

The Competitive City Circus

The visioning process in major city redevelopment schemes

In The Competitive City Circus, Charlie Hughes, Chairman of Smart Futures Limited describes the competition that cities across the world are now locked into and makes some challenging predictions for the future.

Never before has there been such a mad rush for cities to compete. Globalisation has to some degree driven a collective paranoia that life is a boxing match in which only the big hitters can survive. Recent events in the global real estate markets have provided stark evidence of this with cities and city-regions from around the world competing to have the biggest stand, the prettiest girls, the most B-list celebrities and last, but most definitely not least, the biggest and most glamorous projects. It seems that it is now essential to have at least one, and preferably several, 'Global Destination Projects' (GDPs) in order to compete effectively for the best investors, the best corporations and the smartest people. It seems self-evident that all such projects, many located in (to be as positive and optimistic as possible) 'emerging' markets, cannot possibly succeed in achieving international, let alone global, significance.

So what are the likely outcomes? Striving for an unattainable market and ending up with a product which does not relate economically or socially to the indigenous city, regional or even national context is just about as unsustainable as it gets. It is relatively easy to spot the GDP (Global Destination Project) at international real estate events by the choice of 'STARchitect' or 'maSTARplanner', the celebrity launch (celebrity chefs are almost always better than footballers in this respect – a sybaritic lifestyle being a key component of such projects), the in-your-face testosterone-driven architecture and the almost complete absence of reference to local relevance or any concept of how the new urban community will merge with the existing one or be established and supported over time.

Prior to the current credit squeeze, it was true to say that too much money was pursuing too little product, and this sometimes meant that ill-conceived projects which in less overheated times would have slid quietly and mercifully into the architect's electronic archive (to be retrieved urgently when pitching for the next "big one") were actually being built. Very high risks were being taken, particularly in emerging markets where short term gloss may be replaced by long term irrelevance and decay. I could just about grasp why this high-stakes approach was sometimes taken by snappy representatives of private equity funds, sometimes of uncertain provenance and with annual IRR targets of 25% or more.

However, it did, and still does seem extraordinary to me that seasoned successful investors from mature markets can lose their natural good sense when confronted by beautiful girls (nothing wrong with this in itself), and willing politicians bearing promises of guaranteed permits in locations where governance and political, social and economic stability are, at best, fragile.

The reality is that we in the real estate market (in common with the rest of humanity) are still seduced by status, glamour and wealth to the point where a couple of wind turbines, clever things for household waste and some photovoltaics are often considered sufficient to pass the ill-defined tests of sustainability or (whisper it) ethical investment.

Perhaps the current uncertainty in the financial markets will act as a catalyst for a fresh perspective in the global Competitive City Circus which will address, at least, a few of the following questions:

What is the legacy value of the project?

The lightning fast urban development programmes of the Middle East, China and Russia are undoubtedly exciting, produce great glossy magazine articles and are unquestionably feasts of plenty for consultants of all sorts, but what long- or even medium-term legacy will they leave for their communities? Who are the communities, how will they be nurtured and supported—what is the long-term, 'sustainable', urban management proposition?



“ Glamour will always seduce, but fitness for purpose will increasingly get the money. ”

Do the aspirations of the investor/ developer align with those of the City? Are the City's aspirations clearly defined beyond the sound-bite superficiality of the inevitable (and generally repetitive) 'vision statement'?

Do we really need to compete to be in the premier league or would we and our communities be happier, more fulfilled and economically sustainable relating to secondary or even tertiary cities? But then, who wants to admit to being third rank?

Would it be better to seek a strategic alliance with other cities and communities in our socio/political/economic/geographic region and target collective rather than individual success with a consistent focus on the real needs of our cities and communities?

What next?

I sense that there may now be some justification for a more optimistic perspective on the future direction of 'Global Destination Projects', and so my projections are that:

- Cities will move progressively towards holistic urban sustainability frameworks which will integrate economic advantage with social and environmental wellbeing.
- The lack of effective governance will be a brake on development in many locations, but urban conflict, disruption and division, and the imperatives of climate change, will accelerate this process.
- Sustainable urban management systems will start to inform smart projects and will be used to evaluate project proposals and investment strategies.

- The current credit squeeze will intensify and accelerate the shift in investor sentiment towards more sustainable projects – risk evaluation is more than just financial.
- Infrastructure funding and delivery, and City credit-ratings will increase in importance. Structured finance will become more transparent and less complex. The emergence of city infrastructure as an asset class will drive the next generation of competitive destinations.
- Real opportunities will arise to form dynamic new partnerships to bring forward investment opportunities. Strong local partners will become more important and sustainability will be a key differentiator, attracting, rather than repelling, investment. Longer term thinking and relationships will prosper.
- Glamour will always seduce, but fitness for purpose will increasingly get the money.

One illustration of the phenomenon of 'Competitive City Circus' is the ever-increasing number of city rankings that compare cities for their success in a whole host of areas, from quality of life to suitability for doing business. Interestingly, these are predominantly focused on established cities in Europe and America. It will be intriguing to see where today's emerging cities will take their place in these lists in the future.

Charlie Hughes

Chairman, Smart Futures

Mercer Overall Quality of Living Rankings - 2007

Rank	City	Index
1	Zurich	108.1
2	Geneva	108.0
3	Vancouver	107.7
3	Vienna	107.7
5	Auckland	107.3
6	Dusseldorf	107.3
7	Frankfurt	107.1
8	Munich	106.9
9	Bern	106.5
9	Sydney	106.5

Mercer Most Expensive Big Cities - 2007

Rank	City
1	Moscow
2	London
3	Seoul
4	Tokyo
5	Hong Kong
6	Copenhagen
7	Geneva
8	Osaka
9	Zurich
10	Oslo

