



URBIS, Manchester - Daniel Hopkinson

Nice Building - But Does it Attract Inward Investors?

Douglas Clarke

Everyone's aware of the "Bilbao Effect" where an iconic building has helped put a city on the map. Is this an effective tool for attracting inward investment to cities that need the new jobs? Douglas Clarke from Tenon Techlocate, international trade and investment consultants, shares his experience of the investment decision-making process and the influence of sexy buildings on this.

It's certainly true to say that the Guggenheim Museum has put Bilbao on the map. It has attracted 7.2 million visitors in the past seven years (c. 60% are overseas visitors), contributing a total visitor spend of 1.174 billion to the GDP of the Basque country. This figure covers the public money spent on the museum fifteen times over. As well as a good money spinner it has also generated much needed jobs – around 5,000 jobs have been created and maintained by the Museum. Big numbers indeed, but what about attracting further inward investment?

Bilbao has modernised its economy since the mid 1990s, but this has been achieved on more than just increased cultural profile and tourist visits. There has been growth in the region's automotive industry and its machine tooling sector. It now has a more modern steel industry; it has relocated its harbour to improve efficiencies, and it has significantly improved its transport infrastructure. A diverse programme of economic regeneration has taken place. While the museum has been a useful flagship to get the city international profile, it is the more mundane economic investments that have been helping Bilbao take care of business.

"Many foreign visitors come to Bilbao to see the museum then spread the message about the city. That encourages investors to take a look at what we have to offer"

Josu Bergara, Prime Minister of the Basque province of Biscaya

Many cities are using icon buildings as a means of giving them an identity in today's fiercely competitive marketplace. The challenge for all locations is to be considered by businesses – to get a place on the long list of potential locations that businesses may consider for their investment.

We talk about "Invest in Anywhere", where more than 1,000 locations in Europe are chasing inward investors, and they are all promoting the same things and looking identical. They all say they have:

- Great universities
- A supply of skilled people
- Grants and incentives
- Clusters of tech companies
- Proximity to a major airport
- Available sites and premises
- Modern telecoms
- An outstanding quality of life

They all show us pictures of aeroplanes taking off ; motorways; high tech buildings; people doing clever things in laboratories; people playing golf; a smiling call centre operator, etc. They all look and sound the same. Locations are commodities. There is a need to stand out from the crowd, and sometimes that can be through a strong reference building that says "we are something special".

When a business makes a location decision, it is seeking best value, judging on a balance between cost and quality. The location decision can be driven by several factors, such as gaining access to a new market; lowering costs; gaining access to a particular asset.

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It is usually a process of elimination to identify the best location, starting with a long list of possible locations – those locations which the business and its advisors are familiar with and favourable towards. If a location doesn't make the long list, it won't be a player. The imperative therefore is to be recognized and respected in order to make the long list.

This long list is then quickly shortened (see below) and through detailed analysis a final choice is identified.

It is usually a big risky decision, often undertaken by someone who hasn't done it before, and if they mess up, it could be the end of their career. It will be a decision made on hard business factors – factors that influence the bottom line, and which can be quantified and reported to decision-makers and stakeholders. No-one is going to say their decision was based on the fact that the location has a striking building.

Iconic buildings can help make a location stand out. They are unlikely to attract inward investment projects by themselves, but they can help make the difference in getting the location to be considered. They may indeed contribute to the “quality” aspects of a location – the “soft” quality of life/quality of place factors.

Whilst a building can be a rallying call for the local stakeholders to prove ambition and vision, it is difficult to see any direct inward investment spin-offs through just one or two icons like the Walsall Art Gallery. Iconic buildings as short-hand for city-branding are useful to have - if you don't have an Eiffel or Leaning Tower already, then the Bilbao example is something to strive towards.

Perhaps the ultimate test of a place's dynamism and ability to attract new investment is when many iconic buildings are built by the private sector and these are filled not with Lottery-assisted museums and galleries but by paying hotel guests, residential buyers and office occupiers. Manchester's dramatically changing skyline is a case in point. The early iconic buildings that challenged the city's Victorian architecture were mostly pseudo-public (The Lowry, Urbis and Imperial War Museum of the North). Today, there are several spectacular glass façade skyscrapers being erected that give substance to the city's claim to be a modern, vibrant European centre of commerce.

www.guggenheim-bilbao.es
www.artatwalsall.org.uk



Walsall Art Gallery



Imperial War Museum North, Manchester

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