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Urban Land

EUROPE

The Next
Regeneration

Europe Looks Ahead

Developers without Borders

Financial Forecast



ULI EUROPE SUMMER MEETING: LONDON'S FUTURE AS A GLOBAL CITY

Global

Throughout Europe, initiatives are underway to maintain or redevelop city cores as vibrant mixed-use environments, perpetuating a tradition that makes many European cities the most livable and sustainable on the planet. A number of factors recently have converged that should make the task easier: growing public awareness of smart growth and the natural environment, the need for cultural authenticity in place making, and the integration of information technology in both work and leisure activities. Each factor is having a substantial impact on modern life and on how people shape their environment.

In designing and developing for this era, it is best to take an approach that incorporates lessons learned from around the globe, and experiences in the United States and Japan are proving to be the most relevant today. Building an environment that bridges the past, present, and future of a place—and that addresses its imbalances without erasing its character—is the challenge and opportunity of the developer today.

Smart Growth in Europe

While debate continues in the United States, smart growth is simply one of the parameters of development that have been taken for granted for hundreds of years in Europe. Greenfield sites, still available around most American cities, are virtually impossible to develop in Europe, driving developers to look at urban brownfield sites as the only locations on which large-scale development can be undertaken. In addition to former industrial locations, areas developed after World War II serve as prime locations for redevelopment. Occasional attempts at more American-style, single-use planning after the war came close to finishing off cities like Manchester and Birmingham in the UK. Planning policy throughout Europe today consistently follows the mixed-use, high-density formula that has characterised European cities for centuries. The primary reasons for this are:

■ **Population density:** The 15 countries that now make up the European Union have a population density that currently is four times that of the United States. The city of Paris has four times the density of the city of Chicago. More important, Paris, with its suburbs, has a density nine times that of Chicago and its suburbs. Densi-



Learning

GUY PERRY

Europe looks for cross-cultural approaches to sustaining its cities.

ty in Europe is not perceived as a compromise of freedom. Density creates a dimension of social dynamism, interaction, and cohesion that is the exception rather than the rule in American cities.

■ *Urban culture:* European cities remain the centre of employment, culture, and power—and most people want to be close to them. The most sought-after business, residential, or commercial addresses in European cities remain near the city centre, whether in Milan, London, or Paris. In general terms, European cities are considered to be safer than their suburbs.

■ *Preservation of the countryside:* The centre of any major European city is often minutes from a rural or natural environment, by car or train. Farm subsidies help protect the countryside and provide an outlet for the residents of dense urban or suburban environments. Ecological issues have broad-based support because of perceived limitations of space and natural resources. Thousands of hectares of land can still be found within the M-25 ring road around London, supporting agriculture and livestock.

■ *Transportation infrastructure:* Transportation infrastructure for most European cities, with the exception of cities such as Frankfurt, Birmingham, and Madrid, is transit rather than automobile based. One of the main reasons for the continued high value of city centre residential development is the relative lack of freeways to facilitate commuting by automobile. France spends more on mass transit than the United States, although it only has 22 percent of the population. Density in Europe allows for transportation options that often are not viable in the low-density North American suburbs.

A Sustainable Model

Generally, large European capitals have balanced their economies with private and public sector activities and an ever-evolving mix of commercial, entertainment, and cultural offerings. They have established civic frameworks that are uniquely their own. Almost without exception, prime retail, office, and residential rents throughout Europe remain highest in city centres. Rents in London's West End, Paris's Triangle d'Or, and the traditional centre of Milan are significantly higher than in

suburban locations, though they have not been without periods of difficulty. Up-to-date retail, office, and residential development have played a significant role in the continued strength of European urban cores. Because of ongoing regeneration, cities like Paris, London, and Milan or Barcelona have experienced little population decline within the city limits over the last 50 years.

European cities have served as inspiration for many of the world's most interesting, successful, and sustainable places, from colonial cities and towns to contemporary urban fantasies from Tokyo to Las Vegas. North Americans now are beginning to recreate the urban villages and main street environments that they abandoned in favour of shopping centres and theme parks just over 35 years ago.

Paseo Colorado in Pasadena, California, an early 20th-century planned community, is a vivid demonstration of the next generation of mixed-use development. It turns a self-contained shopping mall into a network of semiprivate streets and plazas that tie into



Paseo Colorado in Pasadena, California, demonstrates the next generation of mixed-use development in the United States.

public buildings at the heart of the city. While the site once had only a retail centre, it now will contain entertainment, offices, and residential uses. Fortunately, in European capitals, the town centre, with its urban villages and "high streets," was never abandoned, though many have needed updating to remain competitive.

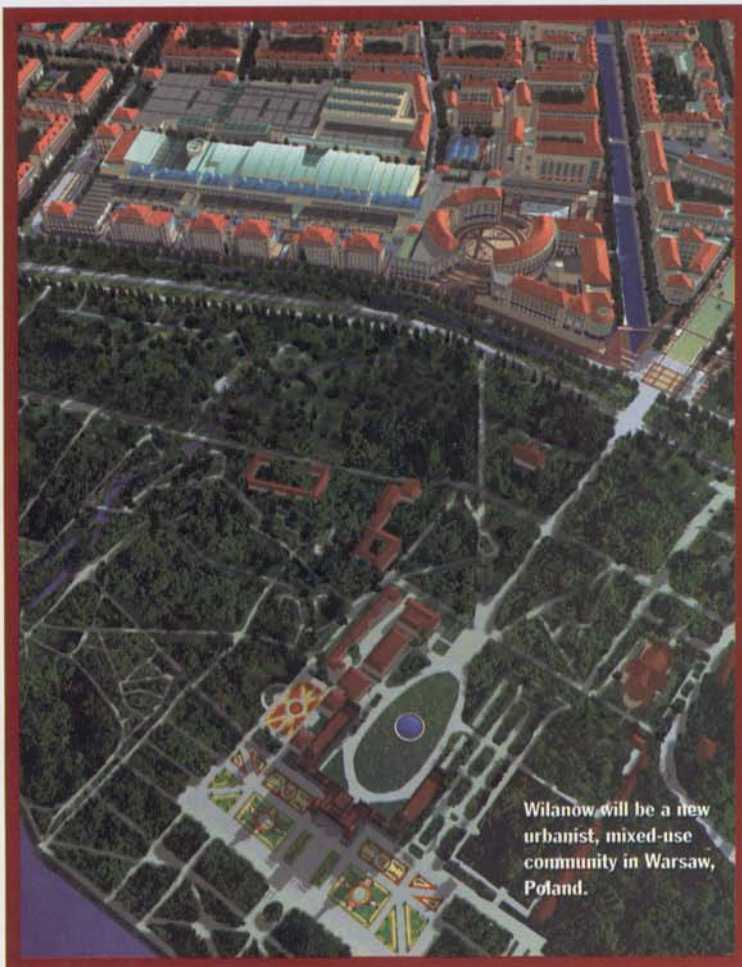
These European areas and streets recently have incorporated elements that offer some of the conveniences of a shopping centre. Vehicle traffic on Oxford Street in London has been limited to buses and taxis, and cameras have been installed along the street for security purposes. In Paris, the Champs Elysées has new parking facilities under the street, and pavements recently have been rebuilt and urban furniture replaced. Ramps to the parking areas have been carefully integrated into the sidewalks, and urban furniture incorporates news stands, telephones, lifts with handicapped access, and benches. Signage is carefully controlled along the boulevard to avoid compromising its majesty.

These streets have become mass-market showcases of brand-name products for the millions of people who walk along them each week. Milan has kept the town centre intact and created busy, as well as calm, shopping streets without entirely banishing the automobile. However, each of these approaches, along with others, has its challenges.

Spicing Up the Office District

Clusters of office towers in Milan built less than a decade ago have been abandoned within the Tangenziale (ring road), in large part because of the combination of their single use and their isolation from the fabric of the city. "Where were the office workers going to eat?" asks Paolo Caputo, a Milan-based urban planner. Caputo makes it clear that single-use districts like this no longer will be built in Milan. "People want to be in Milan because of the proximity of everything, otherwise they go to the country or to the foothills of the mountains."

Only a few city centres in Europe have the characteristic nine-to-five office sectors often found in the United States;



Wilanow will be a new urbanist, mixed-use community in Warsaw, Poland.

the City and the Canary Wharf districts in London and La Défense west of Paris are examples. Neither of these areas commands rents as high as those in London's West End or Paris's Eighth Arrondissement since they lack the retail, restaurant, and entertainment offerings found in those mixed-use areas as well as the seamless continuity with the finest residential areas.

London's Canary Wharf is said to be moving away from being a purely financial district, as many believe it will have to in order to survive. The nearby Millennium Quarter, just south of Canary Wharf, will include residential and retail development, hotels, and serviced accommodations in addition to offices in an effort to provide the vibrant, lively, high-density elements that are missing from Canary Wharf.

Paris's La Défense also is trying to diversify by creating more evening and weekend draws on site. Though it already has one of

evenings and weekends. Frankfurt's Westend Plaza, a joint venture of TrizecHahn Europe and Eisenbahn Immobilien Management based in Germany, is designed to bring people into the city during the evenings and weekends as well as throughout the day. With 30,471 square metres (328,000 square feet) of retail shops and restaurants, the largest cinema complex in Germany, and a live theatre, the project will add a completely new dimension to central Frankfurt. It also will include 30,471 square metres (328,000 square feet) of office and 17 square metres (180 square feet) of hotel and apartment space. Built on the site of a former freight station, the project is the first in a major strategic urban regeneration programme, the Europa Quarter.

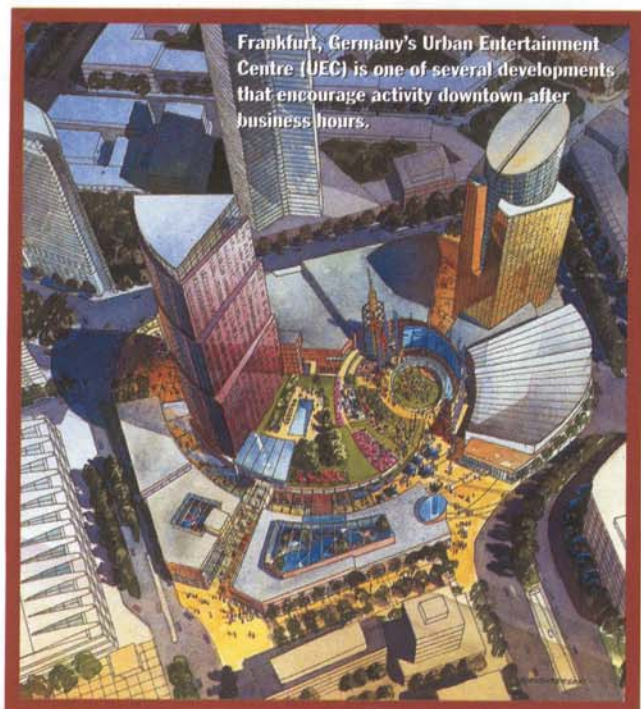
Developers hope the Westend Plaza will provide the city with the variety of activities one finds in London's West End and Paris's 8th Arrondissement. City officials know that in order to remain attractive to corporate users as well as residents, cities will have to broaden their appeal in order to compete with other cities throughout Europe; this will be especially important to Frankfurt as the banking industry transforms itself over the next decade.

Urbanising European Suburbia

Many of the suburbs growing around European cities are as one-dimensional as office districts. By North American standards, most European suburbs have an urban density, but the best examples of mixed-use suburban environments come from the United States, especially those built in the first 30 years of the last century. Early planned U.S. suburban developments, like Country Club Plaza in Kansas City and Beverly Hills in Los Angeles, mix uses, creating pedestrian-friendly environments while engaging the automobile. Today, these areas each contain their respective region's most desired retail, office, residential, and leisure offerings. While each of the components has evolved over the last 80 years, the value of the composite uses has outweighed most of their individual shortcomings.

Milton Keynes in the UK, the quintessential low-density, purpose-built, automobile-oriented new town, with its broad windswept streets and relentless expanses of surface parking, is slated for infill redevelopment, bringing a mix of office, hotel, and retail development along its primary arteries. In addition to a more balanced mix of activities on site, traffic will be removed from some roads, and multistory parking structures will replace some of the surface parking. The local council hopes to create an atmosphere that will foster a more positive identity for the new town as a whole and encourage people to spend time in the town centre.

Some of the most impressive new town developments of the last several decades have been built in France. Although the four most recent Paris new towns were strong in infrastructure and architec-



Frankfurt, Germany's Urban Entertainment Centre (UEC) is one of several developments that encourage activity downtown after business hours.

Europe's busiest shopping centres, La Défense's internal orientation does little to enliven the vast modernist plazas along the great axis and creates little synergy with the offices. The retail stores and housing at La Défense are on a standard commensurate with that of the first office buildings built there during the 1960s, many of which have been or will be torn down.

Frankfurt, a world-class financial centre and home of one of the world's busiest airports, is a virtual ghost town during the

tural monuments, they were weak in integration of uses, experiential continuity, and community. Disney, on its vast site east of Paris—which is part of the new town Marne-la-Vallée—may be the first developer in Europe to create a truly complete new community inspired by the traditional European city.

Disney is using 19th-century Paris as its model, while creating a full suburban community program. In addition to the Magic Kingdom and Disney Village, a shopping centre, an office district, and a railway station will anchor the town centre of the new residential district and the surrounding region, which is the fastest-growing in Europe today.

TrizecHahn Europe currently is studying a site adjacent to a summer palace in another of Europe's fastest-growing cities—Warsaw. After much of the city was wiped out during World War II, it was largely rebuilt under the guidance of Soviet planning principles, with much of its remaining history and culture eradicated in the process. The current community master plan for Wilanow attempts to reestablish the pride that the Polish people had in their city, which once boasted residential districts closer in feel to London's Belgravia than social realist Moscow.

The new town centre currently in the works would be anchored by a new city hall; the region's largest retail district, including a traditional market facility; a state-of-the-art multiplex and conference centre, including an outdoor skating rink during the winter months; offices; and a hotel. The project will serve as the nucleus for the development of an upscale community of 20,000 to 30,000 inhabitants.

Finding the Missing Pieces

Not every city has the strong civic framework or the marketability necessary to attract international investors that Paris or London has. Each city—like post-Communism Budapest, high-tech Reading, or depopulated Venice—has distinct challenges and opportunities. These cities also offer the use of existing infrastructure.

"Fifteen years ago, cities wanted to get rid of their railway stations, push them into the suburbs," says Patrick Perrin, head of the development division of SNCF (the French national railroad). "Today, stations throughout Europe are once again becoming the focal points of inner-city redevelopment." Part of the renewed interest comes from the success of the TGV/ICE technology, which makes it more convenient to travel by train than to fly or drive between major destinations. So, once again, the station is a premier portal

into the city. Plus, city officials understand the infrastructure savings that go with redeveloping these imminently accessible sites. The private sector also has reason to be attracted.

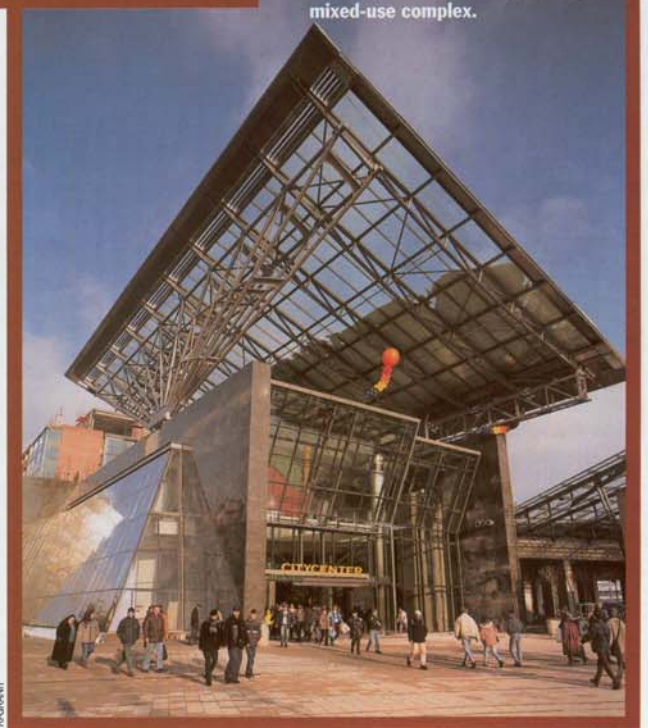
In Budapest, Tri-Granit's West End City Center, a joint venture of TrizecHahn and TAP, is seeing more than 400,000 people pass its doorstep each day. The centre, central Europe's largest mixed-use complex, is sited on what once was underused land adjacent to the main railway station. Within the 86,000-square-metre (930,000-square-foot) complex,

the centre contains more than 400 shops and restaurants, a supermarket, and central Europe's largest cinema complex.

Atop the retail and entertainment complex are blue chip offices and a hotel that will keep the area lively 24 hours a day. The centre currently is 48 percent retail, 3 percent restaurant, 7 percent cinema, 24 percent office, and 18 percent hotel. There are more than five acres (two hectares) of rooftop



West End City Center in Budapest, Hungary, is central Europe's largest mixed-use complex.



park and 1,700 on-site parking spaces; the park and parking area also serve to cover the new commuter rail station. The centre has acted as a catalyst for development in the area, with office space springing up around it in anticipation of economic benefits and further regeneration of the area. The facility also will serve as an anchor for a new residential enclave.

Reading, at the heart of the so-called English Silicon Valley southwest of London, recently has prospered, but the city centre retail and entertainment mix was not keeping pace. Hammerson plc developed a former factory site into the 67,000-square-metre (721,000-square-foot) Oracle retail and entertainment project to complement existing main street shopping by giving it the vitality and central focus that it lacked. Unlike traditional shopping centres, the complex engages the existing fabric and the river to create a new public space in the town centre—an element of every successful European city. The Oracle centre has made Reading a regional shopping and entertainment destination and has set a new standard in the area, leading local businesses to refurbish in order to remain competitive.

Liverpool Vision, the new vehicle for city centre regeneration in Liverpool, has been selected as the pilot for a national urban regeneration programme. Roger Kallman, director of Skidmore, Owings and Merrill (SOM), in London, project master planners, says, "Liverpool Vision's job is quite simply to boost wealth creation and investment and, therefore, sustainable job creation in the city centre. To make this happen, it is recognised that the quality of the environment and public realm needs to be improved dramatically."

Retail, office, residential, leisure, cultural, convention, and athletic facilities all will have a role in bringing about the turnaround. Kallman stresses that the links between these elements and the city's isolated quarters will give Liverpool a mixed-use city centre.

Venice has two very unusual problems—the first, of course, is that it is sinking. The second is that it has lost more than 60 percent of its population over the last 50 years, from 250,000 to 80,000. Meanwhile, the Veneto is one of Europe's wealthiest regions. Yet the employment base, except tourism, has fled the city of Venice and even its immediate industrial suburbs.

A project called Venice Gateway for Science and Technology (VEGA) is taking the first step in reversing that trend by redeveloping a highly visible section of the two industrial suburbs—Mestre and Marghera—that were the lifeblood of Venice during the last century. Most of the area still looks like abandoned parts of Detroit, Michigan. However, high-tech companies have begun to settle in a new office campus at the last point of land before crossing the viaduct to Venice proper. The first two phases of the project are complete and fully let; the third phase is under construction.

"The next step is to ensure that its success will entail more than just more offices," says Georgio Matiello, the director of VEGA. "It will be facilitating the commute from Venice, linking it to the adjacent university, and making this the town centre for the Veneto, with entertainment and restaurants. We hope this will, in a small way, help weave the old Venice and the Veneto back together."

Tomorrow's Citizens

TrizecHahn Europe has sponsored research at both Harvard University and the University of Toronto to determine the kind of environments a new, Internet-friendly generation wants. The working teams represented graduate and undergraduate students from four continents studying at those institutions. Over the last year, the study focused on three different European cities: Brussels, Versailles, and Palma de Mallorca.

Students performed programming, design, and basic economic analysis under the guidance of professors and European real estate professionals, though the students were urged to question and reinterpret the assumptions of the professionals. Common themes reiterated the importance of the mixed uses and the vibrancy that have been characteristic of many European city centres. In many ways, they appear to be a reaction to—or the antithesis of—the zoned suburban environments in which many of this generation of students grew up.

A Virtual World

European cities are seeking to propagate the characteristics that continue to make them the world's favourite places to visit—mixed-use, high-density environments with high-quality public infrastructure. The most valuable and desirable places in Europe remain those that mix residential areas and the workplace with entertainment and retail activities. The Internet will challenge existing urban patterns throughout the world, just as railways and highways did during the past two centuries, but it may have less impact on European cities than on America's suburban fabric.

But if what today's students believe is any indication of the future, the quality of real places and real social contacts will be just as important as the virtual world. Having begun to absorb lessons from their former colonies, European countries will preserve the inherent social character, functional integration, and transportation efficiencies of their cities, maintaining them as exemplary urban realms. 🌐

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