

DECIDING THE RIGHT USE

Making the intrinsic land value creation
explicit in port area redevelopments

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1. INTRODUCTION

Topic, problem statement and research question

INTRODUCTION

TOPIC INTRODUCTION

The transformation of inner city brownfield sites (industrial, port or business) is a recurring phenomenon in Dutch planning practice

Benefits of redeveloping obsolete port or industrial areas	
Increase of property values	Better services of transport and social services
Attraction of economic investment	Enhance livability
Improvement of environmental condition	Less congestion and commuting
Preserve historical heritage	Less conversion of rural lands to city use (preserve nature)
Improvement image of port and city (better marketing strategies)	Increase economic growth of inner city & economic agglomeration

(Paptheochari, 2011; Longo & Campbell, 2008; De Zeeuw, 2017)

INTRODUCTION

TOPIC INTRODUCTION

→ Significant challenges *(Holve, 2000, p415)*

- 1) *integration* of past and present
- 2) *integration* of contrasting aims and objectives
- 3) *integration* of communities and localities involved

→ Waterfront redevelopment sites are amongst the most complex to develop *(Daamen, 2007)*.

Hence, it is important to understand why we choose for redevelopment and other or additional uses & how we get there

INTRODUCTION

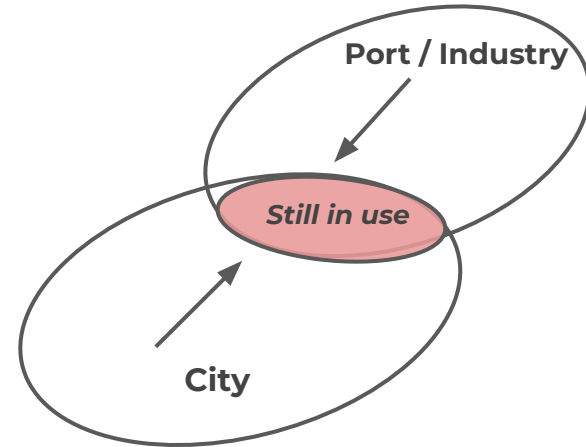
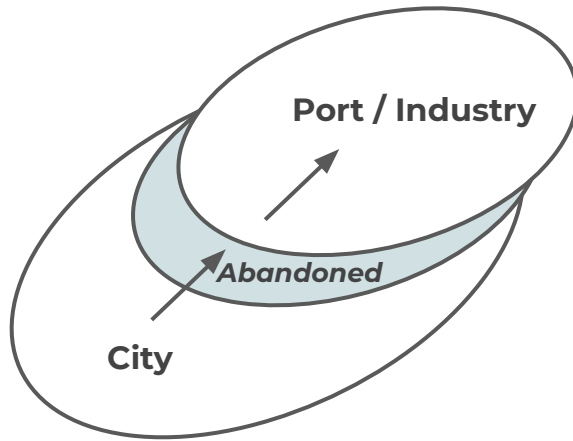
TOPIC LITERATURE

- **DISCUSSION = The port-city interface** = geographical line of demarcation, or an area of transition between port land uses and urban land uses (Hoyle, 1989) (+ *interactive economic system, the integration or conflict in terms of transport, policy formulation and implementation too*)

First explanation: Obsolete port areas due to modernization, specialization and expansion of ports (Hoyle, 2000; Norcliffe et al, 1996)



New trend: City is expanding more rapidly than port: city planners call for the redevelopment of port areas (Wiegmans & Louw, 2011; Daamen, 2007)



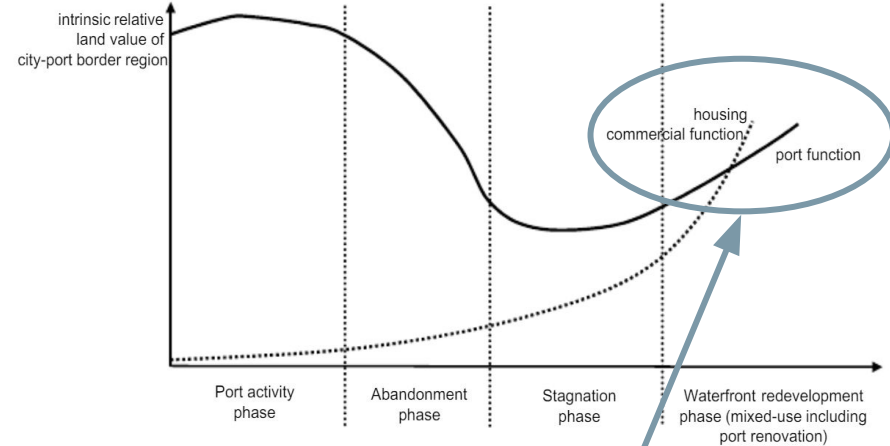
INTRODUCTION

PROBLEM STATEMENT

- Merckx et al (2004): **intrinsic relative land value**
- The debate around the intrinsic land value determines the final outlook of a waterfront redevelopment
- **Pliakis (2019)**: the port-city outcome is also a political construct

*Understanding port area redevelopment =
Understanding intrinsic land value debate for
port and city use(s) & strategies employed by
both*

Ports without space available for port extensions

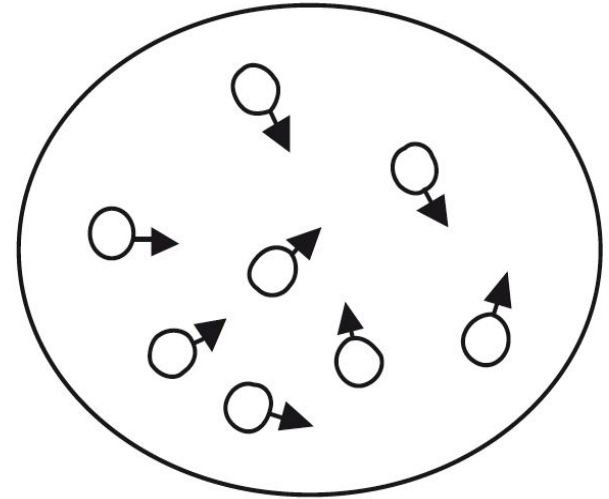


Mixed-use as compromise?

INTRODUCTION

PROBLEM STATEMENT

- **Port and city might argue over intrinsic land value**
 - Port and city cannot be depicted as two single actors, and neither as two uses (rather categories or coalitions of uses)
 - City and port build coalitions, involve or exclude actor and perspective in the creation of intrinsic land value!
- **Koppenjan & Klijn (2004) + Daamen (2010):** Different actors involved + actor perspectives
- **Daamen (2010) :** *Spatial policies, plans, and projects are the result of a negotiation process in which governments are no longer “in the lead”*



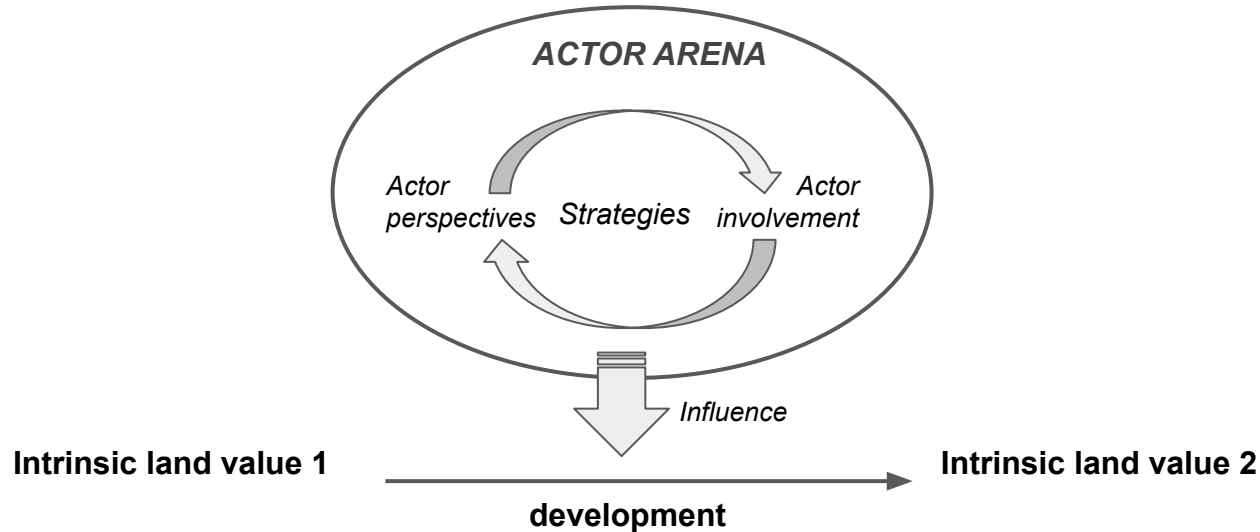
Daamen, 2010: Actor arena

INTRODUCTION

PROBLEM STATEMENT

Understanding port area redevelopment = Understanding intrinsic land value creation for port and city use(s) & strategies employed by both in actor arena

CONCEPTUAL FRAMEWORK



RESEARCH QUESTION

How is intrinsic land value created, in industrial area redevelopments such as port areas, and how does it influence the eventual development?

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How is intrinsic land value created, in industrial area redevelopments such as port areas, and how does it influence the eventual development?

SUB QUESTIONS

SO1: How can we understand intrinsic land value, and what does it comprises?

} THEORY

SO2: What actors were involved and in what way?

SO3: What are the intrinsic land value perspectives and how can they be explained?

} PRACTICE

SO4: What was the influence on the area redevelopment?

2. METHOD

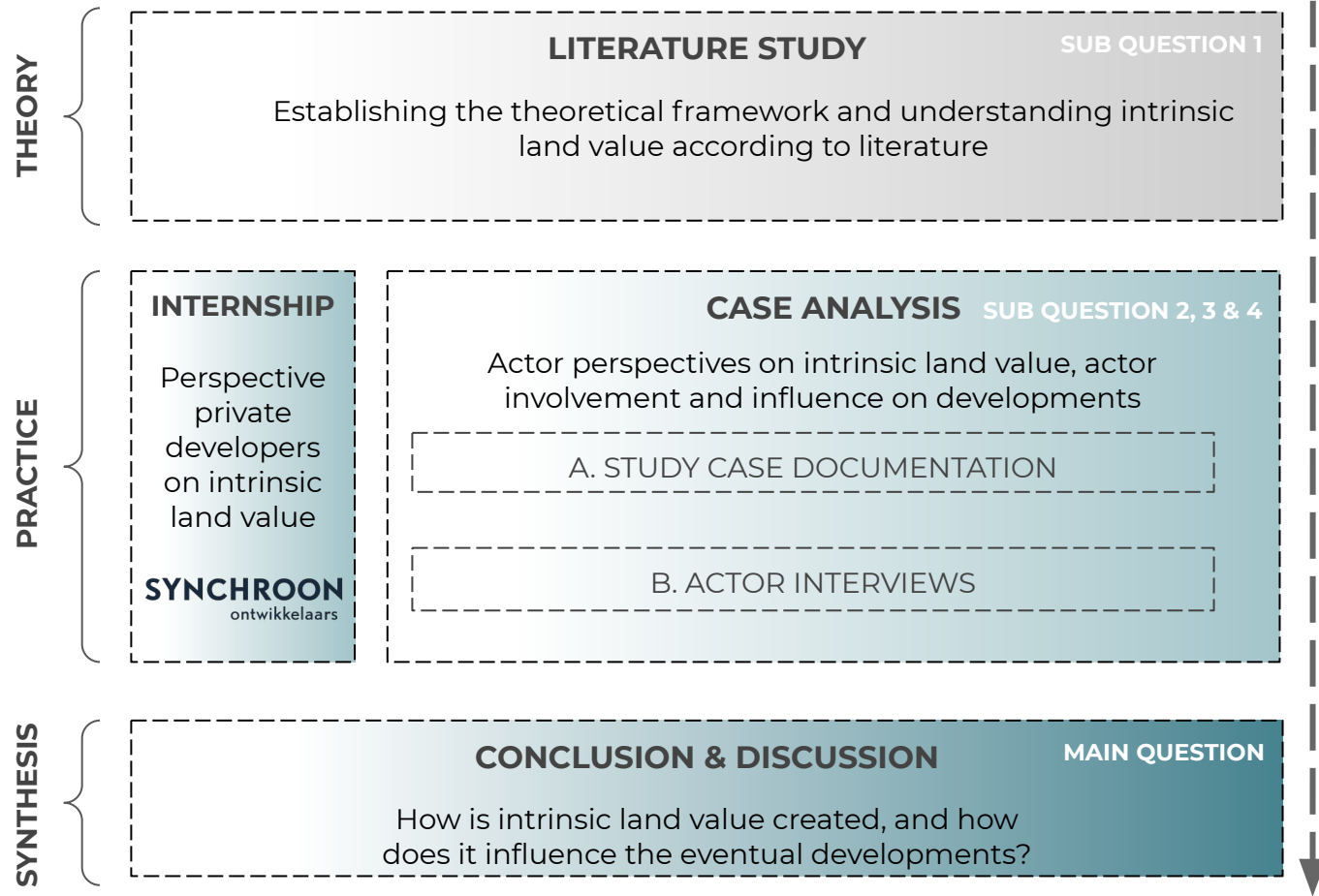
Approach, data collection and boundaries

RESEARCH METHOD

- **Method: 2 case studies:**

- 1) RDM
 - 2) M4H
- } Stadshavens project

- Different use outcome: no transformation from port to city, which implies different value creation and actor arena



3. LITERATURE REVIEW

SQ1: How can we understand intrinsic land value and what does it comprises?

LITERATURE REVIEW

UNDERSTANDING INTRINSIC LAND VALUE

→ **Location theory:** Intrinsic location value = created through location factors

→ **Four location theory approaches:**

- Classical
- Behavioural
- Institutional
- Evolutionary

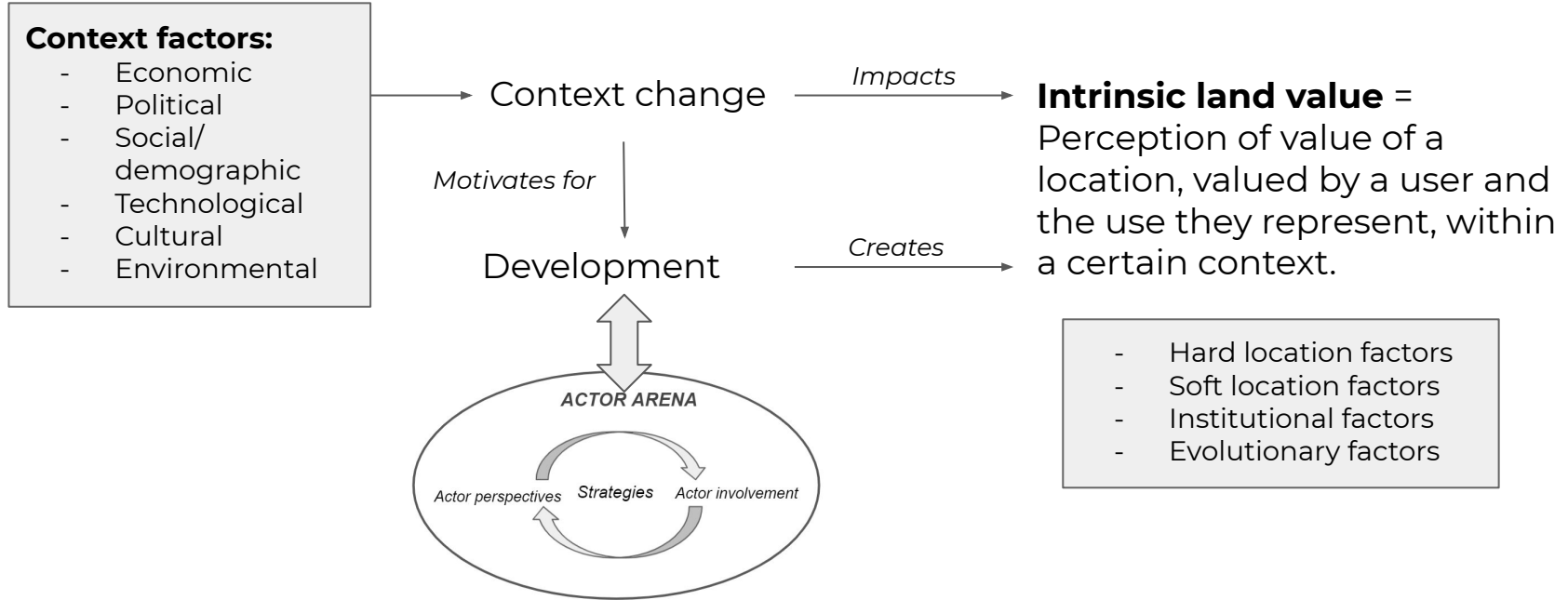
Location theories based by Meijer (2015)			
Location theory	Focus	Characteristics	Location factors
(neo) classical approach	understanding financial drivers through cost reduction & revenue optimization	'hard' location factors	<i>transportation costs</i> <i>production costs</i> <i>labour costs</i> <i>land/real estate costs</i> <i>market size/position</i> <i>etc.</i>
behavioural approach	understanding subjective localisation decision-making	irrational considerations internal factors 'soft' location factors	<i>quality of life</i> <i>reputation of the area</i> <i>attractiveness of the building</i> <i>personal motivation</i> <i>etc.</i>
institutional approach	understanding the importance of the social and institutional context	external factors policy factors cluster factors	<i>legislation and regulations</i> <i>government policies</i> <i>subsidies</i> <i>power relations</i> <i>relations</i> <i>etc.</i>
evolutionary approach	understanding company survival and the importance of adaptation to change	external factors long-standing factors cluster factors	<i>proximity of partners/suppliers</i> <i>knowledge-spill overs</i> <i>qualified employees</i> <i>etc.</i>

LITERATURE REVIEW

UNDERSTANDING INTRINSIC LAND VALUE

- **Value = Actor-assessed:** Location factors themselves mean nothing if they don't bring value for certain individuals
- **Value = context-affected:** Port-city interface sequence demonstrated that as a result of context factors, the perception of intrinsic land value for a certain user or use can be heavily affected

THEORETICAL FRAMEWORK



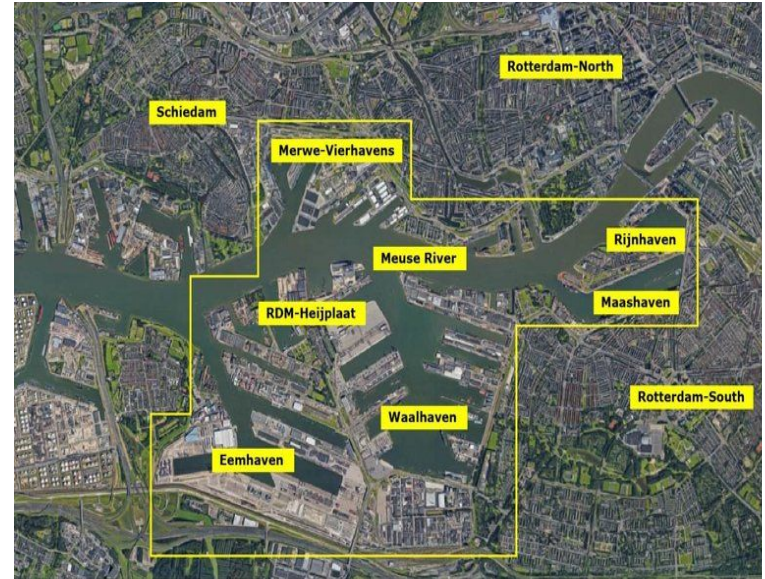
4. CASE STUDY FINDINGS

4.1. STADSHAVENS PROJECT

RDM and M4H context

STADSHAVENS PROJECT

- **Main cause:** New Maasvlakte expansion for container terminal and deep sea container handling. (*Daamen, 2010; personal communications, 2021*)
- **Municipal assumption:** gradual decrease of intrinsic land value for port of Waalhaven and Merwe-Vierhavens
- **Copy-paste strategy** from Hamburg
 - Stadshavens N.V. (development company)
 - Success of earlier urban waterfront redevelopments was a considerable incentive for the municipality (*Daamen, 2010*)
- **Coerced perspective:** by municipal council to municipal port company

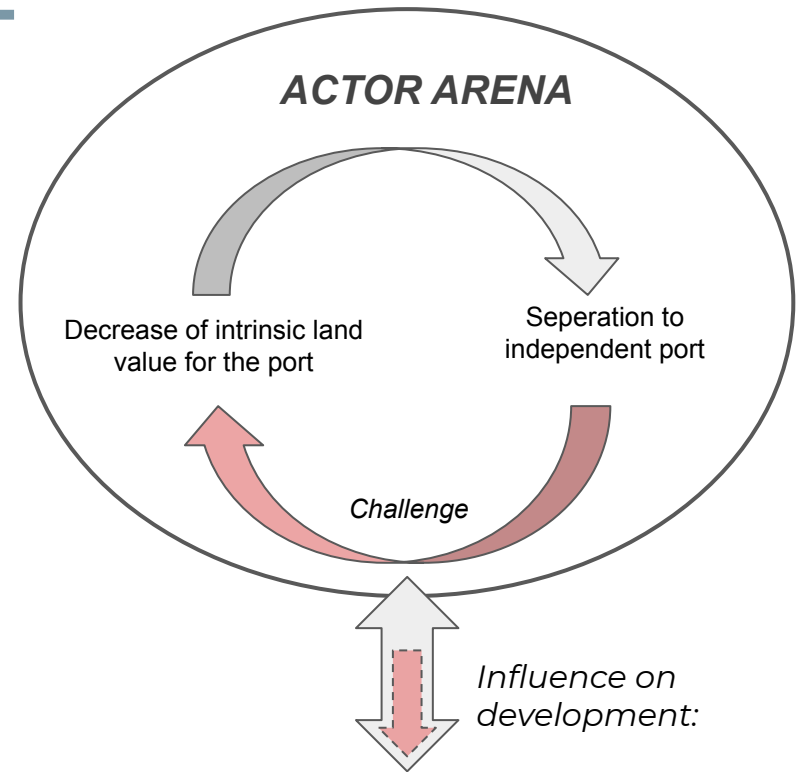


“The port would gradually transfer lands to the city and the city would take over those areas: So to say the traditional port out and city in trend. That was for a long time the belief, that we would do it that way.”

STADSHAVENS PROJECT

“3% of all cargo handling and 40% of all container handling was still taking place in the area”

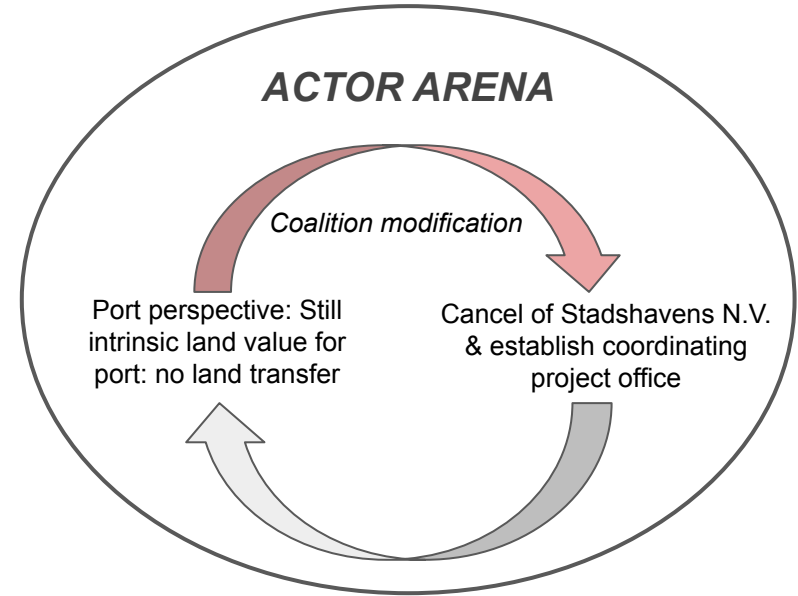
- Still competitive on European scale
- Good growth prospects for this activity too



New Stadshavens perspective: economic renewal
with emphasis on importance for port & city

STADSHAVENS PROJECT

- Negative advice State council for Maasvlakte 2
 - As a result Port of Rotterdam blocked the proposed transfer of lands to the Stadshavens N.V.
 - **Stadshavens N.V. coalition was ceased & modified** to a project office
 - Port of Rotterdam would take lead in RDM, Waalhaven en Eemhaven



4.2. FINDINGS RDM

RDM PROJECT

3 PHASES

Stadshavens N.V.
exploration



RDM campus:
educational cluster



RDM Rotterdam:
innovation cluster

ACTOR INVOLVEMENT

Municipal initiation & led by
Stadshavens N.V.

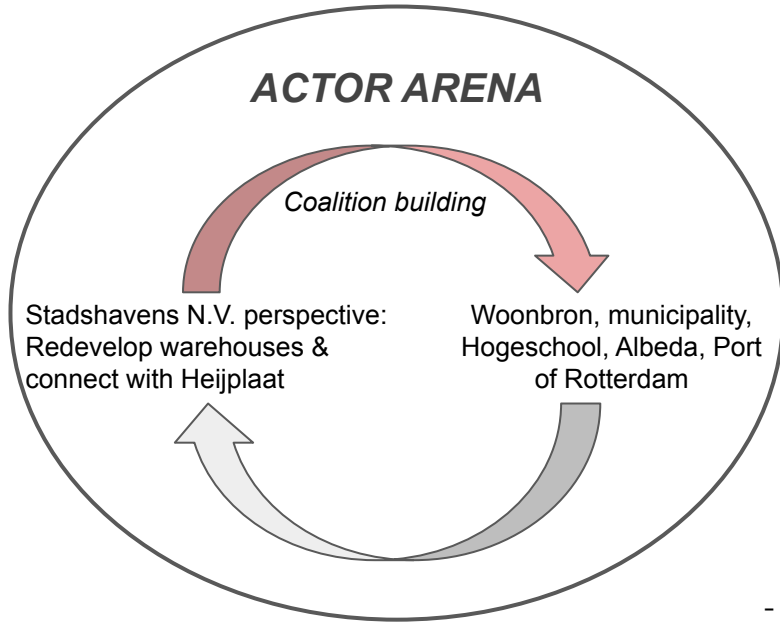


Port-led development

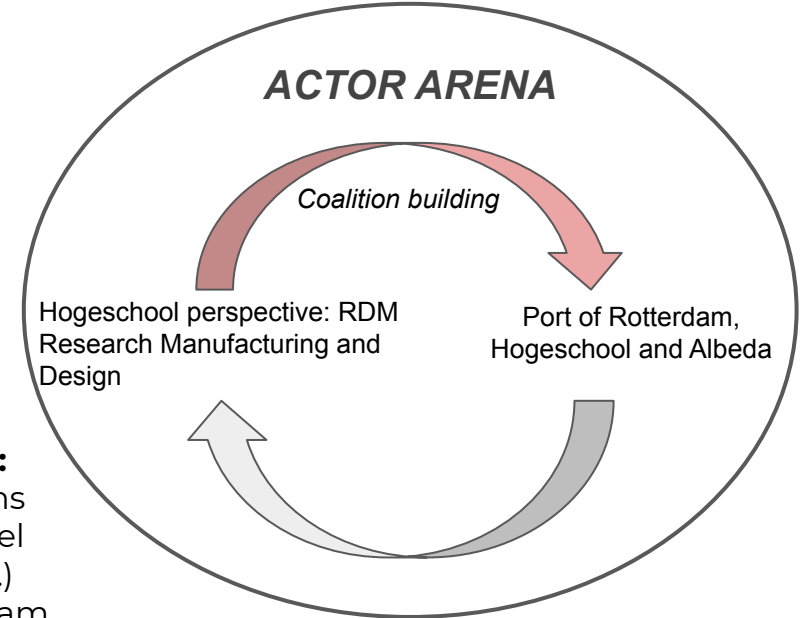


RDM INVOLVEMENT

PHASE 1: Stadshavens N.V. exploration



PHASE 2: RDM campus



Context impact:

- New Stadshavens agreement (cancel Stadshavens N.V.)
- Woonbron SS R'dam scandal

RDM PERSPECTIVES

Intrinsic land value for educational partners:

Affordable space for practical education

Education enhancement (collaboration businesses and knowledge institutions)

Enhanced image and reputation as part of innovation dock and center of expertise

*Persuade through **collecting interests***

Intrinsic land value for Port of Rotterdam:

Kickstarting the whole RDM redevelopment

Attracting future talent (bringing students in connection with the port)

Obtain new (maritime) innovation for resiliency port

Set in motion perspective change port:

Scale enlargement & facilitating landlord business case

Added value of small-scale urban companies / RE developments to port strategies

RDM PERSPECTIVE

PHASE 3: RDM ROTTERDAM

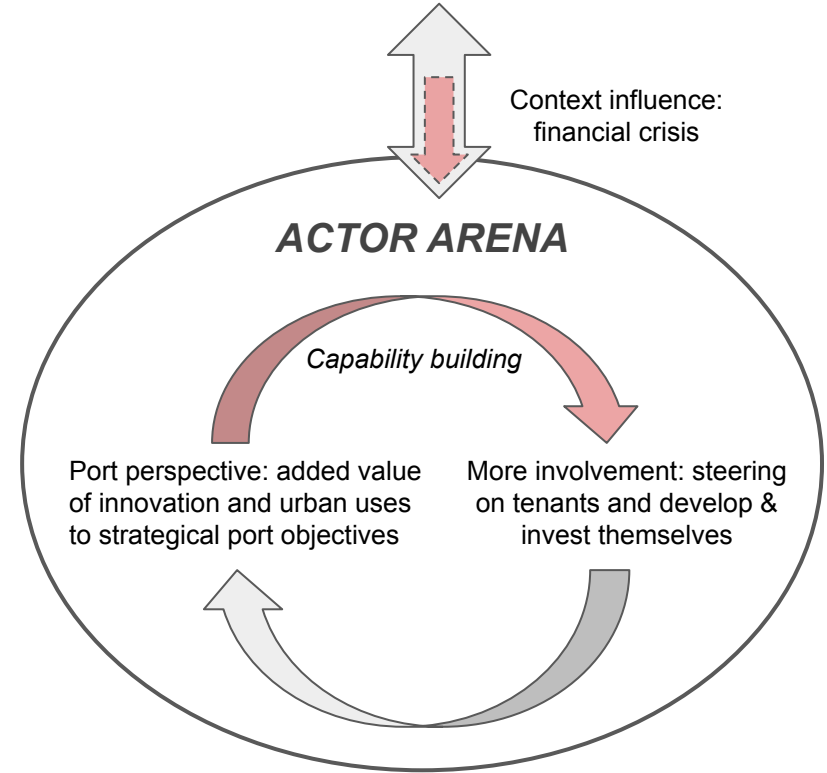
- Long term initial vacancy forced Port of Rotterdam to actively recruit and approach tenants & placemaking

Educational instances
as unorthodox concept
developers →

Place maker &
innovation partners

Port use facilitator &
landlord →

Real estate redeveloper +
investor + steering
landlord & area manager



RDM DEVELOPMENT INFLUENCE

2014-2018:

Realizing the necessities for cluster value & actively approaching partners

Franklin offshore quayside facilities, start-up company space, flexible offices and event space (Ahoy & Boijmans)



2018-now:

Company and innovation steering

Establishing use & exchange value and using cluster benefits



RDM CONCLUSIONS

- **ACTOR INVOLVEMENT:**

- Port-led (strong project owner) with concept development of educational organizations
 - Obtained all land ownership & lead on south bank Stadshavens
- Capability building port: Large scale area developer → project developer, and steering investor (use-perspective, rather than revenues only), recruiter
- Absence of private developers & municipality in RDM program office

- **ACTOR PERSPECTIVES:**

- Perspective change port: from scale enlargement to contribution of small-scale companies and urban uses to port strategies
- Long term value creation > short term financial value
 - Real estate development as means for long term strategic goals

- **INTRINSIC LAND VALUE:**

- Evolutionary and hard factors
- To lesser extent soft factors

4.3. FINDINGS M4H

M4H PROJECT

3 PHASES

ACTOR INVOLVEMENT

Stadshavens vision making (2008-2012)

Municipal-led

Collaboration change (2012-2017)

Elaboration phase (2017-now)

Municipality & Port collaboration:
develop-apart-together



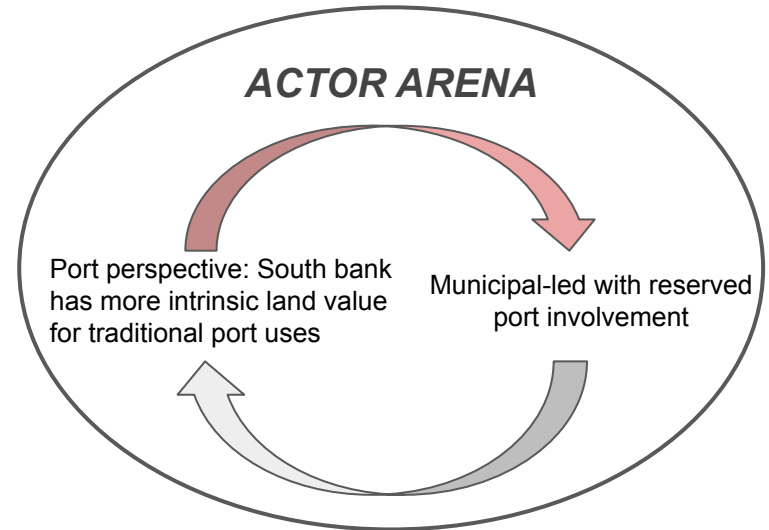
M4H MUNICIPAL PERSPECTIVE

- Pionieren aan de maas (2009):
 - Floating communities
 - Climate campus
 - City takes over approach!
- Structure vision (2011):
 - Stadshavens as anchor point in the **Clean Tech Delta**: network of companies focused on innovative solutions for water, climate and energy questions
 - Traditional port activities (maritime services & food cluster) will be clustered in the Waalhaven
- Gradual land transfer port to municipality



M4H PORT PERSPECTIVE

- Port had taken reserved and cautious attitude
- Port had exchanged Waalhaven + Eemhaven land lease rights for M4H!
 - Municipality would take the lead in M4H area
 - Lands would be gradually transferred to municipality!
 - Demonstrates lower intrinsic land value of M4H for port compared to other areas

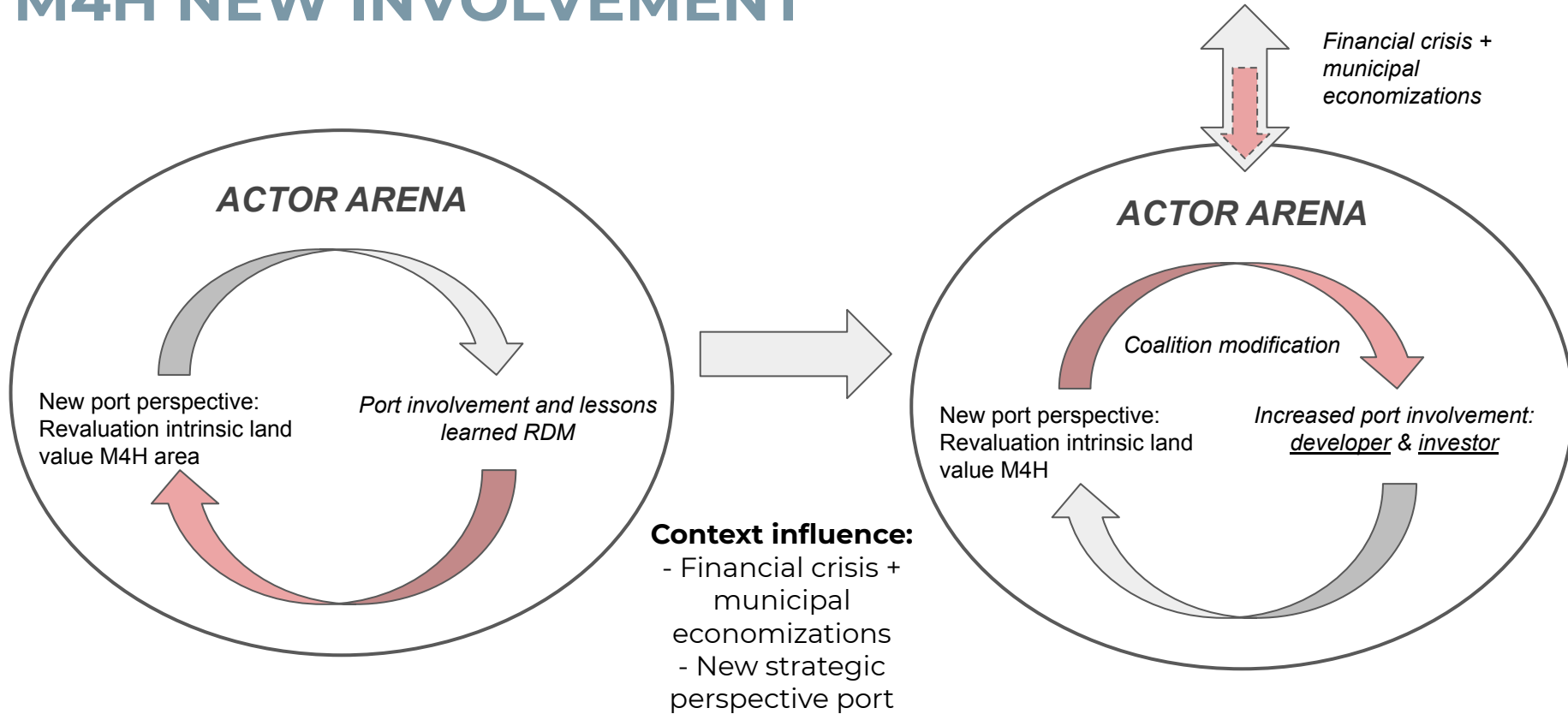


M4H ACTOR INVOLVEMENT

- After concluding Stadshavens vision, the municipality was not able to realize vision and invest
 - New collaboration agreements M4H (2013):
 - **Port of Rotterdam would participate and take a more active role in the development of this area as developer and investor.**
 - New area project team for M4H to stimulate developments

Municipal-led → **Increased port influence & involvement**

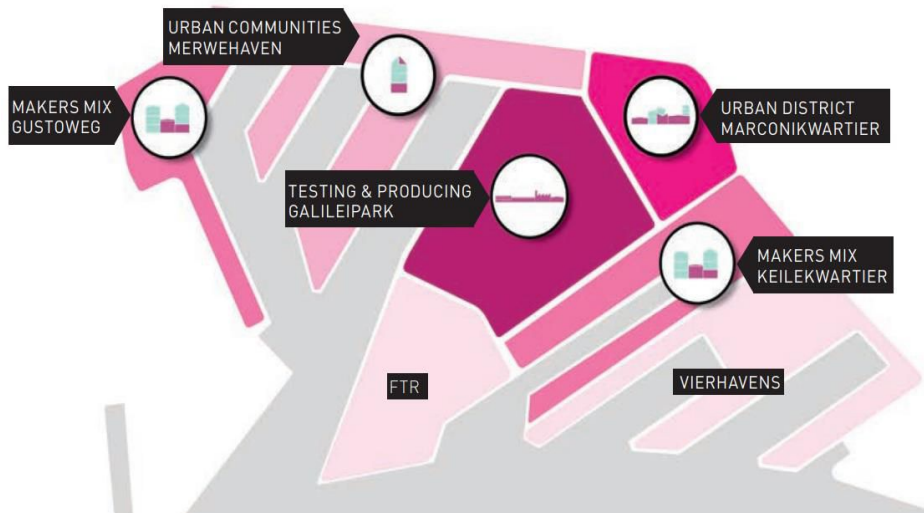
M4H NEW INVOLVEMENT



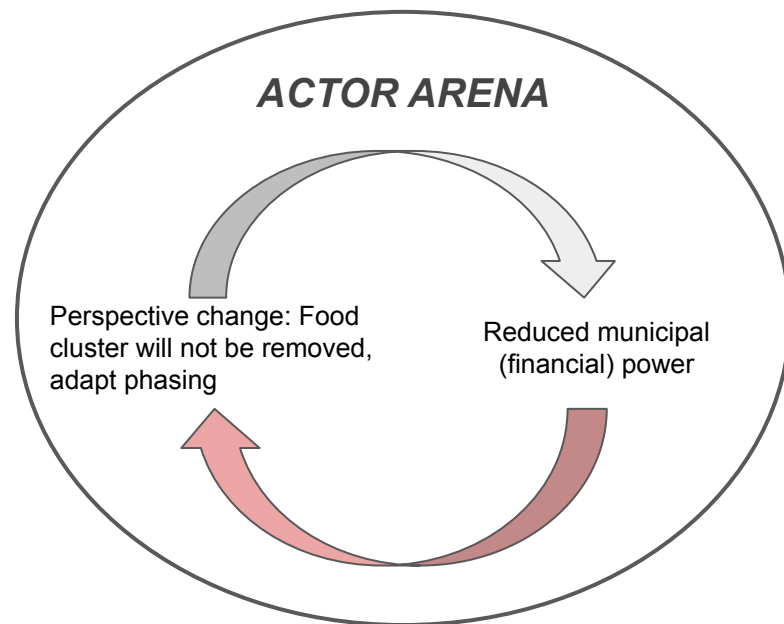
M4H PERSPECTIVE CHANGE

Testing & producing-only site

- Collecting interests:
 - Mutual innovation agenda
 - Combine housing & making



Adapting on local companies



M4H DEVELOPMENT INFLUENCE

- Urban area uses (working living and commercial) + business only area
- Steered on broad innovation in favor of port and municipality



M4H CONCLUSIONS

- **ACTOR INVOLVEMENT:**
 - Municipal-led to increased port involvement
 - Absence of private developers & companies in program office
- **ACTOR PERSPECTIVES:**
 - Port out, city in gradually left aside: mutual innovation agenda
 - New port business case & perspective (as result of RDM dev.)
- **INTRINSIC LAND VALUE:**
 - Evolutionary and hard factors for port
 - Affordable and flexible real estate
 - Environmental possibilities
 - Soft factors too for city
 - Quality & amount of public space
 - Interaction environment (not business area)
 - Residential attractiveness
 - Types of transport

“Increasing awareness that the port should not become the new Detroit with solely old-fashioned industries” - Area manager (2021)

5. CONCLUSIONS

5.1. CONCLUSIONS

CONCLUSION

HOW IS INTRINSIC LAND VALUE CREATED AND WHAT WAS THE INFLUENCE ON THE DEVELOPMENTS?

- Intrinsic land value is created through the interplay of involvement , power, actor perspectives and the C-strategies employed to impact those in one's favor
- Different actor involvement and perspectives led to different intrinsic land value creation

	RDM	M4H
Involvement	Municipal initiative → educational initiative → port-led development	Municipality-led → Develop apart together port, city & developers
Perspective	Realization of intrinsic port value from evolutionary factors: innovative cluster	Port out, city in gradually left aside: mutual innovation agenda combined with residential use
Influence development	Education, maritime-oriented innovation and business	Mixed-use residential, commercial & working + 100% business & innovation area

CONCLUSION

- Changes in the actor arena (involvement and perspectives) are either set in motion through context changes or through one of the identified C-strategies
- 10 C's in the actor arena were identified:
 - Coalition building
 - Coalition block
 - Coalition modification
 - Collaboration
 - Cooperation
 - Capability building
 - Collect interests
 - Challenge
 - Coerce
 - Copy paste

5.2. DISCUSSION

DISCUSSION

- **Intrinsic land value:** is highly context-based & actor-based
 - E.g.: Financial crisis evaporated value
- **Port-city interface:** A clear separation between port and city uses is no longer possible
- **Actor arena:** The interplay and strategies employed to steer that interplay between involvement and perspective can put a new light on understanding developments.

DISCUSSION

- **Limitations:**

- Cases cannot be generalized (*Daamen, 2005: Stadshavens tried to copy Hamburg*)
- Perspectives cannot be generalized
- Limited interviewees
- M4H is currently ongoing

- **Additional research:**

- Strategies employed to steer the perspectives and innovations are not researched
 - Expand the 10 C's
- Comparison Stadshavens Rotterdam and Havenstad Amsterdam

5.3. RECOMMENDATIONS

RECOMMENDATIONS

1. Consider all location theory approaches
 - (classical, behavioral, institutional, evolutionary)
2. Realize that value can be an assumption
3. Find the mutual ambitions and go from there
4. Align short term value creation with long term value creation
5. Open up to private involvement
6. Rethink compact city policies



Questions?

