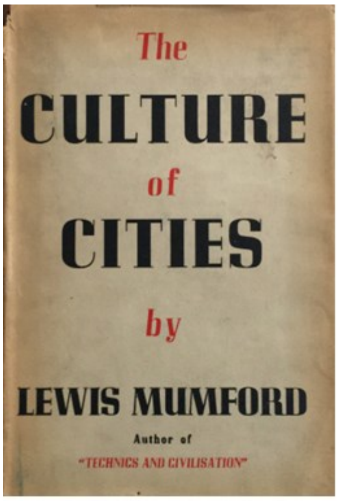
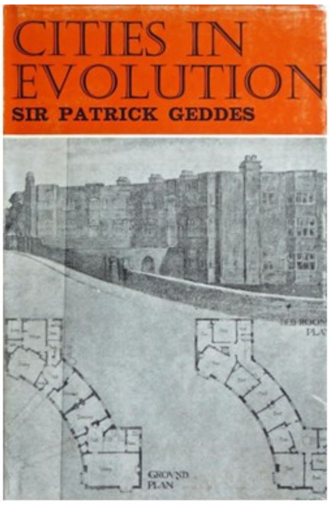
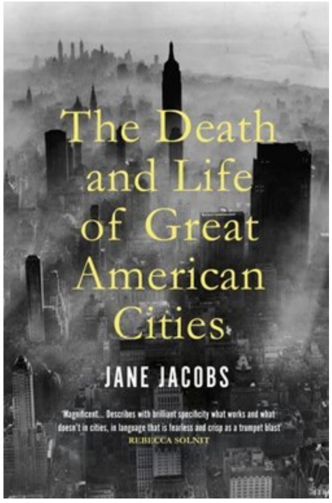






Three titans of twentieth century urban planning shared one key insight.

Sir Patrick Geddes (1854-1932) was a founding father of modern urban planning. One his of the most important insights was the fact that he understood the interconnectedness of life: he was in essence an ecologist. His fascination for the organisation of social structures and their physical arrangement in space drew extensively from systems and philosophical thought. Geddes pushed hard for cities and their planning to be seen in evolutionary terms, by arguing that they were the result of complex interactions, in which numerous small decisions added up to a general picture of change, or adaptation.

Lewis Mumford (1895-1990) was critical of urban sprawl (the Roman city model), preferring the medieval city model which retained an organic relationship between people and place. He was critical of the rise of an oppressive centralisation of power, people and culture which ran counter to local community culture. He described the history of urbanism as a "*fall from grace, a long plunge into chaos and moral confusion*." [1] He called for urban development to balance the needs of the institutional with the needs of the individual with a more integrated, more human urban landscape that performed a complex balance of roles:

> *The city in its complete sense, then, is a geographic plexus, an economic organisation, an institutional process, a theater of social action, and an esthetic symbol of collective unity.* [2]

Jane Jacobs (1916-2006) was a towering figure in twentieth century urban planning who developed her thinking from observation and practice rather than theory. She championed community-based planning and development; she was an activist and writer; and she was a household name (no mean achievement in the arcane world of urban planning). Jacobs opposed car-led planning in both New York and Toronto and the loss of mixed communities to mono-use, sterile, business districts. Her observation was critical in developing a framework where cities are seen as dynamic, integrated systems that have their own logic and dynamism which evolve over time in response to how residents and businesses use them. Her love of London and its chaotic growth was clear.

> *London I very much admire. In fact, I am practically awestruck by London, not only for the obvious reasons but because in historic times London has had a longer period of uninterrupted, self-generating, economic growth than any other city in the world. Study of it, and of how it has generated new economic activities, would pay, not just for Englishmen but for all mankind.* [3]

All three authors saw that cities were dynamic and continuously evolving – the outcome of countless individual decisions and actions; they saw cities in terms of complexity, of systems and of localism. All three were antithetic to the prevailing orthodoxies of urban planning and real estate investment which, for much of the twentieth century sought order, simplicity and sameness.

Planners divide land use into classes – residential, retail, employment and so on; investors distinguish buildings as asset classes: retail, office, industrial and so on. Both overly simplistic for their time, but both hopelessly inadequate in the twenty-first century.

Deep and pervasive change in the economy is driving enormous disruption across the real estate sector. Whether in high streets, on industrial estates, in logistics sheds or in corporate offices, rapid economic and technological changes are leading to new business processes and patterns of work. Change and uncertainty are replacing the traditional, long-term, stable nature of real estate in response to wider trends in economy and society.

- There is a trend away from 'one-size-fits-all' solutions to far more customised or tailored products and solutions.
- Long-term commitments are yielding to commoditised 'rental-purchasing' and 'on-demand' as attitudes to ownership shift radically.
- Monolithic organisations are morphing into networks of relationships, with core and contingent workers and complex supply chain relationships.
- Fluidity is replacing stability; planning horizons are shrinking, and uncertainty is the new norm.
- Technology is disintermediating markets and stripping out layers of cost and inefficiency.
- There is a rapidly expanding sharing economy with innovations such as Airbnb, Deliveroo, eBay and Uber.

Urban planning and investment cannot remain immune from such pressures.

In terms of planning, accepted methods for understanding jobs (SIC) and buildings (UCO) are increasingly unreliable for conveying how land and buildings are being used. Since the 1980s, countless new and diverse uses have emerged: 3D printing, accelerators, click-and-collect facilities, consolidation centres, co-working centres, dark kitchens, data centres, e-commerce, incubators, laboratories, last mile logistics, robotic manufacturing, serviced offices and virtual reality development, to name a few.

Office buildings can accommodate high tech manufacturing and scientific laboratories. Modern industrial sheds are used for retail and older industrial buildings are used by the creative industries. Warehouses perform retail functions. Boutique apart-hotels straddle hotels and residential; while apartments can be Airbnb. Banks are increasingly indistinguishable from Tech firms.

The utility of Local Plans that calculate future need for 'Class B-space' based on forecast employment change in traditional economic sectors will look increasingly dated and, potentially, highly misleading. The recent introduction of an 'E' Class has compounded problems rather than solved them.

As for investment, with notable exceptions, the era of long-term commitment; of an 'institutional standard' and of lords of the land dictating terms to subservient tenants, is over. The old assumptions about what formed a solid investment, say, ten years ago, are rapidly disappearing. The traditional investment markets – shops, offices and industrials – are all seeing radical new demand profiles emerging.

It is this fuzzy area of change and uncertainty in activities that urban planning and the investment market have been struggling with for many years. Their neat, immutable and easily understandable 'boxes' simplify the world and make decision-making easier, but they are inflexible and fail to cope with change.

Whether from an urban planning or an investment perspective, an important step forward will be to think about commercial real estate in terms appropriate to the emerging economy. The simplistic nomenclature of 'shops, offices and industrials' and B-class uses is no longer adequate to describe the use of the commercial built environment. A more sensitive approach is required which recognises the diversity of activities within buildings.

Towards an activity-based approach

Unlike sectors and Use Classes, activities reflect the real economy and, therefore the underpinning of demand. The original inspiration for an activity-based perspective in planning was provided by John Rannells in his 1956 masterpiece on Philadelphia, *The Core of the City.*[4] Rannells placed the spotlight on an activity-based approach to understanding urban form, arguing even before Jane Jacobs, that the renewal of the built environment should be driven by the changing demands of its occupiers.

Rannells made the critical distinction between broad land use changes associated (in classical terms) with utility maximisation, and the influence of operational decisions on the level and structure of final demand for space:

> *It is necessary to take in somewhat more than relates directly to land use, since changes in demand for space or location may come about as*

> *secondary results of business decisions or consumer preferences which, in themselves, have no concern with questions of land use*.

He also stressed that activities within buildings undergo a perpetual process of change, as new assortments of occupiers "*are always being formed by the continually changing ways of doing business which are characteristic of commercial enterprise*." In other words, there is a direct relationship between the changing nature of work and the settings needed to support that work, leading (even in the 1950s) to a constant process of adjustment between supply and demand.

Rannells argued that the locational characteristics of activities are: "*visible manifestations of the many systems of activity into which the city's life is organised*", and that:

> *Activities carried on within an establishment determine, in general, the quantities and qualities of space used by itself for work, for display, for processing, for storage or for circulation.*

The importance of Rannells' perspective is that it shifts the focus away from spatial and sectoral delimitation to an examination of the activities that comprise the urban economy, and the interactions between them, in order to explain the process of change over time. The sector-level analysis that features in most economic analysis and local planning fails to describe important economic dynamics that express themselves in terms of premises needs. Local plans and policy should be better informed by more detailed local analyses of *activities,* having regard to their workforce, supply chains and routes to markets, clustering benefits, as well as their requirements and expectations for the design and quality of land and buildings.

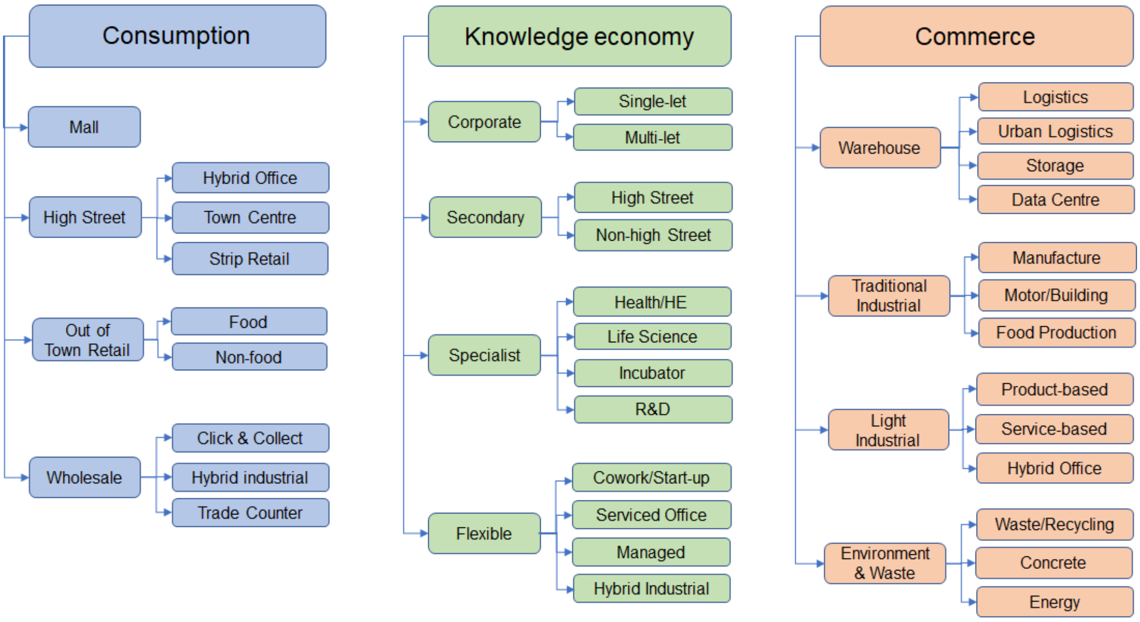
An activity-based framework

The Figure proposes an activity-based approach to investment and land use planning for commercial real estate. It does not claim to be comprehensive or fully developed in its structure (it does not, for example, address residential uses, higher education, hotels, leisure, food and drink or entertainment); but at this stage suggests a direction of travel.

The traditional 'shops, offices and industrials' sectors are replaced by the Level One activities of Consumption, Knowledge-economy and Commerce. These reflect contemporary economic linkages and allow, for example, wholesale activities to be grouped with retail as part of consumption (rather than as part of the 'industrial'). Other Level One headings not included here could include Living and Leisure.

Each Level One heading is then broken down into Level Two activities to reflect locational and building differences. This encourages a subtler approach to land use planning, for example, by encouraging a more differentiated approach land and buildings. For example, it highlights secondary office space, which is the backbone of the SME and start-up sectors, but rarely given any special attention (such as protection) in land use terms.

A framework for activity-based planning



Level Three activities then describe the nature of the work that is taking place. For example, Light Industrial uses are broken down into product-based and service-based activities. Each requires subtly different types of property and employ different worker skill profiles.

Importantly, particularly from an investment perspective, the framework recognises hybrid space. For example, in the Light Industrial element of Commerce, there is a hybrid office category, recognising activities where the work environment resembles an office rather than a traditional industrial environment. Similarly, there is a hybrid office category for customer-facing activities on high streets.

All Use Class categories of property have been affected and the nature of change will have a growing impact on the value and utility of existing stock: what might have seemed a rock solid investment before 2008, could be looking a marginal play today. And while some properties might become obsolete to changing demand, so new forms of property and occupation are emerging. The simplistic 'shops, offices and industrials' is looking quaintly historic as a descriptor of the commercial sector. And yet, every Local Plan across the country has an evidence base using precisely these categories to forecast future employment land needs.

Whether in terms of investment or land use planning considerations, the changes that have taken place in the real economy have made obsolete our traditional approaches to defining and regulating land use and property. Whether seeking to manage 'industrial' and 'employment' land, to provide for the digital economy or to rejuvenate high streets, investors and planners are constrained by the straitjacket of investment criteria and land use categories that no longer reflect underlying demand.

It is difficult to think of a more apposite theme for this paper than Jacobs' comments in an essay that proved to be the catalyst for the publication three years later of her

> *There is no logic that can be superimposed on the city; people make it, and it is to them, not buildings, that we must fit our plans.*[5]

Dr Rob Harris

Principal, Ramidus Consulting Limited
https://www.ramidus.co.uk

References

[1] Miller DL (1989) *Lewis Mumford: A Life* Weidenfield & Nicolson, New York p355
[2] Mumford L (1940) *The Culture of Cities* (2nd Edition) Secker and Warburg, London p480
[3] Jacobs J (1967) Failure and Future of Planning. Speech to the RIBA at Portland Place on 7th February. Published in: *RIBA Journal* March 1967, pp95-100
[4] Rannells J (1956) *The Core of the City* Institute of Urban Land Use and Housing Studies, Columbia University Press
[5] Jacobs J (1958) Downtown is for People *Fortune Magazine* April