## Title:
Social Industrial Real Estate

<table>
<thead>
<tr>
<th><strong>Location:</strong></th>
<th>Batam, Riau province – Indonesia</th>
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<tbody>
<tr>
<td><strong>Target group</strong></td>
<td>Private organizations and public authorities (municipalities) from “emerging” economies.</td>
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<tr>
<td><strong>Main research questions</strong></td>
<td>How can private investment be used as a catalyst in order to create a better built environment and city at large?</td>
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<td><strong>Objective</strong></td>
<td>Turning Batam into a prosperous city through a series of spatial changes with the help of private industrial investments.</td>
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<tr>
<td><strong>Outline:</strong></td>
<td>As Singapore was growing into an important international financial center and services’ node, the regions located in its vicinity started to experience an economic boom as well. It is also the case of Batam, a city located in the Riau province of Indonesia, at just a 30 minutes boat trip across the Malacca strait, south of Singapore. But in the case of Batam the hype of the economic boom was short lived. After a decade of continuous growth, in present, the expected economic and social welfare the city authorities dream still seems further away and while acute spatial problems started to appear on the background of uncontrolled immigration from other parts of Indonesia. This project deals with mediating between the social needs of a city (housing, infrastructure, legislation) and the economic conditions of a private organization, through integrated spatial solutions and real estate portfolio strategies.</td>
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<tr>
<td><strong>Abstract</strong></td>
<td>The economic boom that cities such as Batam experienced was the consequent result of the space limitations felt by the city-state of Singapore. As Singapore was developing into one of the most important global center of trading, commerce and finance in Asia, the supporting functions of the city, secondary to the economy, started to be relocated in the neighboring territories. And not only that electronics manufacturing plants, pig farms and prostitution moved out of the city, but also sand, wood and drinking water extraction and supply were relocated. This process of externalization of utilities’ supply and labor has been encouraged by a free trade agreement between Singapore, Johor province, in Malaysia and Batam in Indonesia. The closing of this agreement sealed the birth of the so-called SIJORI growth triangle (Singapore-Johor-Riau). But, in Batam the promise of welfare brought by the multinational companies from Singapore, failed short of the city authorities’ expectations and it created acute social and spatial problems because of the uncontrolled immigration. In reality the fortunes of the two cities, though nowadays inextricably linked, are far from being similar. While Singapore enjoys the status of one of the best planned, most regulated and environmentally friendly city of the world, Batam became an unruly frontier</td>
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uncontrolled by the authorities and where a large part of the population, in particular the migrants, live in shanty houses and wild settlements.

This present project would like to address these problems through the perspective of a private investor who constricted by a post–crisis environment is considering a social welfare model in order to augment the economic profit. A “win-win” situation is looked for: the developer is reducing costs and is loyalizing the employees while the city benefit from public facilities and better land management.

There are some successful cases of private companies in Europe, which, at the turn of the century especially, produced positive changes in the communities and cities where they were located. Companies such as Philips, Bataa, Nova Huta, Carlsberg, Carnegie Steel can serve as examples of balancing economic profitability with social responsibility. Studying these cases and understanding the challenges and opportunities in a post–crisis, emerging economy, I would like to research for an appropriate real estate strategy that solves the needs of a city with the financial conditions imposed by a private developer / investor.

**Operationalization:**

**Step 1:** Empirical knowledge: Researching existing industrial real estate developments in Europe and North America typical for the Industrial and post-industrial period, as well the preset South – East Asia models – Questions: How were / are they organized? What type of services were / are they providing? What do they built? How were they organized?;

**Step 2:** Theoretical knowledge: Based on literature research, confirmed or unconfirmed socio-economic theory. – Questions: what might have been already there? What role might they had?

**Step 3:** Context conditions: Identifying present socio – economic conditions and the mismatches between what a private developer / investor wants and finds in an emerging, economy as well identifying the present socio-cultural conditions – Questions: What is already there?;

The overlapping between the Empirical knowledge from Step 1 (what was already built) with the Theoretical knowledge from Step 2 (what might have been) and the Context conditions from Step 3 (what it should be) we arrive at a point where we can select solutions that fits all the steps, namely: a strategy that while fulfilling the identified mismatches it has an increased social role in the community and an increased economic potential for the company and the city

**End products:**

Comprehensive spatial planning scenarios function the determined SWOT analysis: (1) Batam a center of knowledge industry; (2) Give Batam back to Nature!; and (3) Social Anarchy: Batam super-kampung for all the ethnic communities.

**Time line (When):**

See Annex 1
Step 1: Empirical knowledge: Researching existing industrial real estate developments in Europe and North America typical for the Industrial and post-industrial period, as well as the present South-East Asia models. Questions: How were they organized? What type of services were they providing? What did they build? How were they organized?

Step 2: Theoretical knowledge: Based on literature research, confirmed or unconfirmed socio-economic theory. Questions: What might have already been there? What role might they have had?

Step 3: Context conditions: Identifying present socio-economic conditions and the mismatches between what a private developer/investor wants and finds in an emerging economy as well identifying the present socio-cultural conditions. Questions: What is already there?

The overlapping between the Empirical knowledge from Step 1 (what was already built), the Theoretical knowledge from Step 2 (what might have been), and the Context conditions from Step 3 (what it should be) we arrive at a point where we can select solutions that fit all the steps, namely: a strategy that while fulfilling the identified mismatches it has an increased social role in the community and an increased economic potential for the company and the city.
### A. Urbanism approach:

| **Problem statement:** | (i) Batam authorities have no land left available to allow the city to develop public facilities including social housing, parks, and other facilities.  
(ii) Illegal settlements are dragging down the desirability of the island to newer investors while offering poor living conditions for the dwellers.  
(iii) The lack of appropriate infrastructure (such as an efficient public transportation system) is causing |
| **Secondary research questions:** | 1. How can a city make use of the wasted land even if it is private owned?  
2. Is it possible to formalize the illegal settlements and include them in the socio economic cycle of a city?  
3. Can an efficient public transportation system solve the spatial problems the city confronts? |
| **Theoretical background:** | Two reference projects will be used in laying out the theoretical background:  
1) “Social Mall” by SHAU, presented at the last IABR exhibition in the context of Reciprocity, this model provides an comprehensive methodological model based on a “win-win” strategy between city and private developers;  
2) SLUM Lab work, by Urban-Think Tank, which exemplifies how illegal settlements can play a forma social and economic role at a city / metropolis scale. |
| **Methodology (How do I get to the knowledge):** | After selecting a research area, most probably in the Batam Centre district,  
(A) Mapping out, compute and classifying the existing wasted land areas – such as: unused land, abandoned developments and illegal developments  
(B) Mapping out, computing and classifying the existing public facilities - such as: education and health facilities, recreational places (parks, sport fields), public transportation places, etc.  
From the study of the various industrial real estate developments:  
(C) Classifying and creating typologies of various industrial complexes and the way they evolved in time – such as: self-contained compounds, isolated functional divisions, city integrated and shared facilities, etc.  
Based on these three independent researches a post-crisis industrial development adopting social and environmental (efficient land use) would be recommended. The Jakarta Public Design Guidelines will be used as standard.  
The mapping and classification will be based on in-situ exploration, official documents from the city planning authorities (Bappeda) and literature research. |
EXISTING CONDITIONS (in the study area)

Wasted land inventory (analysis in situ + authorities data)
- abandoned developments
- empty spots
- wild settlements (slums)
- ....

Public facilities inventory (analysis in situ + official data)
- schools and education facilities
- playgrounds / parks
- social housing
- churches / mosques
- health facilities
- public transportation stations
- infrastructure
- ....

INDUSTRIAL REAL ESTATE

Based on the case studies (research through design)
- self-sufficient compounds
- isolated functional divisions
- city integrated / shared facilities
- ....

Post-Crisis (mid and late 21st century)

What will be in the future? (in particular for Batam)
### B. Real Estate approach:

#### Problem statement:

(i) The present industrial complexes in Batam do not take full advantage of the opportunities offered especially in a post-crisis environment.
(ii) Many planned industrial developments have failed to take place in Batam and the overall economic growth shows of the city weakening signs
(iii) The role of Batam in the SIJORI “growth - triangle” SIJORI is insufficiently defined and needs to be re-evaluated

#### Secondary research questions:

1. What type of relation exists between the organization structure and the RE model an industrial complex has?
2. How can a private industrial real estate developer develop in a post-crisis environment in SE Asia taking advantage of the local conditions?
3. What is the current position of Batam in the SIJORI “growth-triangle“ and how should it be in the future in relation to Singapore especially?

#### Theoretical background:

The theoretical background is relaying on empirical observation on previous industrial complexes, as there is little specialty literature on the subject.
Two main theories will be putted to test in the exploration of the existing or past industrial complexes:
1) “Make or Buy?” theory – this is based on the assumption that the more a company invests in creating a business favorable environment the more the larger the area of influence will be in the direction of both input and output;
2) Level of control theory – the more a company contributes to the welfare of an employee, for example by providing housing, health services, etc. – the less flexibility, in terms of freedom of choice, the employee will have.

#### Methodology (How do I get to the knowledge):

A comparison research will be conducted on two levels (see side sketch):
Level 1: Geographically:
(A) between the European / North American industrial real estate developments and the South East Asian examples in Singapore, Malaysia and Indonesia
Level 2: Time wise:
(B) Industrial developments in the Industrial age (19th – early 20th century) in Europe / N America and in the globalization period in SE Asia; and
(C) Post-industrial complexes in Europe / N America and in Post – crisis environment in SE Asia, in particular in Batam, Indonesia

The overlapping of the Industrial, Post-industrial (in Europe / N America) and Globalized examples (in SE Asia) will lead to the 4th component – the post-crisis developments assumptions.
These assumptions will be embedded in the socio, cultural and economic conditions of Batam, in a win-win strategy that will emphasize social involvement in exchange for increased economic output of the organizations.
Pre-Fordist period (19th – early 20th century)
- Nowa Huta, Krakow
- Philips, Eindhoven
- Carnegie Steel, Pittsburg

Post-Fordist period (late 20th century)
- Pirelli, Milan
- FIAT, Turin
- Volkswagen AG, Wolfsburg

Globalisation period (early 21st century)
- Philips, Indonesia / Batam
- Sony, Singapore
- Sanyo, Malaysia / Johor

Post-crisis (mid and late 21st century)

What will be in the future?
(in particular for Batam and by extension SE Asia)
Make or Buy?
EMPLOYEES' FREEDOM

ORGANIZATION'S INVOLVEMENT

Slavery model

Total control organization structure offering minimum or no employee flexibility

Industrial revolution models

“Paternalistic” type of organization offering some flexibility to employee but still exercising a large degree of control

“Socialistic” type of organization offering flexibility to employee and exercising still a limited degree of control

Fordist models

Networking models

Total free organizational culture offering maximum flexibility to the employees

Networking models
### Project running

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<th>2012</th>
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<tr>
<td>Methodology</td>
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### Detailed activities

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<tr>
<th>Subject</th>
<th>Location</th>
<th>Title</th>
<th>Outline</th>
<th>Background literature research</th>
<th>Case studies selection:</th>
<th>Case studies deepening:</th>
<th>Preliminary research results</th>
<th>Redoing strategy function the P2 comments</th>
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<tr>
<td>- (i) historic regression</td>
<td>- (ii) in-depth case (Pirelli)</td>
<td>(fct. of the selected case):</td>
<td>- (iv) - in-situ research</td>
<td>Reviewing hypothesis</td>
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<tr>
<td>- (vi) comparison (Dutch comp)</td>
<td>- (vi) - historical regressing</td>
<td>Reviewing hypothesis</td>
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<td>Time Line</td>
<td>Products</td>
<td>Definitions</td>
<td>Research hypothesis</td>
<td>Reviewing hypothesis</td>
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### Mentoring

- Urbanism
- Real estate

### Parallel possible events' participation

- **Jakarta Art Biennale**
- **5th International Architecture Biennale Rotterdam**
- **Jakarta Architecture Triennale**