Grease to the wheel or a spanner in the works?
Reflecting on the legacy of 40 years of property-led regeneration in Tyne and Wear

Inaugural public lecture by Professor Paul Greenhalgh, Department of Architecture and Built Environment at Northumbria University
Introduction

- Restructuring from heavy industrial to post industrial economy
- Physical legacy & transformation
- 4 decades of interventions
- Multiple limited life bodies
- Learning lessons from past
- All unattributed images are from North East Regeneration Archive

http://neregenarchive.online
REGENERATION

‘reversing economic, social, and physical decline in areas where market forces will not do this without support from government.’

(CLG 2009)

URBAN REGENERATION

‘a comprehensive and integrated vision and action which leads to the resolution of urban problems and which seeks to bring about a lasting improvement in the economic, physical, social and environmental condition of an area that has been subject to change.’

(Roberts & Sykes 2000)

‘concerted social, economic and physical action to help people in neighbourhoods experiencing multiple deprivation reverse decline and create sustainable communities. It isn’t property development by another name. Property development happens through market forces. Physical urban regeneration requires public sector financial support which is only given to benefit deprived communities.’

(Chris Brown, Chief executive, Igloo Regeneration, 2006)

PHYSICAL REGENERATION

‘work on the physical fabric of an area where such work forms part of a strategy to promote social, physical and economic improvements in a given locality, rather than just redevelopment driven solely by market forces. Such work may range in scale from major developments to simple refurbishments of public sector housing.’

(Commission for Racial Equality 2007)
Early influences & provocations

- Newcastle Business Park wins RICS Urban Renewal Award 1992
- Job creation claims & ignoring displacement
- Glass half full or half empty?
- Underpinning theory & methods:
  - Geography matters (Massey, 1980)
  - Uneven Development (Smith, 1984; Harvey, 1985)
  - Structure and Agency (Healey & Barrett, 1990)
  - Panacea or placebo? (Turok, 1992)
  - More than bricks and mortar (Robinson, Lawrence & Shaw, 1993)
  - Measuring spatial impacts of UDCs (Deas et al, 1996)
Have you ever wondered.....

- what is the biggest shopping centre in Europe doing in Gateshead?
- why was the longest factory in Europe built on Scotswood Road at around the same time?
- what is the largest office park in the U.K. doing in North Tyneside?
Government area based initiatives

‘Tyne and Wear has been the testing ground for government policy, a seedbed for a highly diverse range of public policies aimed at ameliorating the impacts of industrial decline and the particular problems posed by urban deprivation, and as such has been in receipt of a vast range of diverse policy instruments.’

(Robinson, 1994)

North East England is one of the most intervened in regions of the UK having benefitted from the following Area Based Initiatives (ABIs):

- 2 Urban Development Corporations (UDCs): Teesside and Tyne and Wear, both 1987-1998
- Direct intervention by English Estates (EE) & English Partnerships (EP)
- 4 City Challenges: Newcastle West End, North Tyneside, Stockton & Sunderland
- Single Regeneration Budget (SRB) area based projects including Grainger Town & East Gateshead
- Garden Festival (Gateshead 1990)
Tyneside EZ 1981-1991

The Tyneside Enterprise Zone, the largest in the U.K., comprises a 1,000-acre area within 1 mile of the centre of a conurbation of 1.2 million people.

The area selected in Newcastle and Gateshead stretches along both sides of the Tyne up river from Vickers Elswick and south to include part of the Team Valley Trading Estate.

It embraces 44 sites of 275 acres which are available now. These range from riverside locations ideally suited to large scale industrial and commercial activities to small scale factor accommodation.

**Tyneside's Financial Package**

Enterprise Zone benefits include:

- A 10-year rates holiday on existing and new developments until August 1991
- 100% initial capital allowances against income and corporation tax on industrial and commercial buildings
- Exemption from Development Land Tax
- Priority treatment for customs warehousing and freedom to contract out of Training Board Schemes
- Tyneside and Wear Act and Inner Urban Areas Act powers are also available. These enable local authorities within the limits of their financial resources to:
  - Make loans for purchase of land, preparation of sites, and, erection of buildings
  - Give grants within limits for interest relief, rent relief, site and building preparation and removal costs
- Partnership status provides extra government funds for infrastructure improving sites, roads, services and the environment.
What did this site become?

Digimap Historic OS circa 1950

Gateshead Enterprise Zone Scheme
2. Cross Lane / Dunston
Gateshead Metropolitan Borough

Development Programme

Morgan, 2009
Sunderland 1990-2000

Zone 1 Hylton Riverside and Southwick

Zone 2 Castletown

Zone 3 Doxford Park
Comprised:
- Balliol/Quorum
- Silverlink
- Hadrian (renamed Cobalt)
- New York
- Royal Quays
- Viking

Tyne Riverside 1996-2007
EZ incentives

- capital allowances
- rates relief
- simplified planning
  - reduced statistical requirements
  - speedier administration
  - exemption from industrial training board levies
- priority given to applications for inward processing relief,
- exemption from development land tax (abolished in 1986)

(LGP&L & Finance Acts 1980)
Impact of incentives

Rates Free:
- 10 year rates holiday for all existing occupiers in EZs
- intended to reduce occupancy costs for tenants/occupiers
- What do you think EZ landlords did in response?
- Approximately half incentive clawed back by landlords via higher rents
- In EZs with no pre-existing buildings, much of period elapsed before buildings became available for occupation
- When rates holiday expired occupiers were saddled with imposition of business rates and higher rents

Capital Allowances:
- 100% tax allowances for spend on buildings/fixed plant & machinery
- EZ trusts allowed high net worth individuals to invest tax free
- Lack of transparency about cost to taxpayer
- Benefitted investors, landowners & developers
- ‘Golden contracts’ extend life of capital allowances by 10yrs
The Tyne and Wear Development Corporation (TWDC) was established in 1987 to develop land on the banks of the River Tyne and the River Wear in England. Its flagship developments included the regeneration of the East Quayside in Newcastle, Royal Quays in North Tyneside and St Peter’s in Sunderland. During its lifetime 10,700,000 square feet of non-housing development and 4,550 housing units were built. Around 33,707 new jobs were created and some £1,115m of private finance was leveraged in. Circa 1,287 acres of derelict land was reclaimed and 24 miles of new road and footpaths put in place. The Chairman was Sir Paul Nicholson and the Chief Executive was Alastair Balls. It was dissolved in 1998.

Full access to the archives has been requested by NERA.
TWDC Tyneside Urban Development Area & major projects
In addition to the projects shown on this map, substantial sums have also been provided for business development, community development and training initiatives in the area. There have also been a number of smaller environmental improvement and planting schemes.
Wearmouth Colliery/SoL: TWD

Digimap Historic OS circa 1940
Urban Development Corporations

UDC Remit and Powers (LGP&L Act 1980):
- pursue development of land and property
- assemble development sites using compulsory purchase powers
- use capital funds to ‘pump prime’
- reclaim and remediate derelict and contaminated land
- Act as Development Control Authority in UDA
- Pursue master planning
- Invest in infrastructure and services/utilities
- To (boldly?) go where the private sector will not go
- De-risk sites to facilitate private sector investment and development

Question: which leg of the ‘3 legged stool’ of regeneration do you think was missing?
Urban Development Corporations

UDCs got the job done but were controversial because:

- generous funding at time when local authorities' rate capped by Conservative Government – less money overall going into deprived areas; giving with one hand, taking away with the other

- usurping of Local Authorities – deployed Development Control and Compulsory Purchase powers in Urban Development Area (UDA) – operated fiefdoms outside of local democracy

- lack of accountability and transparency – accountable only to SoS Environment, who appointed Chief Executive, Chair & Board

- financial incentives mainly benefitted investors and developers

- flagship projects encouraged displacement and relocations

- ‘trickle down’ did not work - pursued narrow remit in single minded way; local population last to benefit from activities; failed to relieve unemployment and deprivation

## T&W study: 22 developments

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<tr>
<th>No</th>
<th>Development</th>
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<th>L.A.</th>
<th>EZ</th>
<th>UDA</th>
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### Local Authority Code
- G: Gateshead
- NC: Newcastle
- NT: North Tyneside
- ST: South Tyneside
- S: Sunderland

### Condition Code
- DD: derelict docks
- DC: derelict colliery
- DCom: derelict commercial
- DI: derelict industrial
- DR: derelict railway
- GR: greenfield
Newcastle Business Park: TWDC/EZ/Dysart

Aerial images of site during remediation and development (NERA)

Tyne & Wear Archives 1962
Armstrong Centre to NBP (Dysart)

The Riverside Village

A tranquil, prosperous home for the craftsman and businessman

In the Riverside Village, set alongside the Tyne, the Armstrong Centre has originated some unique new concepts in business accommodation by placing the 'Craft Home' alongside stylish office suites to create a vigorous community with a strong identity of its own.

The Armstrong Centre

The Armstrong Centre is linked to the Armstrong Centre by a covered pedestrian link. The Armstrong Centre is composed of flexible office accommodation, providing a variety of sizes and layouts. The Armstrong Centre is designed to cater for the needs of businesses to the extent that they work. Each floor of the three-storey building will provide businesses, shops, stores, and leisure facilities, and a large selection of manufacturing areas as a separate floor. The space provides concepts within the philosophy of Armstrong Centre to accommodate the needs of businesses to the extent that they work.

The Armstrong Centre

In the Home of Innovation — a unique centre for Commerce, Light Industry, Leisure and Retail
Team Valley Trading Estate: EE/EZ

Digimap Historic OS circa 1930, 1980 & 1990

Team Valley was (one of) the first purpose built industrial estate in the U.K. It has been home, continuously for 80 years, to English Estates/English Partnerships/Homes and Communities Agency/Homes England North East Office.
East Quayside: TWDC/AMEC

Terry Farrell
Masterplan
Manors: TWDC

Digimap Historic OS circa 1950
Walker Riverside: TWDC/EP

Digimap Historic OS circa 1940
Royal Quays – TWDC & EZ

Digimap Historic OS circa 1960

TWDC Masterplan
Viking: TWDC & EZ
Sunderland Enterprise Park: TWDC & EZ

Digimap Historic OS circa 1910
Cobalt/Silverlink/New York: EP/EZ/Highbridge

93 acres of which 57a EZ; 2.5 million square feet of floorspace across 29 buildings accommodating 14,000 people

http://cobaltpark.co.uk/articles/growth-is-the-name-of-the-game-for-cobalt-park
http://cobaltpark.co.uk/articles/21st-century-new-town
Balliol/Quorum: EP/EZ/Grantside
Doxford International: EZ/Akeler

Wyn Construction Ltd.
Urban policy interventions & (un)intended consequences?

- Post-industrial economic restructuring
- Urban Policy initiatives - the spatial fix
- Create hot spots to encourage new capital investment - dynamic equilibrium
- Side effect of displacement - hollowing out

Examples in North East:

- Newcastle City Centre > NBP & East Quayside = Grainger Town Project (to repair the damage done)
- Stockton High Street > Stockton Retail Park = Stockton City Challenge (ditto)
- Washington (not so) New Town > Sunrise & Sunderland Enterprise Park
- Sunderland City Centre > Sunderland Enterprise & Doxford Parks = Sunderland ARC/Sunniside Project
Two tier property market

- Honey-potting – incentivising one area over others
- On zone/off zone markets (DETR 1998)
- Positive and negative externalities
- Mis-match – right space in right place?
- Crowding out of private sector
- Displacement
- Spillover effects
- Branch plant risk

(DETR 1998)
Displacement and Chaining

‘Displacement can be associated with a move from within the local economic area which leaves behind a vacant or demolished building or one which was converted to non-commercial use. As long as premises are ultimately reoccupied by commercial uses, a relocation cannot simply be considered to represent displacement.

Only when a chain ends in vacancy, or the demolition of premises within the metropolitan area, can one determine that intervention has generated negative displacement.

The relevant event is therefore not the immediate move of a business to a property development but the net effect of the completed chain.’

(Department of the Environment Transport and the Regions 1998a p136)
Property Market Filtering

‘the construction of new premises will generate its own filtering system. When firms move into new premises other firms will move into the premises made vacant by the initial decision to relocate. This will release other premises further down the chain that are likely to be older and will be suitable for small firms with limited resources.’

(Valente & Leigh 1982)

What happens to the rung at the bottom of the property ladder?
Chaining Method

1. How much net new additional activity is generated?
2. What are the consequences of encouraging displacement?
3. Who are the winners and losers?
4. What is the spatial distribution and impact of spillover?
5. Does investment in one area diminish or stimulate surrounding areas?
6. Identify status and origin of occupiers of new developments
7. Where did transfers and branch relocations originate? (first moves)
8. Occupiers move up the ladder (filtering) - follow occupier chains to their end points
9. What happens to the bottom rung?
   a) absorbed by new start up firms 😊
   b) Remain vacant 😞
   c) Redeveloped for change of use 😊
Chaining theory in practice


T&W chaining in numbers

- 567 buildings accommodating 800 firms employing ~27,000 people
- ~5.5 million sq. ft. of employment floorspace
- on ~1200 acres of land
- telephone survey of 510 occupiers
- 52% had relocated within Tyne and Wear
- generating 251 occupier chains
- creating 376 chain ends
- 36% of which resulted in vacant property
- stimulated ~1200 property transactions
Tyne & Wear job creation

510 firms (32 null responses)

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<th>Origin of jobs</th>
<th>Number of jobs</th>
<th>% of new jobs</th>
<th>% of all jobs</th>
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<td>Jobs created by new firms</td>
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# T&W Chaining results

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<th>Development Name</th>
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<th>% of Occupiers in Occupied property</th>
<th>Chains ending in Occupied property</th>
<th>% in Vacant Property</th>
<th>Chains ending in Vacant Property</th>
<th>% in Change of Use</th>
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<th>Average length of move (km)</th>
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<td>10.5</td>
<td>1.0</td>
<td>3 1 0</td>
</tr>
<tr>
<td>T.V.T.E.</td>
<td>51</td>
<td>23</td>
<td>9</td>
<td>7</td>
<td>3</td>
<td>52.3</td>
<td>20.5</td>
<td>4.8</td>
<td>29.0</td>
<td>12 3 0</td>
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<tr>
<td>TEDCO</td>
<td>28</td>
<td>14</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>77.8</td>
<td>22.2</td>
<td>4.7</td>
<td>16.0</td>
<td>2 0 0</td>
</tr>
<tr>
<td>Viking I.E.</td>
<td>56</td>
<td>4</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>30.8</td>
<td>46.2</td>
<td>4.4</td>
<td>8.0</td>
<td>4 1 0</td>
</tr>
<tr>
<td>Walker R.</td>
<td>50</td>
<td>1</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>16.7</td>
<td>66.7</td>
<td>4.9</td>
<td>5.0</td>
<td>1 0 0</td>
</tr>
<tr>
<td>Total or average</td>
<td>53</td>
<td>198</td>
<td>130</td>
<td>38</td>
<td>5</td>
<td>53.6</td>
<td>35.9</td>
<td>4.9</td>
<td>237.0</td>
<td>102 31 6</td>
</tr>
</tbody>
</table>

- 251 chains + 125 splits = 376 chain ends ~ 1100 links
- High level of market excitation
- Strong filtering effect
- Hollowing out identified
Mapping displacement in T&W

Mapping business displacement
(Study area, Newcastle Central Business park)

Key to occupier displacement

1 New Branch
2 Existing expansion
3 Vacant
4 Transfer
5 New start
6 Change of use
7 Relocate

2nd Development location
3rd Development location
Line occupier movement
2nd line of occupier move
Central Park Business centre

Map produced by PwC Taggart 2007

Greenhalgh & King 2010
GIS analysis of chaining data

- funded by RICS Research Trust
- used Geographical Information System (GIS) to model property occupier displacement and property chains in Tyne and Wear
- exploit other datasets to characterise locations where occupiers relocate from and where property voids persist
- enhanced understanding of impact of occupier displacement on commercial property markets.
What is significant about the locations where there are concentrations of first moves or vacancies?

**Indicator Datasets**

Rateable values (proxy for strength of local property market)

3 yr VAT Registration (proxy for strength of local business base)

Combined to give Property Market Resilience Index

See:

RICS (2010) FiBRE paper ‘The application of GIS to analyse occupier chains and property market filtering’


Significance of research

- Chaining technique is an effective way of investigating the spatial impact of unintended consequences of area based interventions
- Displacement and spillover effects can be identified
- T&W study captured spatial pattern and incidence of displacement and absorption through market filtering
- Demonstrated potential to use GIS to analyse and show spatial manifestation of market filtering
- Need to introduce notions of resilience and vulnerability to understanding of commercial property market dynamics
- Potential to use PMRI to anticipate spatial effects and unintended consequences of interventions in land and property markets and prepare strategies (in advance) to ameliorate negative impact
- Consider interventions that may generate less displacement and fewer negative externalities
The spatial fix returns

- 45 EZ clusters in England, 8 in Wales & 18 Enterprise Areas in Scotland (Ward, 2020)
- Business Rates Retention – growing the rates base
- Mayoral Development Corporations:
  - South Tees Development Corporation tackling legacy of former SSI steel works pursuing CPO of 1732 acres
- Freeports – see Government consultation (closes 20 April 2020)
- the return of gap funding – proposed Commercial Property Investment Fund
- The end of ‘Assisted Areas’ status
- Future interventions may be constrained by EU State Aid Rules (‘level playing field’ bone of contention in post Brexit trade deal negotiations)
- ABIs may be needed as part of Government’s ‘levelling up’ agenda to address chronic inequality in U.K.
How full is your glass?

For what it is worth, here are some of my thoughts:

- Started off as glass half empty/sceptical about area based initiatives;
- Research revealed high incidence of boundary hopping, transfer & displacement in T&W;
- BUT also growth of firms as they filter up the property ladder and absorption of vacant premises by new start-ups;
- AND increased level of market excitation – at least something was going on rather than stagnation!
- There were side-effects/unintended consequences such as hollowing out of existing town and city centres;
- HOWEVER the holes created opportunities for some locations to become more diversified and resilient through change of use of commercial premises to residential/leisure (see Grainger Town Project documents on NERA);
- New developments have increased number of residents whose patronage is essential to local businesses and services;
- Which ties in nicely to ongoing research with colleagues into adaptive re-use of buildings, smart cities and town/city centre futures
Thank you for your attention
The 6 Cs (Robson et al 1994)

1. the **counterfactual** problem of assessing what might have happened in the absence of government intervention
2. the **confound** problem arising from the fact that outcomes can be affected by many public policies (attribution)
3. the **contextual** problem that local authorities’ areas (places) started the period from very different conditions (path dependency)
4. the **contiguity** problem associated with the fact that intervention in one area can have positive ‘spill over’ or negative ‘shadow’ (side) effects on adjacent areas
5. the **combinatorial** problem that public assistance has been delivered to places in differently constituted packages of programmes
6. the **changing choice** problem which arises from the fact that the sets of places targeted to receive preferential assistance alters over time and across different programmes

(Department of the Environment 1994a p4)
Additionality

‘as any (occupier) chain that ends with one of the following: the creation of a genuinely new business; the establishment of new net activity through the creation of a new branch or through expansion, merger or reorganisation; relocations where the in-moving business derives from outside the local economy’.

(DETR 1998)
Lessons from EZ evaluation

- What we learnt from EZ experiment:
  - encourage construction of employment space that would not otherwise be built in marginal locations
  - cause displacement & boundary hopping
  - Sites should be accessible and require infrastructure investment ahead of designation
  - Land should be in public sector ownership to avoid windfalls to private owners
  - They distort land and property markets
  - They are expensive
Additional thoughts

- Slow turnover of fixed capital (especially Real Estate)
- Maintain process of ‘dynamic equilibrium’
- Promote temporal displacement
- High propensity to occur at urban level
- Spatial fix – instrument of crisis management
- Differential levels of development
- Anticipate side-effects and unintended consequences of interventions in land and property markets
- Develop strategies to ameliorate negative impacts