as part of a major ten year redevelopment programme which began in 2009. In addition to refurbishing The Netherlands' premier shopping destination, Corio aimed to create a world class public realm.

A partnership agreement, involving Corio, the City of Utrecht, as well as various retail and transportation partners, was critical in overcoming the issue of fragmented land ownership and continued cooperation between all stakeholders will remain critical to the success of the project.²³ Public space is managed by private stakeholders under a clear service agreement.

“We tried to establish a mutual vision for the project and its open space informed by a citizen and consumer perspective. The fact that we could manage the public space ourselves would make it an even more attractive investment as maintenance is not at the top of the public sector's agenda. The public sector is in a position to lure more investment by enhancing the role of private players in this perspective” said Gerard Groener, CEO, Corio NV.

Spain

In 2000, Barcelona City Council approved an urban planning ordinance aimed at transforming the 200 hectares of previously derelict industrial land in the Poblenou quarter into a new innovative business district. Within the new 22@ zone, developers were given new opportunities and increased rights if they were willing to share the preparatory costs of the urban transformation.²⁴

Initially, Barcelona City Council provided the initial catalyst for change. However, further redevelopment within the 22@ district has taken place through partnership working between the city council, private sector companies and the 22@ BCN company.

In exchange for a planning permit, which allows for a change in land use or land development density, the city council 1) demands 30% of the total land area of the proposed development or the equivalent current monetary value of the land to be transferred to the city; and 2) charges a development levy of €80 per square metre of land developed (updated annually). The transfers and levies are donated directly to the publicly-owned 22@BCN company and are an excellent example of value capture finance in practice.²⁵

Subsequently, the company is also responsible for managing the re-investment and re-distribution of these funds within the district, which includes a strong commitment to the creation and preservation of open space. The 22@ Barcelona project is committed to devoting 10% of the previously industrial land to the creation of 114,000 square metres of green spaces and 145,000 square metres of public facilities in the area.²⁶

Barcelona, Spain: Agbar Tower, 22@ District



Finding Eight: All agree on the need for new collaborative models to finance, create and maintain open spaces.

Our survey reveals that 84% of our respondents believe that both the public and private sector should be responsible for the development of open spaces. This percentage increases to 100% among developers, indicating a clear willingness of those in the private sector to engage in the development of open spaces.

Towards a sustainable model for open spaces

Across the countries surveyed, the Business Improvement District (BID) model is viewed as one of the best models for public / private collaboration at the local level.

Who should be responsible for the maintenance of open spaces?



As seen above, 61% of our survey respondents believe that funding for the development of open spaces should come from local government taxes. This percentage does, however, drop to 52% amongst public sector workers, who advocate funding through business taxes and charitable trusts, and increases to 65% among developers.

In the current economic climate, local governments are unlikely to develop new open spaces and are struggling to pay for existing ones. Realistically, there is no revenue stream with which local government can develop open spaces on their own. *However, promisingly, 82% of our respondents stated that they would be prepared to invest more in open spaces if there was a financial incentive.*

These findings are reaffirmed by Baroness Jo Valentine, Chief Executive of London First, who asserts that most commercial property developers recognise that there is real value in enhancing the public realm. Most are also prepared to invest as upgrading an area leads to better business and greater real estate value.²⁷

The maintenance of open spaces, however, remains an issue, with 69% of respondents believing that both the public and private sector should be responsible for the maintenance of open space.

Potential barrier to investment

According to Baroness Valentine, the biggest hurdle in attracting private finance for the development/ improvement of open space is not in convincing developers it is worth it, but in convincing them that their investment will be preserved and maintained adequately.²⁸

Increasing tax burden can also represent a barrier for cooperation. Ian Mulcahey, of Gensler, declares that “UK businesses are already burdened by high business rates, but there is a disconnect between taxation and the needs of local business as business rates are paid to central government and re-allocated to local authorities not always in line with their needs and concerns.”

Can BIDs provide the framework needed for public/private sector collaboration on open spaces?

With so many other priorities for the public purse, the income stream diversity of the Business Improvement District (BID) model becomes increasingly appealing. Although BID organisations were originally considered a North American phenomenon, with the first founded in 1971 in Toronto, it has emerged as an internationally diffused model for urban revitalisation.

The BID model represents a flexible form of governance that allows participants to craft localised solutions where state and local funding is limited. The model provides an opportunity for multiple shareholders to organise, operate with autonomy and manage programmes to improve the physical, economic and social conditions within their geographical jurisdiction.

The first UK BID, Kingston First, was established six years ago, and the model spread rapidly to a total of 108 UK BIDs.

“When it comes to open space, the BID model gives businesses and local authorities an opportunity to rectify problem spaces through partnership,” says Dr. Julie Grail, Chief Executive of British BIDs. As opposed to the North American BID model, in which both owners and occupiers are responsible for paying a levy, the British model, due to UK taxation, relies on contributions from occupiers. This forces BIDs in Britain to clearly outline short and medium term benefits to local businesses, placing a real value on public realm.

Baroness Valentine cites the redevelopment around St. Giles Circus as an example of a BID successfully delivering high quality open space in London. Central to this development is the arrival of Crossrail at Tottenham Court Road Station in 2017 and the redevelopment of the London Underground station.

Representing the interests of 560 businesses, InMidtown is a BID which aims to add value to the plans already in place and works with the statutory authorities, owners and developers to help deliver quality public spaces which ensure St. Giles Circus and its wider hinterland become a quality London landmark.²⁹

Many BIDs express frustration with local councils in relation to the development and maintenance of spaces. Baroness Valentine feels that businesses would pay more if their contract with the council was clearer and if there was a greater degree of control in how the space is managed.³⁰

Furthermore, Baroness Valentine believes that businesses can be persuaded to invest more if they have greater leverage over local councils with regards to the way that money is spent. When it comes to open space, there needs to be a mechanism that recognises which spaces would benefit from funding and how funds would be applied.

Although open space is not the main remit of the BID model, there is no reason why a simplified version of the BID model can't be used to facilitate the funding, development and maintenance of open space in relation to smaller urban areas such as squares, terraces, courtyards and other spaces in between buildings.

City Focus: Open spaces in London

Untapped commercial investment

More London based survey respondents believe in the value of open space than their European counterparts, with 97% feeling that open space adds value to commercial property, compared to 95% of European respondents.

In recognition of its commercial value, 93% of our London based respondents are prepared to pay at least 3% more to be within close proximity of open space, compared with an average of 90% across all survey respondents. From those, 32% would be prepared to pay between 5% and 10% more, another 35% would be prepared to pay between 10% and 15% more and 16% would pay in excess of 10%.

With commercial space costing an average of £47.8/sq ft in London, resulting in an overall commercial real estate value of £9.3 billion in the West End, Midtown, City core and outer core, Southbank, Canary Wharf, Docklands alone, this represents £1.3 billion of untapped investment*.

“Since occupiers are prepared to pay a premium to be close to high quality open space, this premium could be used to improve surrounding open areas through tenant/landlord agreements, business improvement districts and other collaborative models,” says Ian Mulcahey of Gensler.

Creatively bridging the investment gap

Even though our research has shown that there is £1.3 billion/year of untapped investment in London, there still needs to be thoughtful discussion as to how to bridge this investment gap.

92% of our UK respondents believe open space should be financed through a public-private partnership, compared to 84% across the whole of our survey. In addition to this, 75% of UK respondents believe open space should be maintained through a combination of public and private investment.

Our survey indicates a strong consensus that a public-private partnership would be the most appropriate and effective means of funding and maintaining open spaces. Only 49% of our UK respondents (versus 61% of overall respondents) believe open space should be funded through local government taxes and only 30% believe it should be funded through business taxes, revealing that London based respondents place less onus on government involvement than those in continental Europe.

*equation details, page 21

As a global financial centre, rivalled only by New York, London is challenged with continuous population growth in the face of limited land availability. The Mayor's London Plan recognises that spatial development plays a key role in ensuring London is a livable city and maintaining its position as a leading global metropolis:

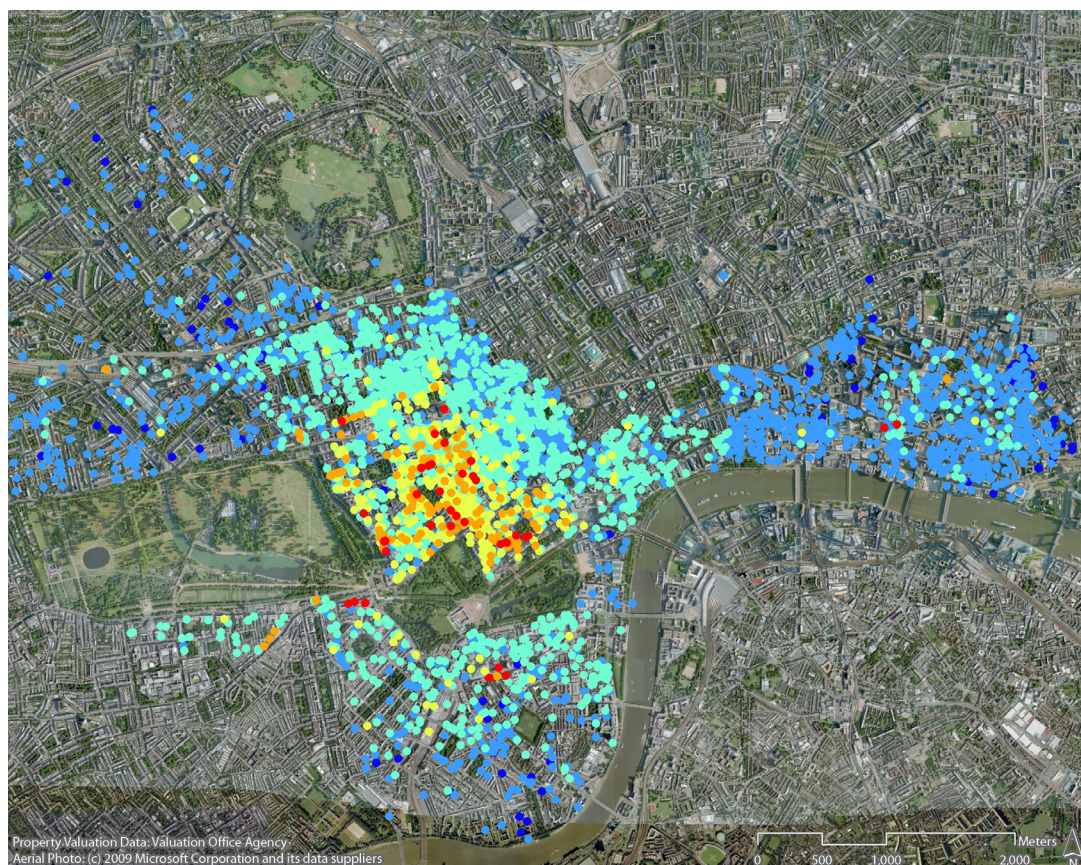
“London forms part of North West Europe, along with Paris and the Ile de France, the Randstadt cities (like Amsterdam and Rotterdam) in the Netherlands, Brussels and the Rhine/Rhur cities like Essen or Dortmund. These cities face common challenges, such as economic changes, community cohesion, infrastructure investment and delivery and local and global environmental threats. While the European Commission's Spatial Vision for North West Europe highlights London as one of the pivotal centres of the world economy, it also identifies the London area as a 'bottleneck' to cross-Europe movement, reinforcing the importance of improving transport infrastructure around and within the capital. This will mean ensuring the most efficient use is made of London's limited reserves of land, identifying places with the potential for development on a strategic scale, and ensuring policies are in place to enable this to happen.”³¹

Open space inequity steals value from some London real estate submarkets

Gensler worked with Happold Consulting to establish whether occupiers' willingness to pay a premium for access to open space translate into a higher market value.

We analysed higher rental values in West London versus lower ones in the City to see if open space affected the value gap between the two locations. Accessibility to such amenities appears to be among the important variables affecting the different market conditions between the West End and the City,

“The survey highlighted the fact that open space was more important than prestige of address and building aesthetics when considering location,” says Hugh Mulcahey, Director of Happold Consulting “The generous provision of large scale open spaces in and around the West End contrasts notably with the much lower provision within the historic City of London and clearly could be part of the reason for the value difference.”



Maximum Adopted Rateable Value per Postcode
(Office Sector, £ per M2)

- 1000 +
- 800 – 1000
- 600 – 800
- 400 – 600
- 200 – 400
- 0 – 200

Case Study: Creativity in the development of open space at London River Park

Overview

Over the last forty years, the Thames has been at the centre of a cultural renaissance. The redevelopment that has taken place has improved public accessibility to the Thames and repositioned it as the most important artery running through London. However, there still remains under utilised stretches along the river.

A new river frontage

Gensler's vision will be to create a new River Park along the northern shore of the Thames, revitalising one of the most important historic river frontages adjacent to the City of London. The urban, horizontal icon will provide the first continuous river-walk along the north shore, between Blackfriars and the Tower of London, with completion marked for 2012 to coincide with significant events such as the Queen's Diamond Jubilee, the London Olympic Games and the Lord Mayor's Pageant.

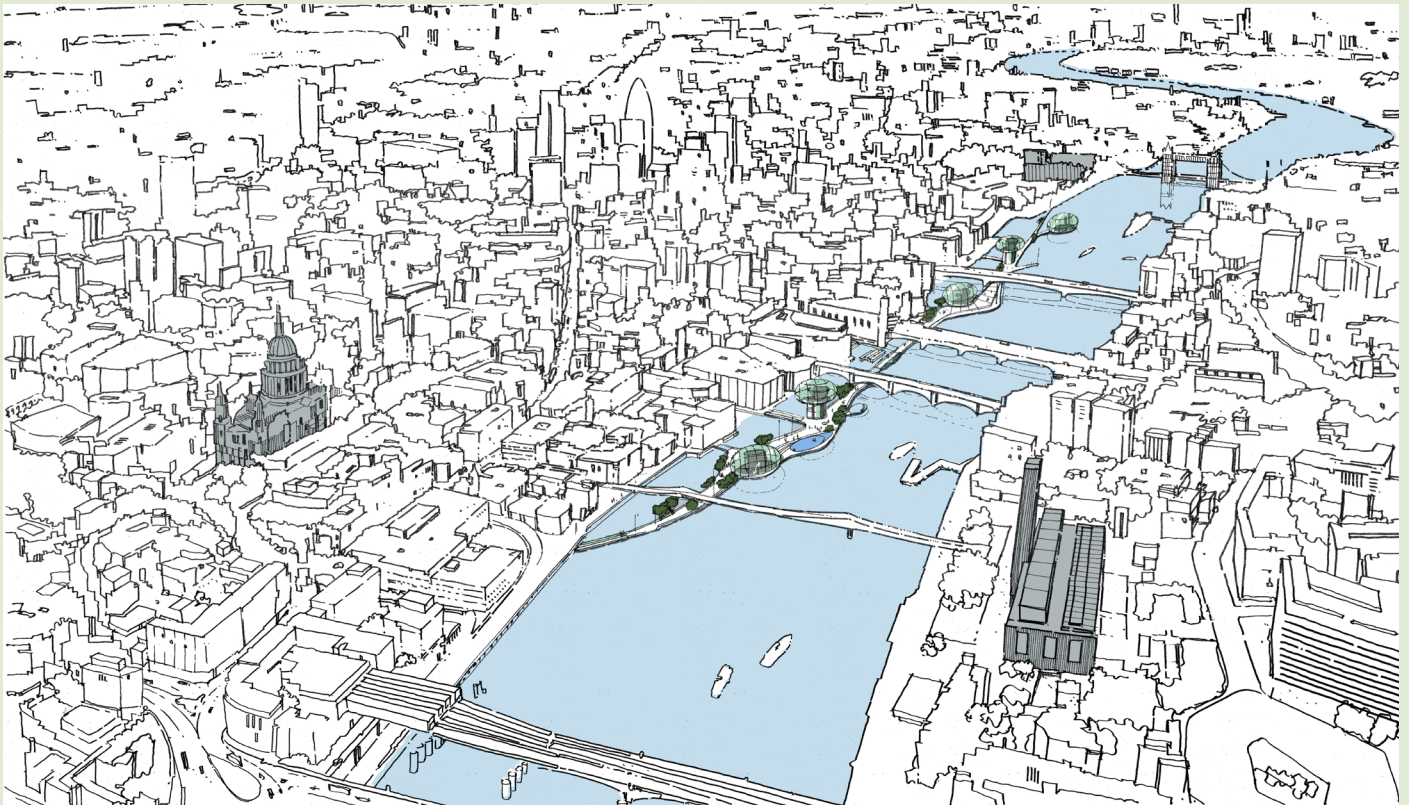
The River Park will be an explicit connector between the Tower of London, Tate Modern and St. Paul's, which between them already attract over ten million tourists each year. The icon will provide an exceptional vantage point to explore the city whilst acting as a theatre for a programme of changeable events and features.

The scheme won **Best Conceptual Project** and the **Mayor's Award for overall Planning Excellence** at the London Planning Awards 2011.

Creating a new urban space

The River Park will not only be a new urban space for leisure, but will create an alternative stage upon which key domestic and International events can be hosted. The floating 'City' annexe will create a truly innovative and memorable experience for visitors. The project is conceived as a temporary facility where all the platforms and gangways can be floated into and out of position. The lasting legacy will be the marine infrastructure and moorings that further reinforce and activate the use of the river, as well as its ability to stage future events.

London, England: London River Park, Sketch



Case Study: Open space and the London 2010 Olympics

Overview

As part of the survey, we asked London based respondents to rate the best and worst areas for the provision of open space in London. East London and mid-town, followed by the City were perceived as the worst areas and West London, West End and North London as the best areas. London's hosting of the 2012 Olympics, however, is already spurring urban revitalisation with the aim of altering these perceptions.

Olympic renewal in the East of London

The London 2012 Olympic and Paralympic Games are expected to draw crowds in excess of 180,000 people per day to the Olympic Park. After the Games, the Olympic Park's investments in transport, sports, and open space amenities will be one of the main catalysts for the transformation of East London.

One of the key aspects of the Olympic Park's legacy planning is the creation of a new Metropolitan district in East London to accommodate London's continual population growth. Indeed, the Olympic Park area and its surroundings will be the focus of London's rapid eastward expansion. It is estimated that 25% of London's growth is likely to be housed in this area over the next 20 years.³²

Over time (2012–2014 and beyond), the post-Games Queen Elizabeth Olympic Park and its surrounding areas will develop into an exciting new piece of the city.

The Park as a whole will feature 250 acres of open space anchored by two distinct park areas along the River Lea – a river valley landscape to the north combining wetland habitat with active play and a south plaza for large events, festivals, and civic gatherings. The Park will have over 22 6.5 miles kilometres of interlinking pathways, waterways and cycle paths improved waterways connecting the site to the 42-kilometre Lee Valley Regional Park, extending from the River Thames to Ware in Hertfordshire. Olympic Park Legacy Company Chief Executive Andrew Altman said, "The Queen Elizabeth Olympic Park will reconnect a historically disjointed part of the City and bring together new and existing communities to enjoy a diverse set of new open spaces along the River Lea."³³

The role of open spaces in the regeneration of East London

The Queen Elizabeth Olympic Park along with a network of walking and cycling routes will make an important contribution to the regeneration of East London.

The regeneration process is a unique opportunity to weave the Park's open spaces, new sporting venues, employment areas and high quality family neighbourhoods into the fabric of East London. Along with significant new bridges and connections to the wider area, this will help catalyse continued development and make this new district of London an inspiring place to live and work.³⁴



London, England:
Olympic Legacy Park

What Next?

Our survey results and the secondary research conducted in the development of this paper have concluded that open space has a definitive commercial value, but much debate still exists regarding the best way for all stakeholders to actively create open spaces as a way to drive economic, human, and social value.

We have highlighted a number of best practice examples of open space investment models and discussed in detail the viability of the widespread adoption of these models, with a focus on the concept of Business Improvement Districts as an exemplar model for collaboration.

From our research, we have identified 10 key themes with regards to open spaces. The themes are by no means meant to be prescriptive, but represent possible avenues for further discussion, debate and action in order to realise the full potential of urban open spaces.

10 Key Themes

- 1.** Population increases are putting extra pressure on the limited open space resources of successful cities.
- 2.** To become, or remain, “livable”, cities should be encouraged to establish a minimum open space target per capita in order to secure adequate open space provision for future generations.
- 3.** In cities where land is scarce, open space needs to be thought of in more creative terms (revitalisation of under used building plazas, construction of river parks and multi-use spaces, conversion of spaces in between buildings, roof terraces, etc).
- 4.** Open space funding, maintenance and development should be undertaken through public and private sector collaboration.
- 5.** The private sector is prepared to pay a premium for open spaces. The survey respondents are willing to pay up to 3% more to be located within close proximity to high quality open space.
- 6.** Cities need to capitalise on the private sector’s willingness to pay a premium for good quality open spaces through collaborative public and private partnership funding, maintenance and development models.
- 7.** The Business Improvement District model (BID) provides an effective framework for local government and businesses to engage in the improvement and management of existing open spaces in the short, medium and long-term.
- 8.** In the case of new developments, developers should strive to include open space as part of their development proposals and engage the public sector in their vision.
- 9.** Cities should seek to develop more mechanisms/ collaborative development models for the creation of new open spaces.
- 10.** It is within the remit of key figures within the real estate industry to champion the implementation of existing collaborative models and the development of new ones.

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- *Untapped investment equation:
- $$906,321,257 \text{ sq ft (total commercial office space in London*)} \times \pounds 47.8 \text{ (Average price per square foot**)} = \pounds 43,322,156,084 \text{ (value of London's real estate)}$$
- 3% (a minimum of 3% more is how much people would be prepared to pay to be close to good open spaces) of $\pounds 43,322,156,084 = \pounds 1,299,664,682$
- $\pounds 1.3 \text{ billion} = \text{the value of untapped private investment that could be leveraged to improve open spaces if we had more suitable development models in place.}$
- *London = West End, Midtown, City core and outer core, Southbank, Canary Wharf, Docklands
- *Source: Communities and Local Government Analysis of Valuation Office Agency figures – latest data available: 2008
- *Cushman & Wakefield sub-prime markets data – average 2010 rental values

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ULI brings together leaders with a common commitment to improving professional standards, seeking the best use of land and following excellent practices.

We are a think tank, providing advice and best practices in a neutral setting – valuable for practical learning, involving public officials and engaging urban leaders who may not have a real estate background. By engaging experts from various disciplines we can arrive at advanced answers to problems which would be difficult to achieve independently.

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The Network creates a continuous dialogue between public and private sector leaders who are seeking to improve their ability to collaborate on urban investment. Its premise is that public-private relationships with a high level of collaborative working provide ample opportunities to bridge investment gaps and overcome city development challenges.

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