

ULI Urban Investment Network Summit White Paper



**Urban Land
Institute**

Urban Investment Network

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1. The financial and economic crisis is an opportunity to do things different and better

The current financial and economic crisis comes at the end of a period of prolonged investment in Europe's cities. During the last business cycle cities became a renewed focus for investment. Five drivers, including European Integration, economic transition, tourism growth, urban immigration, and change in housing needs and preferences, spurred a long cycle of urban regeneration and city investment in Europe during the past 15 years. In Western European cities, investment demand soared due to the growth of some urban and metropolitan populations through immigration, the rise of the service-based and knowledge/creative economies, the growth of urban tourism supported by cheaper travel (especially low cost air lines) and an increase in inner city living in many countries. In Central and Eastern Europe, these processes were also complemented by increased rural to urban migration and the modernisation of urban infrastructures as part of the wider processes of EU enlargement.

This last cycle therefore had some marked features for cities in particular. For the first time the property and investment industries began to see urban regeneration and redevelopment as main stream focus of activity, with healthy risk/return profiles, and ample scope, across many of Europe's top 250 cities, to build specialist niche activities in urban redevelopment markets. The growth of urban tourism and urban immigration also spurred a major re-focus on the opportunities for retail and entertainment development in city centres and their fringes and this too became a specialist niche, along-side new developers of urban housing, inner city lofts and apartments, and live/work studios. At the same time, the demand for commercial space to support growing international firms and smaller knowledge and creative firms spurred new offerings in commercial real estate including business and technology parks within city centres, incubators, smart buildings and districts and specialised business districts catering to financial services, or creative industries, or science and medicine.

To deliver this reinvestment in city real estate other ingredients were also required. Major investment in infrastructure and public realm was led by city and regional governments. Public and private collaboration became common place both at the level of individual deal but also in the redesign of whole districts often using the process of collaborative master-planning. Many new organisations were created in European cities to help manage the process of urban redevelopment and reinvestment. These included urban development organisations in the public sector, and also specialist intermediaries and subsidiaries within private sector firms. Specialist financial tools were also expanded (REITs, Asset based investment funds, Value Capture Financing arrangements, the first Urban Development Funds for example).

For many, a new era of urban investment had begun and Europe's cities appeared more dynamic as a consequence.

What went wrong?

The momentum towards urban investment in new forms of housing, new commercial space, and new leisure and retail was vigorous and increasingly more investors and developers became involved in seeking value in this fast emerging asset class. For some cities this created something of boom time (e.g. from 2003 to 2007) where many cities started to develop long term and large scale

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investment projects to attract investment and land use changes were sought in cities to encourage this. Many major urban redevelopment projects were begun.

However, as the momentum grew the scale of the urban development being financed by credit from banks grew substantially, the extent of the careful assessment of current and future demand was diminished, and assumptions about ever rising real estate values did not consider that a major correction in land and property values would occur, even though one was always likely.

When the crash started in late 2007, many developers and investors were over-gearred, property valuations were over-inflated, and the financial models that underpinned many 'development agreements' and 'partnership agreements' between private investors/developers and city governments proved to be unsustainable.

The fall-out from the crisis has been unsavoury for both the public and private sectors involved in city building and investment. For the private sector, many companies have gone bankrupt and others remain challenged with distressed assets, severely weakened balance sheets, and limited scope for action. For the public sector, many projects have not been completed, promised co-investment has not arrived, tax revenues are down, and national public borrowing to support and stimulate the financial industry, means that public investment in cities in the future will be more limited as national debts are paid off.

Much of what was achieved in the preceding business cycle was severely challenged by the crash; relationships were fractured, many deals and agreements were not honoured, and there is uncertainty about how to rebuild a new investment model for Europe's cities, and the partnerships between public and private in cities that went with them.

What went right?

Some of the best investors and developers, and many of the more thoughtful cities, however, have been able to withstand the crisis and maintain momentum, primarily because their focus has been on quality and patience, not on quantity or speed, they have adopted a more sustainable model. There are good practices in what they did before the crisis took hold and in how they weathered the challenges.

Where next?

Europe's cities must rise from the crisis stronger, leaner, more innovative, and better prepared for a tough future by being more focussed on core long-term and short-term priorities. Just as Europe's companies must do. This means a new and more determined phase of sustainable city development, with greater attention to flexible and mature approaches to investment. The next cycle of city investment must be:

- Undertaken in a climate where capital is scarcer.
- Driven by the best practices of the last cycle but learning from the worst.

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- Underpinned by deeper, more innovative collaboration with more flexibility between the public and private sectors.
- Focused on improving cities for the long term including becoming more environmentally and financially sustainable.

There remain a number of challenges to be overcome:

- Failed strategies with incomplete investment and development plans.
- Infrastructure and planning gaps.
- Distressed assets and projects that blight other developments.

A return to sustainability is required. It is natural that developers and city leaders alike will want to benefit from the good times and this should be encouraged. These good times, however, should not compromise the future through practices that may accentuate the instabilities that come when times aren't so good. Development and investment strategies should, therefore, plan for and be malleable to all points of the business cycle; good and bad. Both are fundamentally linked and should not be considered in any other way but for in tandem.

By paying attention to the long-term potential of Europe's cities and by forging new and more disciplined partnerships between cities and investors/developers progress can now be made.

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2. The Investment Gap in Europe's Cities and the Role of Public and Private Investment

Earlier in 2009 ULI with ING RED produced a thought provoking report on closing the investment gap in Europe's cities. We quoted a report of an EU Member States Expert Working Group on City Investment in 2007, which concluded:

“Despite substantial investment needs and substantial funds available through capital markets and financial institutions, there is a widespread perception of an investment gap in cities and towns, with unmet investment needs not being fully translated into effective demand (bankable projects) nor attracting effective supply, in the form of readily available financial products for urban development. The challenges are especially acutely felt in the new Member States and the accession countries that depend on support from the structural funds as well as on the transfer of know-how from the EU and its other Member States.”¹

Despite a lack of systematic evidence and review, all recent commentary on EU cities points to a substantial and growing investment gap in Europe's cities. This investment gap, defined as the gap between investment aspirations and investment made, manifests itself in several ways.

Overinvestment and a lack of differentiation. Despite all cities having investment needs, some cities are clearly more attractive to investors than others. There is a clustering mentality amongst investors that follows perceived market opportunities, which results in high levels of investment in some cities and not in others. Sometimes this results in ‘over investment’ where too many retail units, houses, or offices are developed in some cities on a speculative basis. At the same time, cities often fail to differentiate their unique or distinctive opportunities and offer investors only ‘more of the same’, seeking the same opportunities as other cities with limited success.

New and profound changes in the global context. Processes of urban change are visible all around Europe. Adjusting Europe's cities to new realities of economy, population, environment, and mobility requires investment. The world is in a dynamic phase of change, brought about by globalisation and the emergence of new economic powers and population centres. As a result, the adjustments required in Europe's cities are large in scale, going beyond the normal investment requirements of a business or political cycle. Investment in new transport infrastructure, energy and water systems, digital telecommunications and in sewage and waste management are long term imperatives. For example, adjusting our cities to the challenges of climate change requires investment now that will benefit society for many years to come.

A decline in public finance. National Governments regularly identify investment requirements in housing, transportation, social infrastructure and urban development that are beyond the means of public finance in any one investment cycle alone. National Governments have committed themselves to external fiscal disciplines (such as the Stability Pact/Maastricht Principles for Euro membership) and now, after the crisis, also have to contend with high public debt and lower tax revenues. This means that they cannot easily raise the rate of public investment through public debt. Consequently, they will seek to leverage resources from other sectors. There is a gap between public policy goals and available public finance.

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Under-utilised private sector co-operation. Investment in cities offers both public goods and benefits and returns for private investors. However, there are limited mechanisms for combining public and private finance in urban development across the EU Member States. There is a tooling gap in terms of finance and investment at the local and regional levels, and no easy means to recycle investment locally. The new Urban Development Funds, Value Capture Finance techniques, and next generation PPPs offer some potential here.

Lack of local skills and institutional ownership of the investment agenda. Attracting external capital investment into cities is not yet a core responsibility of all city governments and there are gaps in the competences, capacity and skills of city governments to undertake such tasks. In Europe, city governments do not generally enjoy the same degree of fiscal and financial freedom as cities in North America and certain parts of Asia, and even cities in more devolved systems (Germany, Finland, Spain) do not have the capacity to meet all of their investment needs on their own. Sometimes, cities innovate with new organisations such as urban development agencies and corporations and this helps to bridge the skills and knowledge gap, but it does not provide additional investment capital on its own.

A need for leadership at all levels: Financial Institutions operate within market economies that are subject to natural fluctuations and business cycle dynamics. The current credit squeeze impacts on some parts of Europe more than others and on some forms of investment more than others. Reduced liquidity overall decreases investment in cities, so it is essential that city investment champions are able to respond to these dynamics with flexible tools and responses to help sustain investment.

At the heart of closing the investment gap in Europe's cities is the need for a new working relationship between cities and investors/developers, supported by national and inter-governmental investment organisations. The development of a forum to facilitate and consolidate such relationships is the ambition of the Urban Investment Network.

In that report we also sought to define the investment gap in Europe's cities.

Our review of successful and unsuccessful city investment case studies reveals an investment gap with four key elements:

- *Capital gaps:* A lack of finance, whatever its source, to drive through effective and sustainable urban development.
- *Knowledge and skills gaps:* A lack of skills, information, confidence and know-how to craft and implement innovative and sustainable solutions to bridge investment gaps.
- *Collaboration gaps:* Vertical and horizontal co-ordination failures across key public-public and public-private relationships prevent an increase in the urban investment rate.

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- *Institutional framework gaps*: Structural, organisational and legislative deficiencies across the systems in which city, regional and national governments operate.

Skills, knowledge, and know-how

Evidence shows the urban investment gap is about more than just money – it is about creating the right environment for investment and the right propositions to invest in. Changing the amount of capital available or the institutional framework around public finance is not enough. Knowledge and know-how are also required; especially those skills in city-building and understanding investment markets and the roles cities play. Equally, collaboration which is driven by clear leadership, and aims to support public and private outcomes from investment, is also essential.

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3. Urban Investment environment after the crisis

The financial crisis has had a profound impact on the business of urban investment. The impacts reach across both the public and private sectors. The main conclusion is that city investment has become both more important for Europe as a result of this crisis, and more difficult to do. More than anything, the current crisis creates a powerful imperative to improve our investment strategies, to reduce the investment gap, and to foster deeper collaboration between public and private sectors.

Whilst there are obviously significant negative impacts of the current financial situation, there are also series of opportunities and imperatives which demand attention. Over the next business cycle, the conditions which will impact of the urban investment will include:

- Banks will be much more disciplined but also eager for good business opportunities with well organised cities.
- Cities will be more creative and proactive in seeking investment, but more aware of and sensitive to the many pitfalls. Confident cities will be willing to act differently and to change the rules to attract and retain investment. For instance, some local leaders will place more of the city balance sheet into arrangements to attract external investment in a controlled manner.
- Public debt will be high and will need to be repaid. In the medium term, this will result in lower government expenditures, but a greater potential to use public assets, infrastructure, and public demand/guarantees to stimulate and support investment.
- Lower gearing on deals is possible but greater leverage on assets and other public expenditure is also possible.
- Continued distressed assets in cities will eventually become an opportunity.
- Many stalled projects will be re-conceived and repackaged so that investment can be made.
- There will be a renewed focus on core urban markets, and better connect fringe markets.

In view of this context it will be necessary to:

- Foster a long-term market in urban investment in Europe by demonstrating the benefits for public and private interests that are available from shifting to a higher investment/higher return equilibrium.
- Increase skills and knowledge on investment in urban areas in both public and private sectors.
- Improve the framework conditions for urban investment through development in state aids, procurement codes, and other aspects of how investment is regulated.
- Drive up innovation in investment mechanisms and tools by drawing attention to innovative practices and by applying good practices much more widely.
- Benchmark and support interaction between cities and investors on a Europe-wide scale, learning lessons and building relationships across Europe.

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4. Principles, Practices, Tools

New principles should underpin how urban investment takes place in the future. There is an opportunity to move decisively forwards if a new generation of urban investment partnerships and tools can be created.

Principle	Detail
I. BE SUSTAINABLE TO DELIVER LIVEABILITY AND CREATE LONG-TERM VALUE	<ul style="list-style-type: none"> • Smarter asset management; integrated social and environmental goals; making long-term arrangements to achieve desired outcomes and maintain facilities and development are all crucial. • Though we can't achieve everything, sustainability should be defined more broadly to include social and environmental concerns.
II. PUBLIC INVESTMENT SHOULD BETTER LEVERAGE PRIVATE INVESTMENT	<ul style="list-style-type: none"> • Better use of public assets and revenue flows is required to underpin urban investment.
III. OPENNESS AND TRUST IS AT THE CORE OF GOOD RELATIONSHIPS BETWEEN CITIES AND INVESTORS	<ul style="list-style-type: none"> • Longer term deals based on open books and forging long term relationships can solve problems and allow adjustments of plans as circumstances evolve. • Dealing with market stability is to a large extent about sharing risks, which itself is reliant on trust which can take years to achieve.
IV. CITIES SHOULD BE DISTINCTIVE AND HAVE A CLEAR VISION OF THEIR FUTURE	<ul style="list-style-type: none"> • Cities should try to differentiate themselves where possible to look and feel different. Investment projects should be novel and authentic. • It is essential to create a clear and genuine vision of the city that is built on its 'deep DNA'
V. URBAN INVESTMENT EXPERTISE, KNOWLEDGE AND UNDERSTANDING SHOULD BE FOSTERED	<ul style="list-style-type: none"> • Higher skills and expertise in city investment in both sectors is required coupled with much greater understanding of the needs of the other. • To combat current constraints, there need to be multiple levels of exchange and learning. • Urban investment skills should be taught. It is a multi-disciplinary process which combines technical skills with wider awareness of trends and new tools such as JESSICA.
VI. INVESTMENT PERFORMANCE SHOULD BE DRIVEN BY SOUND MANAGEMENT	<ul style="list-style-type: none"> • Better use of private project and asset management is required to optimise performance.
VII. INNOVATION AND INVENTION MUST BE USED TO DRIVE INVESTMENT	<ul style="list-style-type: none"> • Attention must be paid to new drivers of investment and ways to structure investment to make it work in the long term.
VIII. CITIES ARE JOINT VENTURES	<ul style="list-style-type: none"> • City investments only work when the needs of all partners are met. There is a need to create shared value, not just public or private value. Projects should be prioritised by the amount of shared value they create. • A deeper form of collaboration is required that engages real people with developers and politicians through skilful public dialoguing
IX. ADAPTABILITY AND FLEXIBILITY ARE KEY TO NAVIGATING CHANGE	<ul style="list-style-type: none"> • Negotiated flexibility in planning and regulations are central to opening up and delivering investment decisions. Flexibility should be applied in a targeted way as limits and foundations need to be established to build confidence.
X. PUBLIC AND PRIVATE PARTNERS ARE BOTH RESPONSIBLE FOR COST AND	<ul style="list-style-type: none"> • It is the role of both public and private to reduce each other's costs and risks. • Win-win deals that work over the long-term should be constructed.

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RISK REDUCTION ARE SHARING	
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Practices

Cities and Investors/Developers need to develop new behaviours if the opportunities from the crisis are to be realised. These include:

Foster an investment dialogue early. Building relationships between the public and private sector by seeking advice and partnership early represents an excellent way of ensuring a solid foundation for investment discussions is formed. It shares responsibilities, ideas and benefits at an early stage to an extent where each member of the deal or arrangement feel is committed in partnership.

Support existing investors effectively. The role of business and investor retention in local development and investment systems is often underdeveloped. With capital so mobile and competition so high the retention of existing investment is not inevitable. Business leaders and key investors in urban development should be identified and supported through targeted campaigns. The two-thirds principle is often used where one third of resources are put to attracting investment and two-thirds are used to retain existing development.

Reduce risk, cost and uncertainty by building agreed disciplines into project management. Reducing risk, cost and uncertainty, rather than proliferating it, is key to attracting investment over the long term. Particularly crucial is understanding how to exercise good public sector due diligence without creating an environment of heightened uncertainty. Investors like to see hard, tangible figures outlining risk/return ratios. It is rare that city's provide this level of detail.

Build 'investment ready' propositions. In an investment competitive market, promoting investment attractiveness and establishing an ethos of investment readiness is essential. It is important that investment facilitation bodies build a clear catalogue of costed and risk assessed investment ready projects in the city.

Better information on city finances and investment opportunities. It is essential to make quantitative assessments of investment prospects in the urban environment available. Articulating investment readiness in a form that businesses use will create a solid and confidence-based relationship between the city and its investors. Other forms of socio-economic information such as demographics, footfalls, growth rates and rents should also be made readily available to facilitate the investment process.

Focus on larger districts not just single sites. Investment will be more effective if it is focused on whole districts and their multiple needs rather than on individual sites. It is essential to plan land uses and infrastructure for the whole district and seek agreement from all participants to the overall plan before agreeing individual site development plans.

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Build an Investment prospectus. It is essential that cities create both well developed investment propositions and information relating to the socio-economic context in the city. Presenting these details in the form of an investment prospectus is an excellent first step to generating and sustaining municipal investment. There could be scope for a European-wide investment prospectus.

Promote the city for investment. Many cities promote themselves confidently, professionally, and in places where people will listen. To differentiate and stand out as particularly investment attractive, cities are striving to build their own unique brands, market themselves in innovative ways and to portray themselves as investment ready. Many cities have their own portals but few have a unique and powerful brand.

Develop infrastructure as an asset class. Infrastructure development is fundamental to the effective operation and competitiveness of a city. The quality of a city's infrastructure affects its businesses, visitors, residents and commuters. However, it is also an asset class which is often ignored by cities and investors alike.

Build templates and pilots to make complex finance easier. Creating a catalogue of successful and innovative public-private finance initiatives could prove an excellent road map to filling the investment gap which exists in European cities. They can serve as templates, or foundations for discussion, to use again or to be adopted by others.

Tools

These new practices will need to be operationalised with tools that are fit for purpose and can be used with confidence by cities and investors/developers alike.

There are a range of existing investment tools and mechanism which have seen proven success across cities globally. Though the uniqueness of place is important for the effectiveness of most tools, mechanisms are not rigid. They can be deployed flexibly to maximise city investment potential and to create the necessary win-win situations for stakeholders. We can identify a number of investment tools which have particular potential for success across Europe's cities. These tools should be developed and deployed more rapidly by both the public and private sectors.

Urban investment strategies. Given their importance in facilitating urban investment, it is surprising that investment strategies are not more prevalent and better supported across Europe's cities. Supporting the costs of new investment strategies of cities is the cornerstone to their development as they require detailed research and a high level of financial expertise. These strategies represent efforts by public but sometimes private sector organisations to clearly articulate the investment opportunities in an urban area and the mechanisms to facilitate investment. They may comprise of many component parts such as 1) explaining the logistics of the support and proactive engagement potential investors will receive; 2) the provision of a quantified investment portfolio; or 3) detailed risk-reward profiles analyses for potential investment sites and projects. Fundamentally, they aim to facilitate the investment process by matching investors to specific opportunities.

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Specialist urban investment and development funds. These funds, often supported by powerful supra-national Financial Institutions such as the European Investment Bank (EIB) remain underutilised. They have excellent potential to fund urban development projects in a sustainable way. There could be a key role for the EIB's JESSICA fund to reinforce the idea of integrated urban development – a relatively new focus for European Commission policy. Created in 2007, the JESSICA initiative capitalises urban development funds using EU structural funds. These funds are then managed by individual member states according to their own preferences and there is debate surrounding when to engage the private sector. The premise is that it can support a more sustainable version of urban development by moving away from a culture of one-time grant giving – an important advantage given the current economic climate. Essentially JESSICA has changed the use of structural funds from grant-aid funding to longer-term investment which can be leveraged through private investment and/or public-private collaboration.

Urban Development Organisations. Cities that create specialist bodies to attract and manage urban investment often overcome the skills and knowledge gaps most quickly and effectively. This cities that have such bodies have been more innovative during the crisis than those that haven't. Such bodies might include urban development agencies and corporations or they may be public/private partnerships.

Value Capture Finance instruments. Value Capture Finance instruments are varied and flexible depending on local conditions and the ambitions of partners in each given project. None the less, Value Capture Finance represents an innovative means of maximising a city's assets. It is a finance mechanism which not only shares the risks and costs of urban development between public and private actors, but also the rewards. These mechanisms have a unique common denominator - a financial positive feedback loop with four components: 1) Value creation; 2) Value realisation by private sector investment; 3) Value capture of investor's profits by various financial mechanisms such as development levies; and 4) Local value recycling of captured profits into the same development scheme for community benefit. In other words, Value Capture Finance arrangements are designed to create a win-win situation from development and investment which benefits both public and private sector actors.

Public Private Partnerships. Public private partnerships (PPP) can refer to all forms of collaboration between public and private actors. Used with more precision PPPs refer to the contracting of the private sector by the public sector to build, manage and maintain facilities and infrastructures for public benefit. Under normal circumstances, the public sector will then lease these facilities from the private developers over fixed-length long-term contracts. There are a number of inherent benefits such as: 1) the leveraging of both public and private sector expertise and ambitions; 2) the maintenance of healthy public sector balance sheets; 3) the transfer of risk from the public to the private sector; and 4) a guaranteed business model for the private sector. These factors combine to make PPPs an way of securing tangible benefits by improving the efficiency of the design and delivery of development projects.

District improvement vehicles. The wider use District Improvement vehicles such as 'City Centre Improvement Districts' is a potential avenue to facilitating private sector investment in territorially defined areas of cities. This form of value capture finance sees private businesses paying a small tax increment above the base tax rate in exchange for the provision of 'top-up services' in the

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vicinity of the businesses which pay. These top up services often comprise of public realm improvements such as improved signage and street furniture and the provision of basic services such as cleaning and policing.

Public land asset-use. The more flexible use of public land assets could unlock significant value to stimulate and support urban development projects. Realised values from the use of public lands in the development process could be reinvested elsewhere in the city to support other initiatives. Given the current financial instability, the lack of liquid public assets and the vast public land reserves, the leveraging of these land assets represents a viable way to finance urban development. Efforts must be made to regulate this process so as it remains sustainable.

Incentives for low carbon cities and real estate. Given the powerful emergence of the green agenda and its imperatives and opportunities there is considerable scope for low carbon solution to the challenge of urban investment. This could take many forms including such as low carbon incentives and polluter pays levies. Whatever the mechanism this form of development and a commitment to it will attract long-term developers and investors whose business models provide for quality, stability and sustainable investment over quick fix solutions to difficult challenges and significant profit margins.

Catalysts. The hosting of international events, or the creation of new infrastructures or facilities, can be catalysts for wider urban development. How well cities and the investors use these to generate wider benefits and opportunities is critical to sustaining investment momentum.

5. Conclusions

The economic and financial crisis need not permanently the progress on investment in Europe's cities, but only if lessons are learned now. Europe's cities have succeed over many hundreds of years through joint investment between city authorities and private investors and they will do so again.

A return to sustainability and wisdom is required. It is natural that developers and city leaders alike will want to benefit from the good times and this should be encouraged. However, this instinct should not compromise the future through practices that may accentuate the instabilities that come when times are not so healthy. Development and investment strategies should, therefore, plan for and be malleable to all points of the business cycle; good and bad. Both are fundamentally linked and should not be considered in any other way but in tandem.

By paying attention to the long-term potential of Europe's cities and by forging new and more disciplined partnerships between cities and investors/developers progress can now be made. New thinking and a commitment to it is required. For the first time in a generation there is an opportunity to revitalise public private relations in city development and to invent new tools for co-investment in cities. This opportunity, and how well it is taken, will determine how far we succeed in the next phase of global urban development

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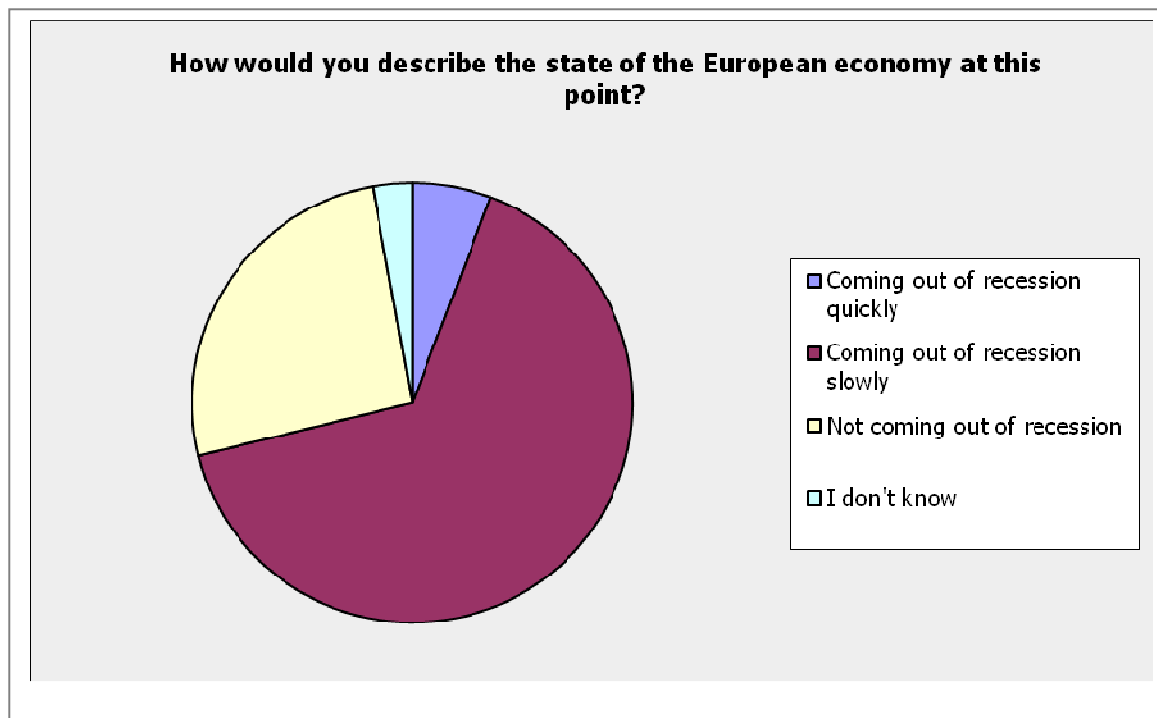
This paper was debated at the Urban Investment Network Summit in Barcelona on Oct 29 2009 and refined as a result of discussions.

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Appendix 1. Urban Investment Network. Pre-Summit Survey October 2009

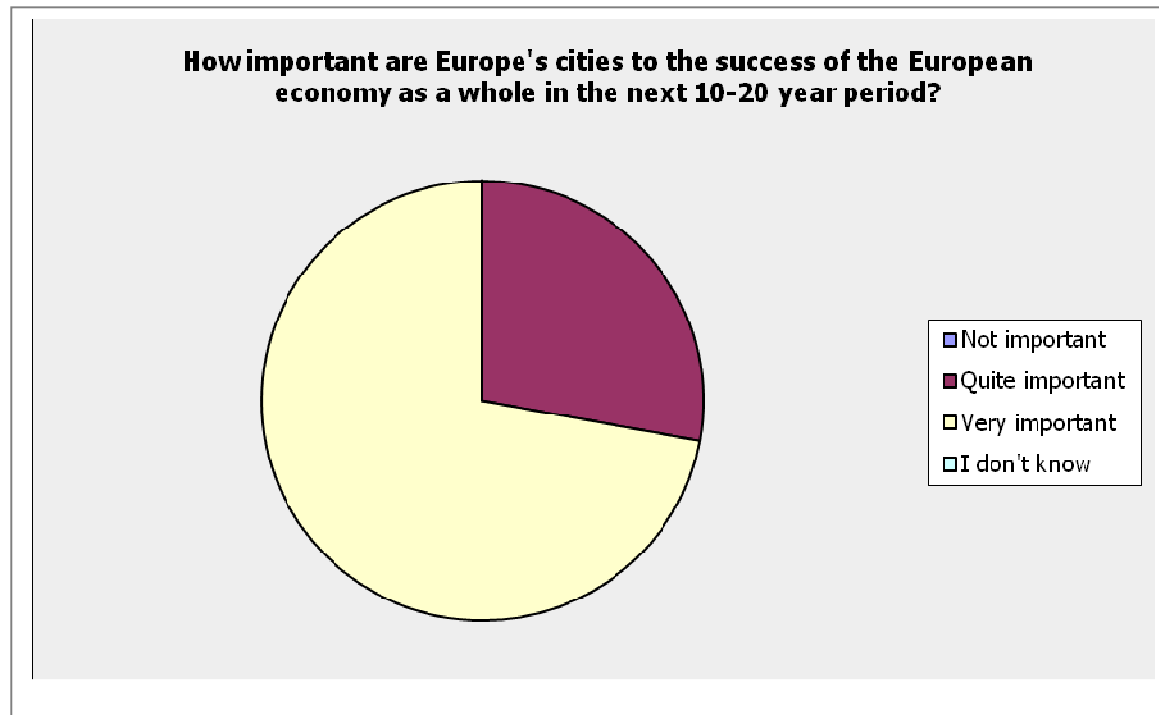
100 respondents from public and private sector in Europe.

Question 1.



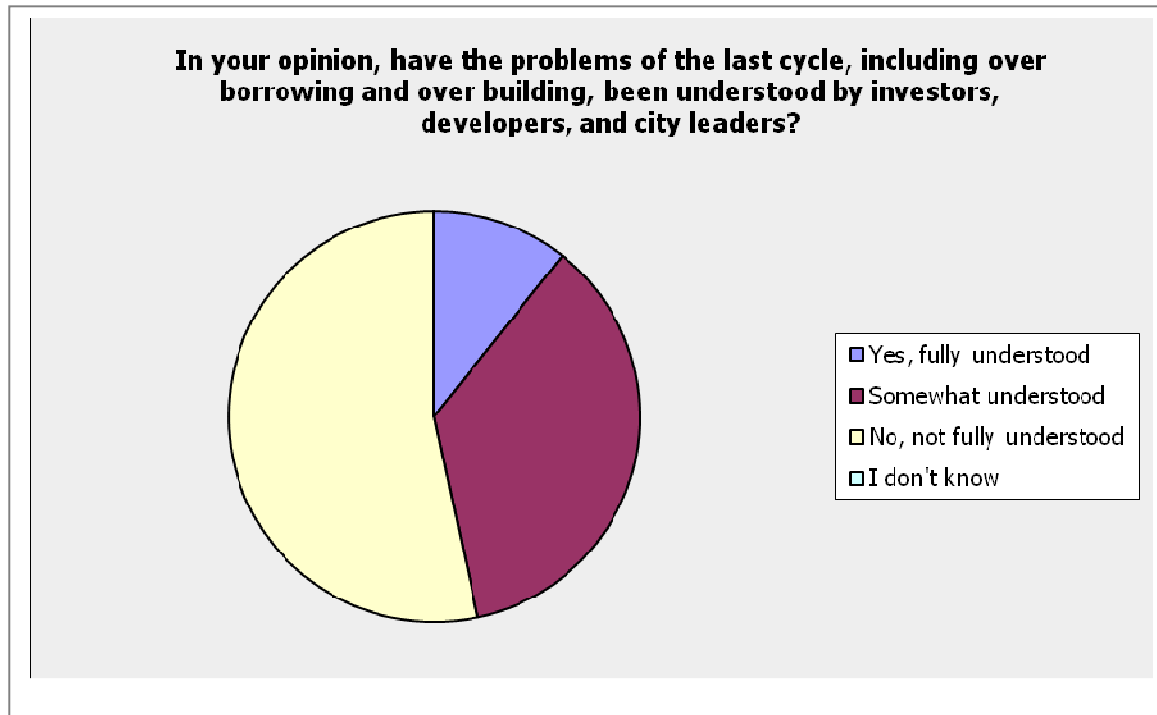
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Question 2.



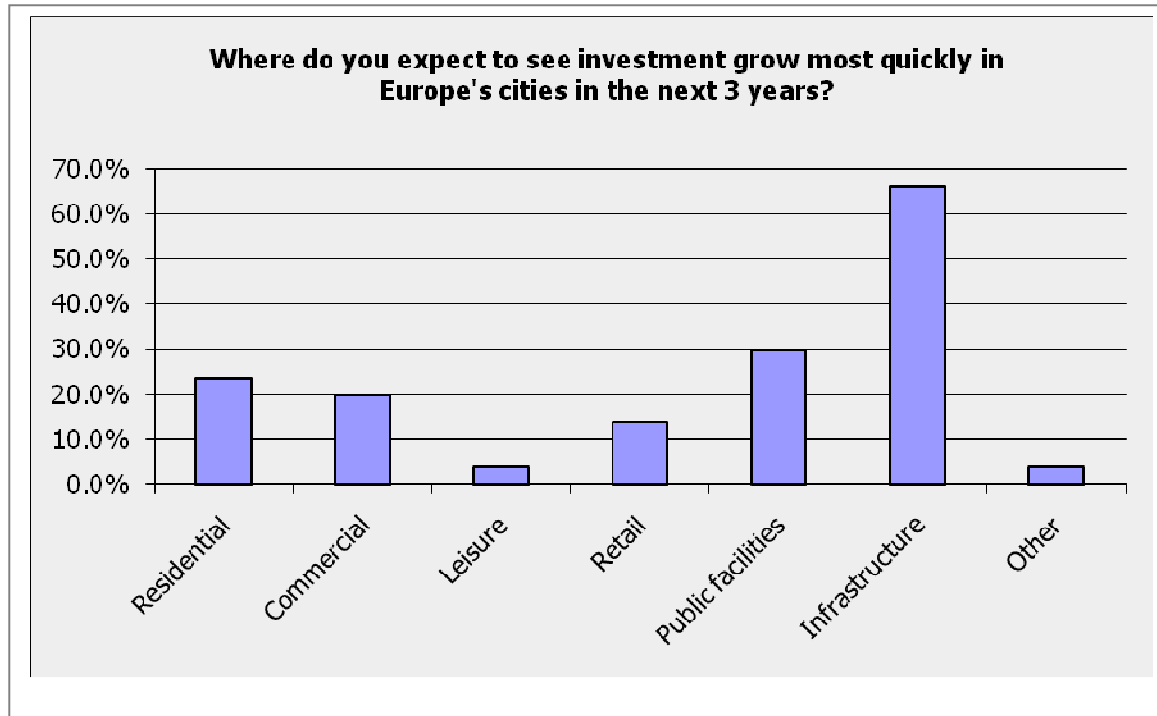
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Question 3.



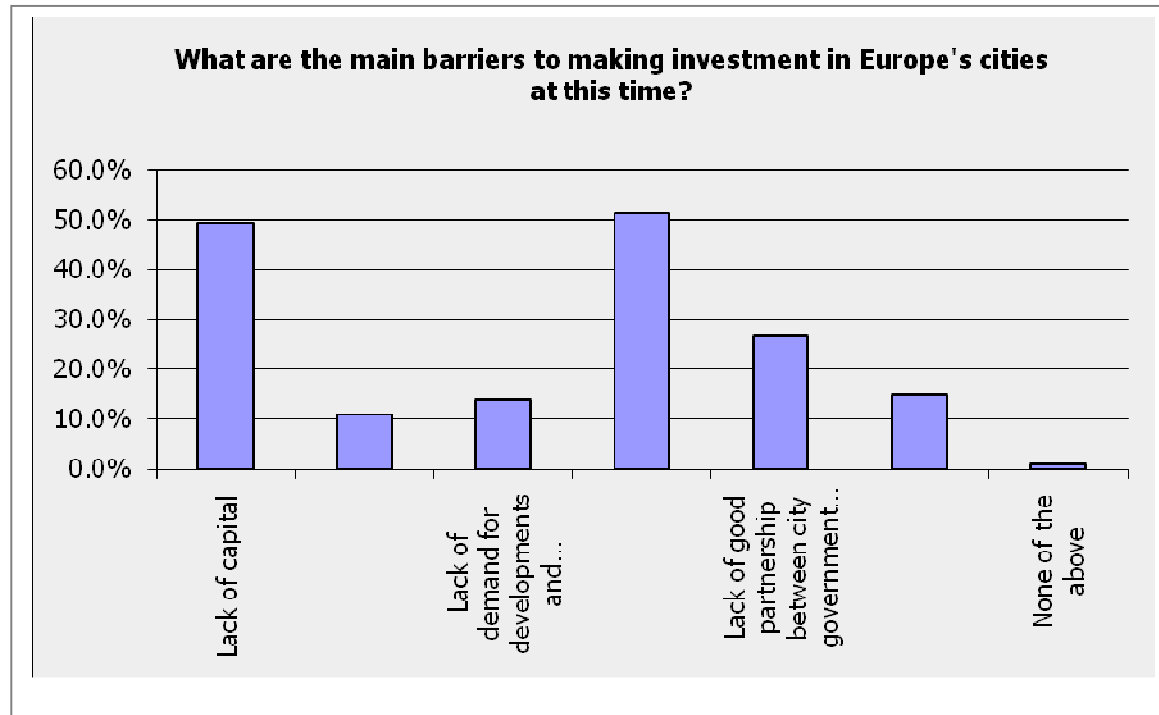
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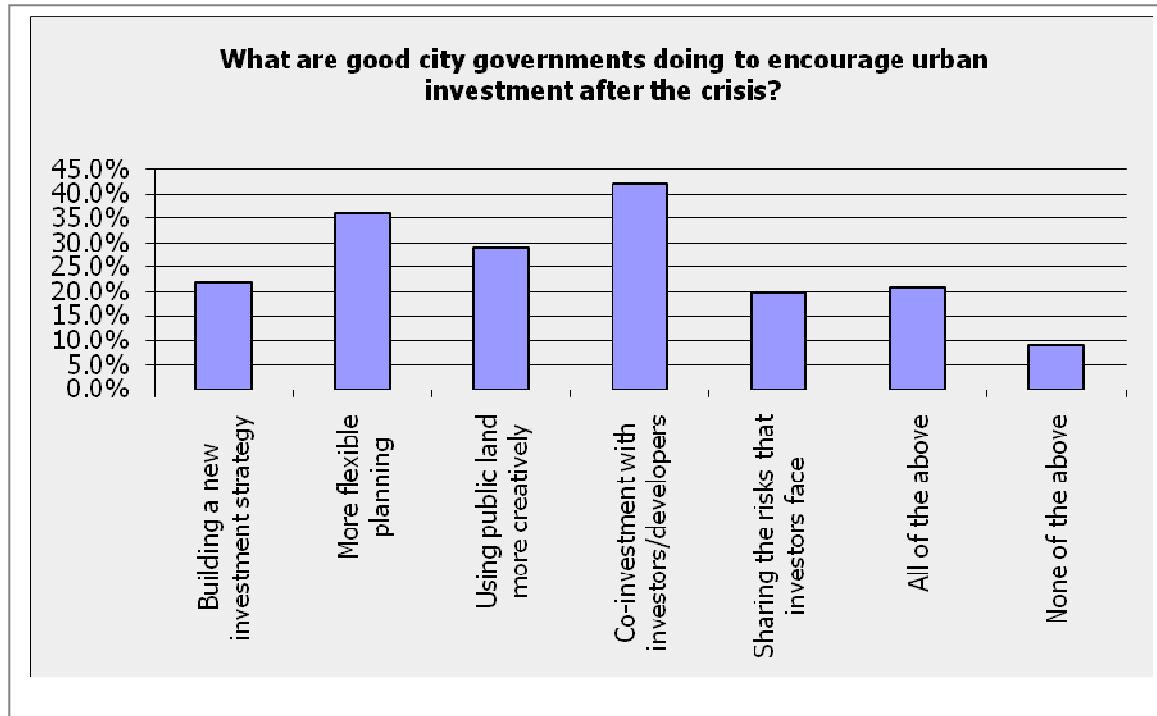
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Question 5.



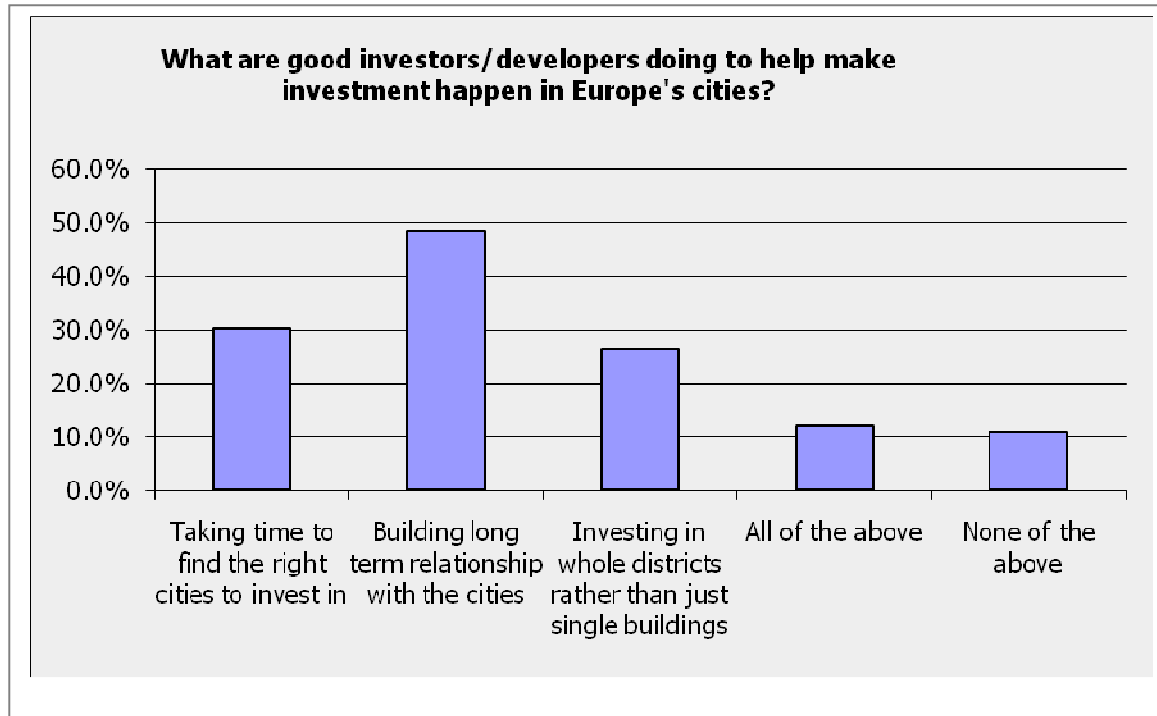
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Question 6.



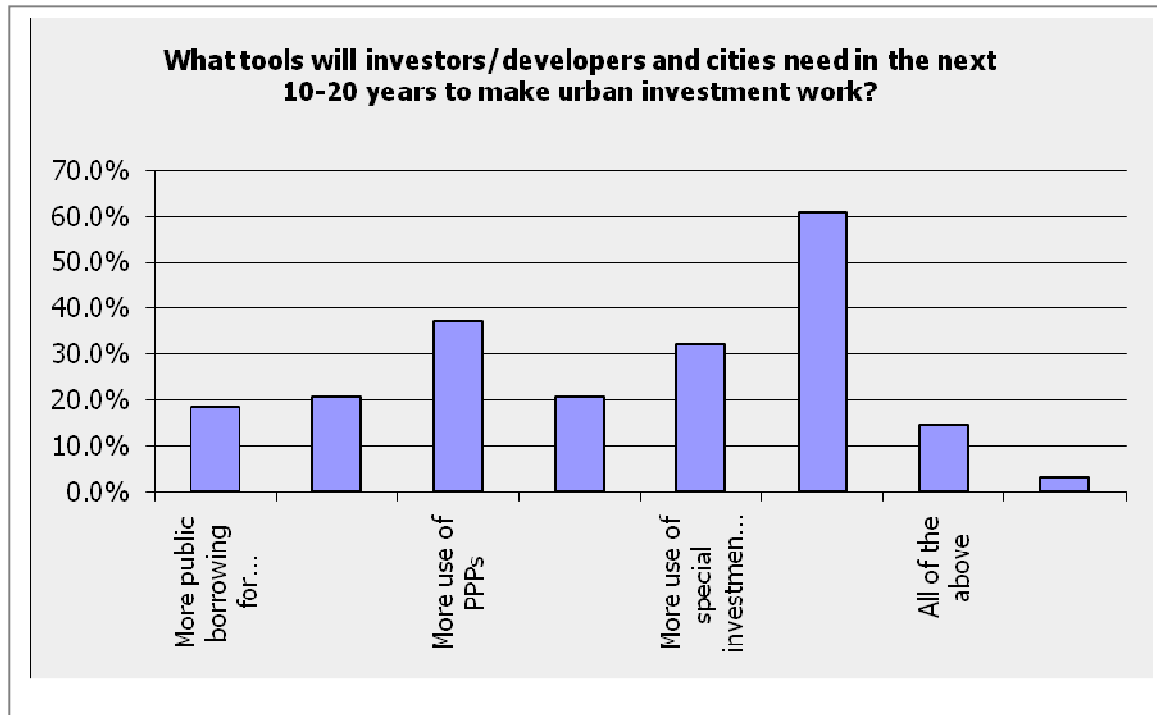
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Question 7.



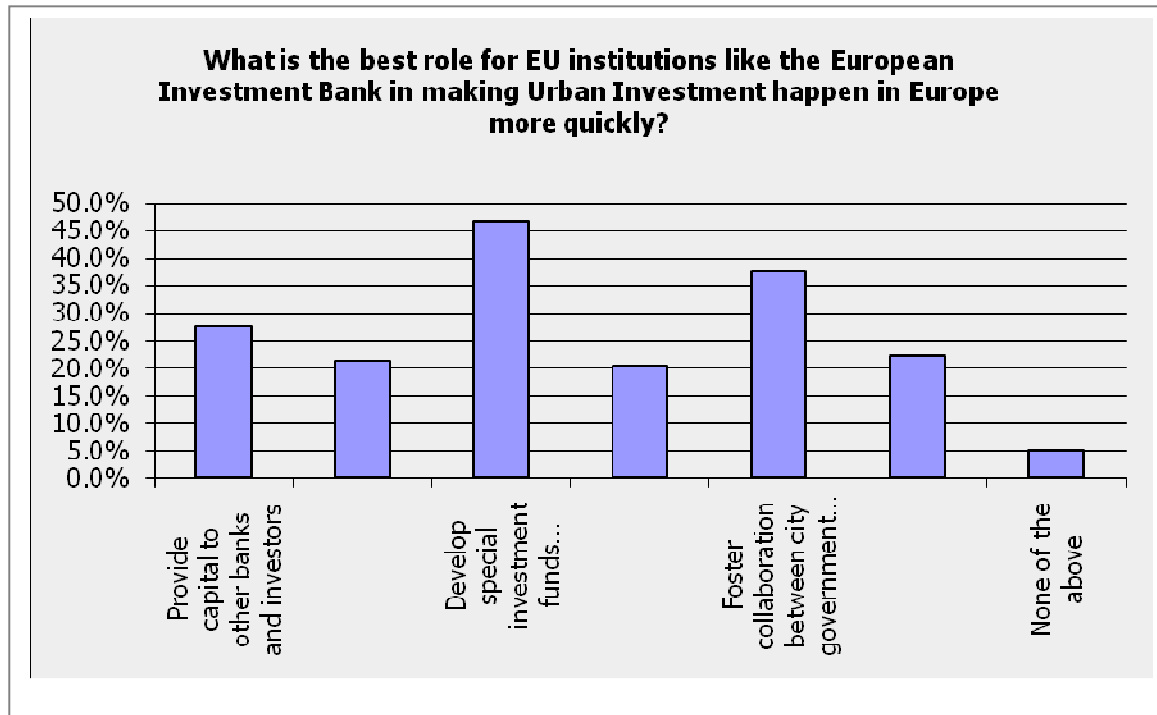
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Question 8.



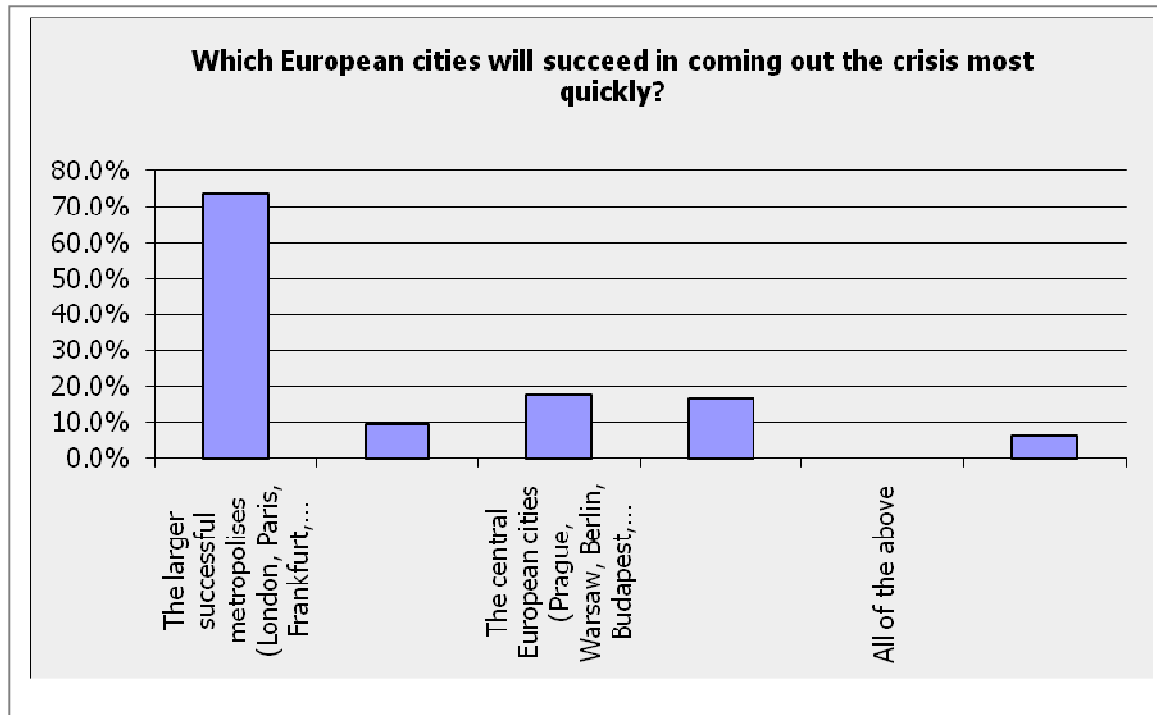
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Question 9.



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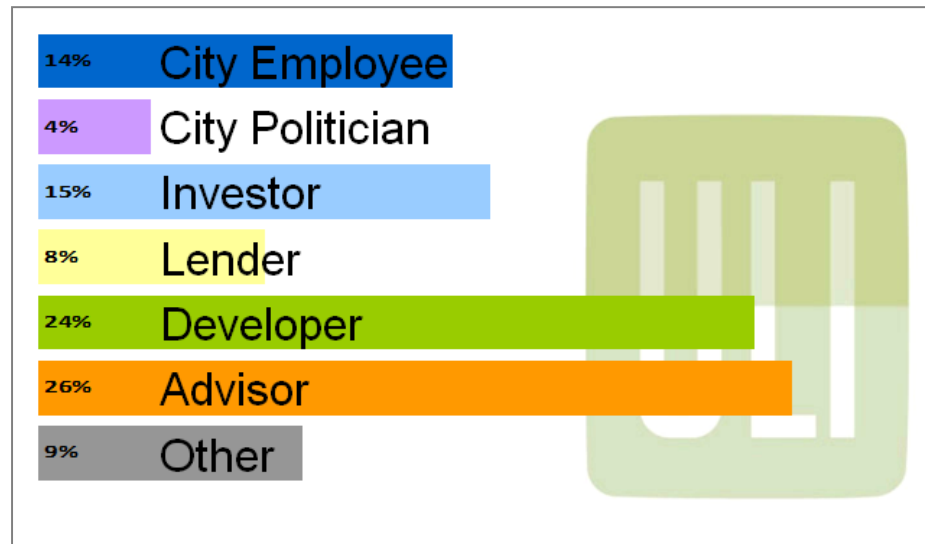
Question 10.



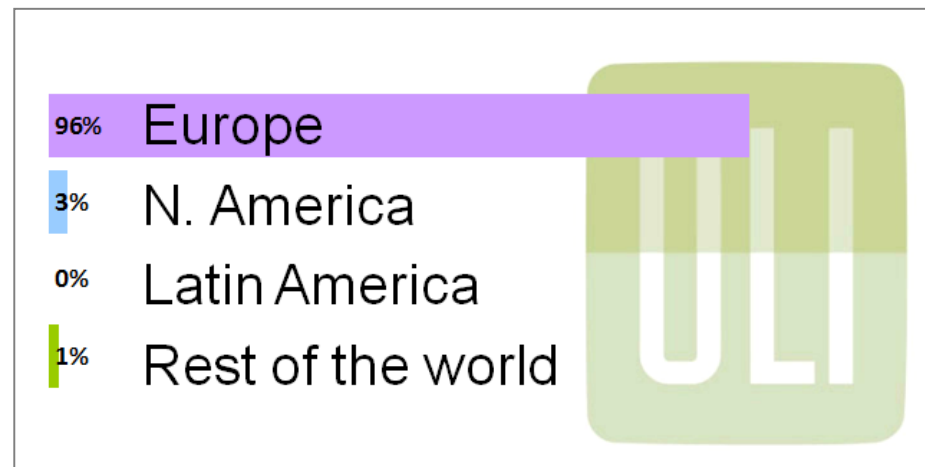
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Appendix 2. Urban Investment Network. Summit Survey October 2009

Question 1. What are you?

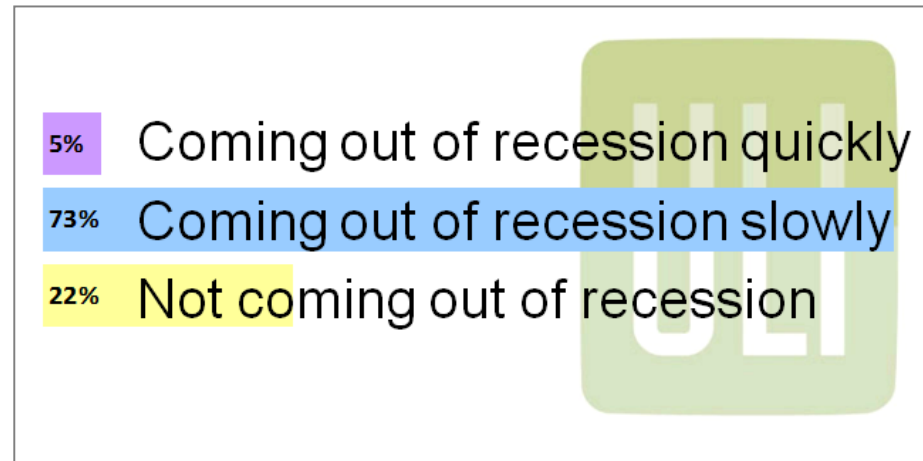


Question 2. Where are you from?

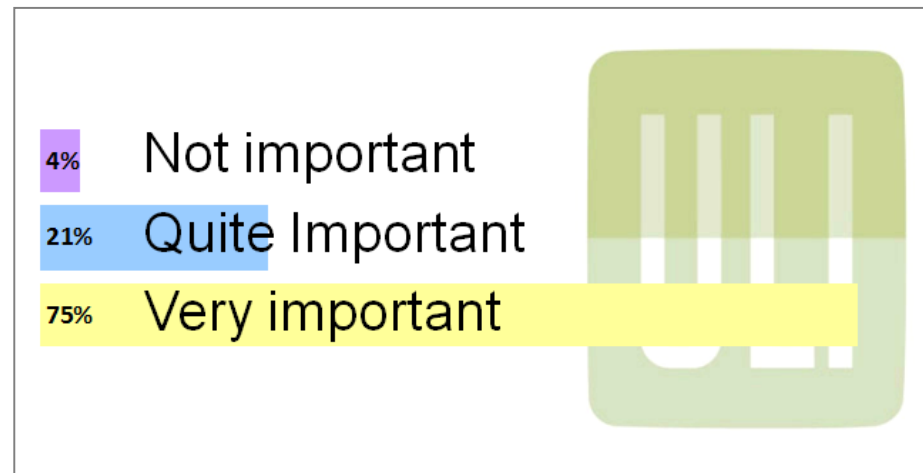


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Question 3. How would you describe the state of the European Economy at this point?

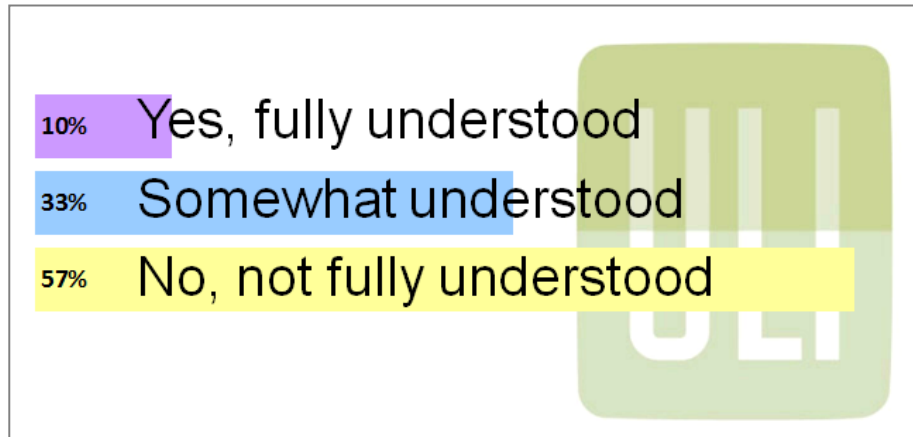


Question 4. How important are Europe's cities to success of the European economy as a whole in the next 10-20 year period?

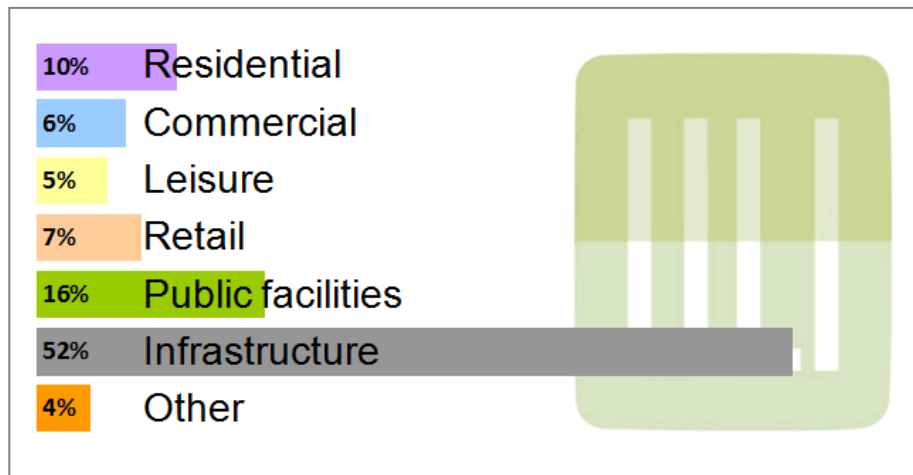


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Question 5. In your opinion have the problems of the last cycle, including over-borrowing and over-building, been understood by investors, developers, and city leaders?



Question 6. Where do you expect to see investment grow most quickly in Europe's cities in next three years?



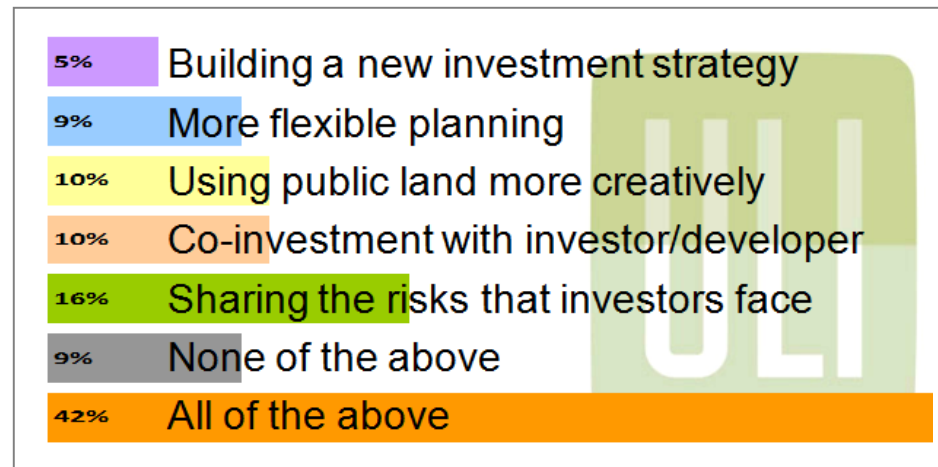
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Question 7. What are the main barriers to making investment in Europe's cities at this time?

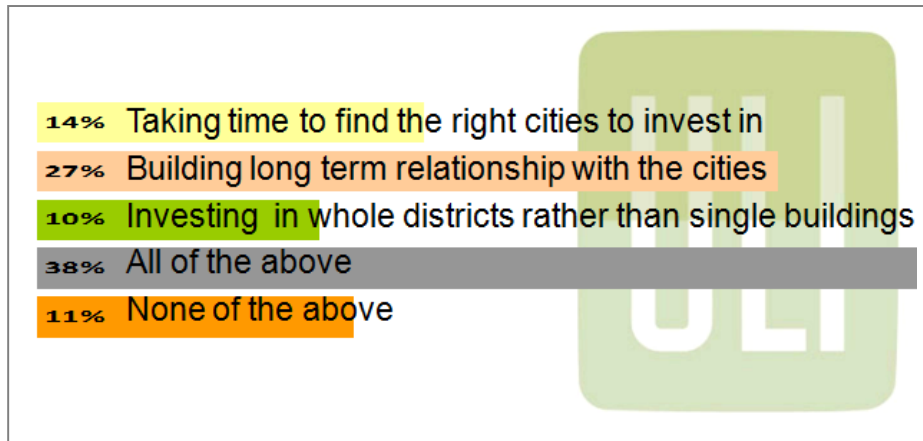


Question 8. What are the good city governments doing to encourage urban investment after the crisis?

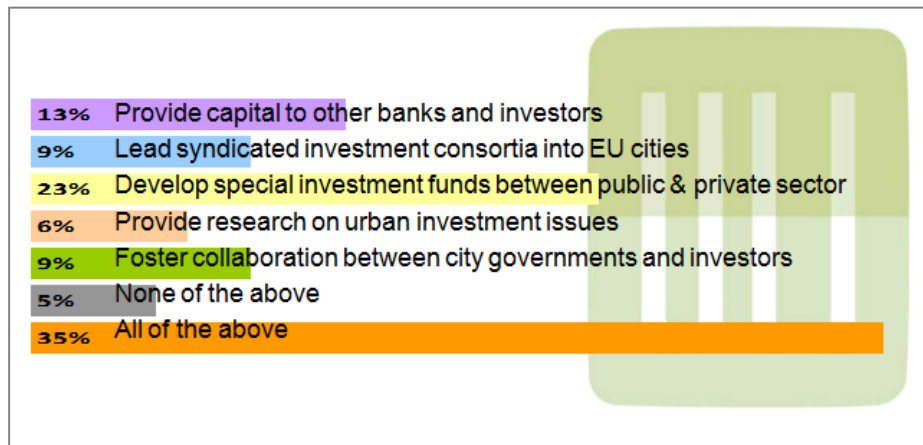


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Question 9. What are good investors/developers doing to help make investment happen in Europe's cities?

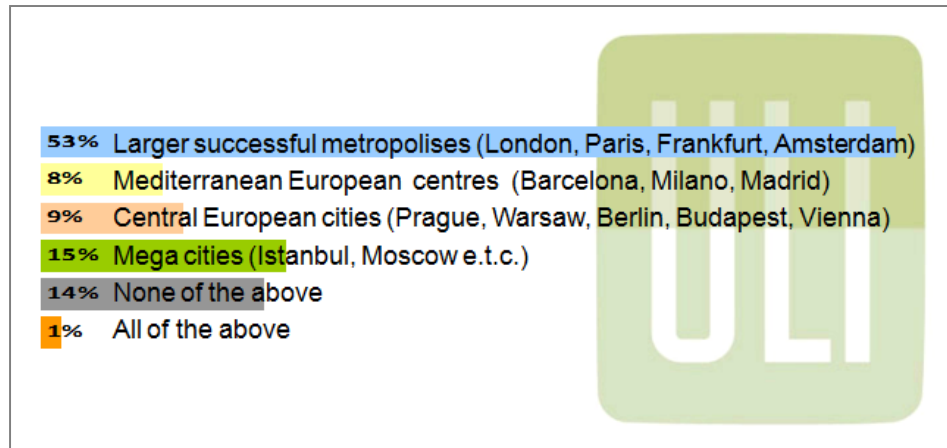


Question 10. What is the best role for EU institutions like the European Investment Bank in making Urban Investment happen in Europe more quickly?



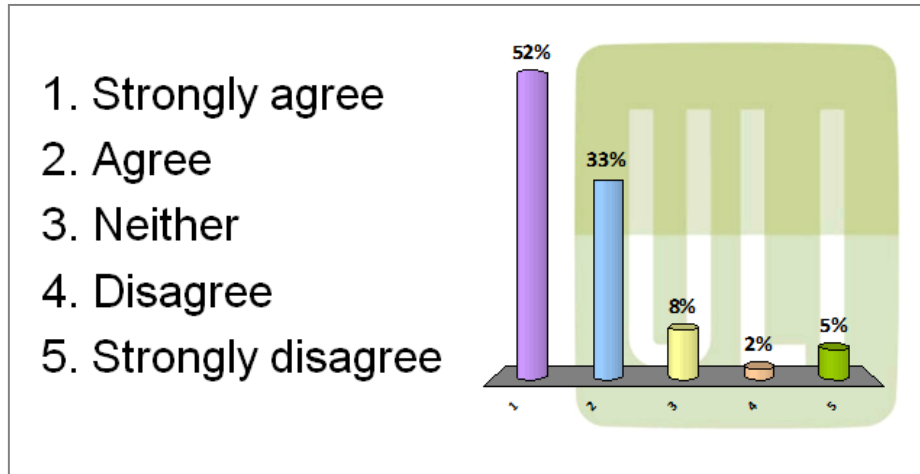
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Question 11. Which European cities will succeed in coming out of the crisis quickest?

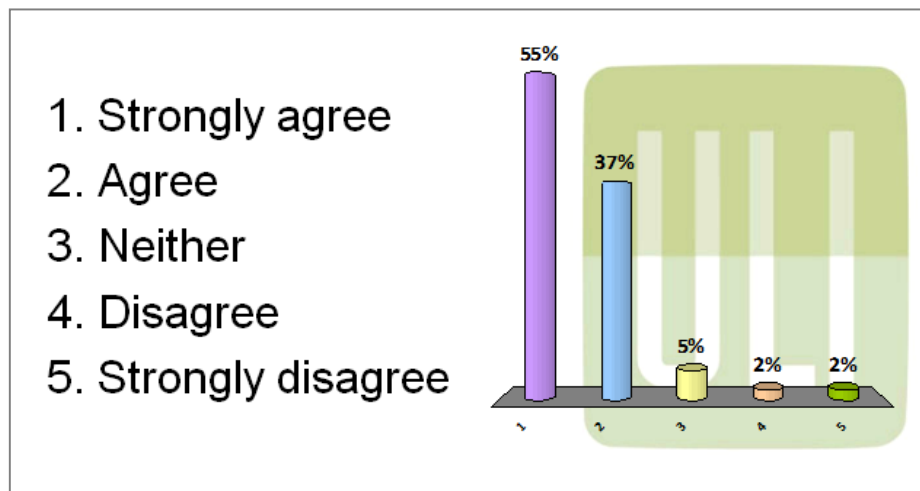


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Principle 1. CITIES SHOULD BE DISTINCTIVE. Every city should look and feel different. Investment projects should be novel and authentic



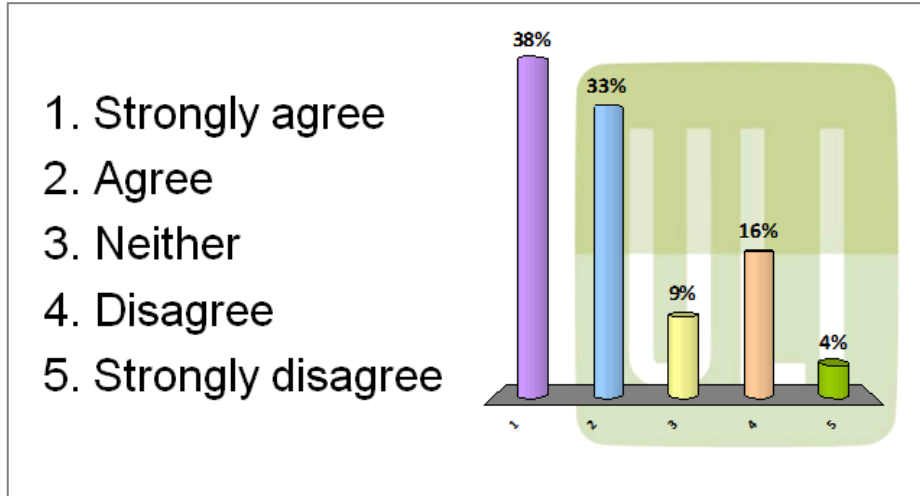
Principle 2. SUSTAINABILITY MAKES CITIES LIVE AND CREATES LONG TERM VALUE. Smarter asset management, integrated social and environmental goals, making long term arrangements to achieved desired outcomes and maintain facilities and development is crucial.



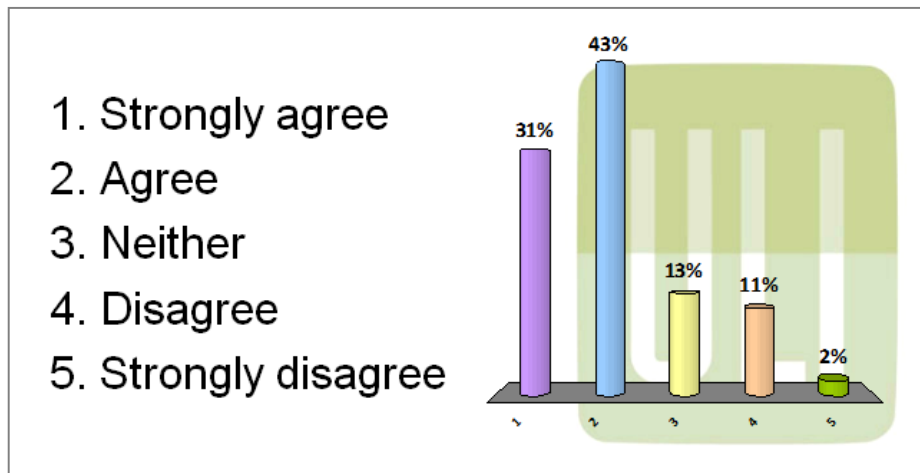
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Principle 3. ADAPTABILITY AND FLEXIBILITY IN PLANNING IS CENTRAL TO INVESTMENT. Negotiated flexibility in planning and regulations are central to opening up investment decisions

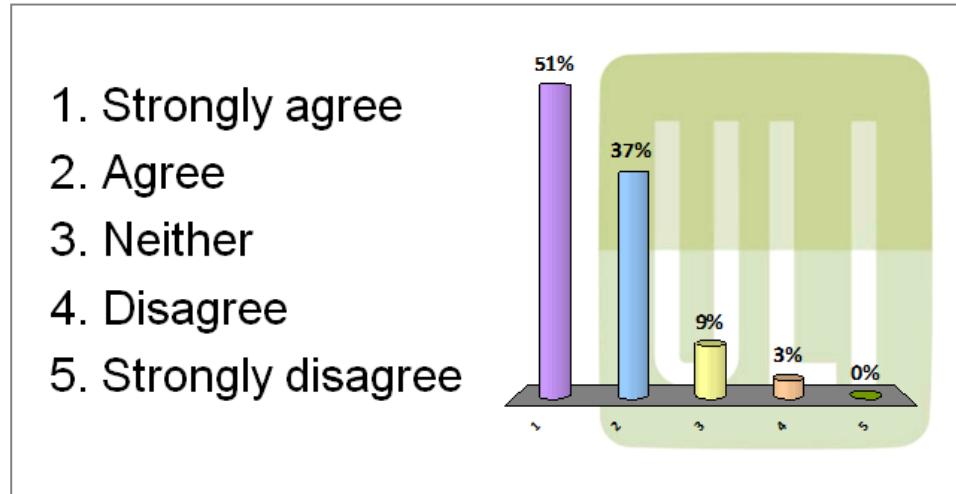


Principle 4. CITIES ARE JOINT VENTURES. They only work when the needs of partners are met.

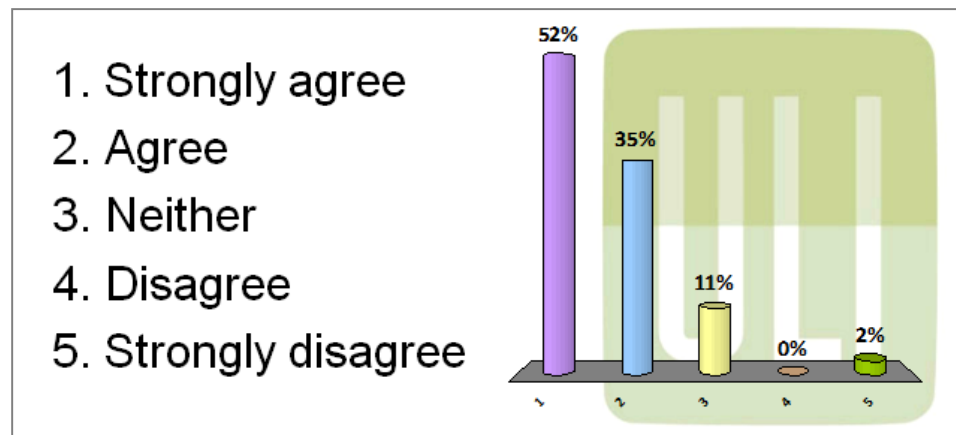


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Principle 5. PUBLIC INVESTMENT SHOULD BETTER LEVERAGE PRIVATE INVESTMENT. Better use of public assets and revenue flows underpin urban investment.

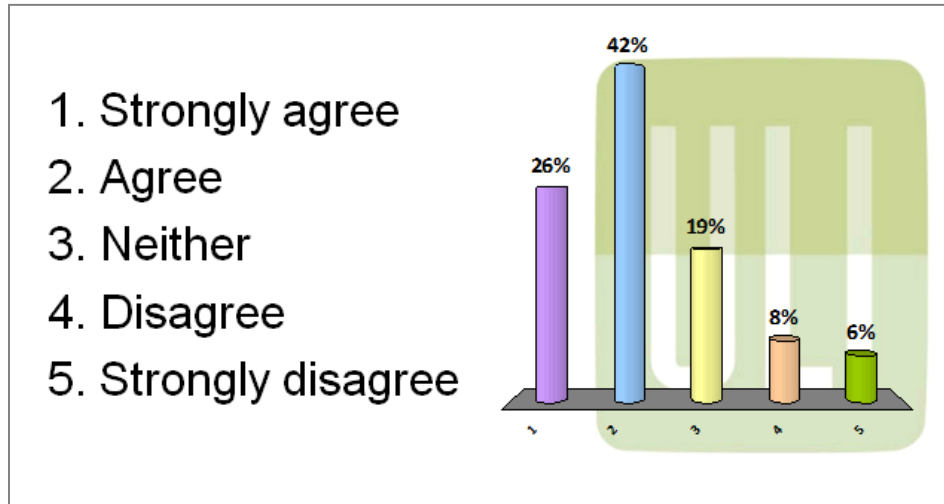


Principle 6. OPENESS AND TRUST IS THE CORE OF GOOD RELATIONSHIPS BETWEEN CITIES AND INVESTORS. Longer term deals based on open books and forging long term relationships can solve problems and allow adjustments of plans as circumstances evolve.

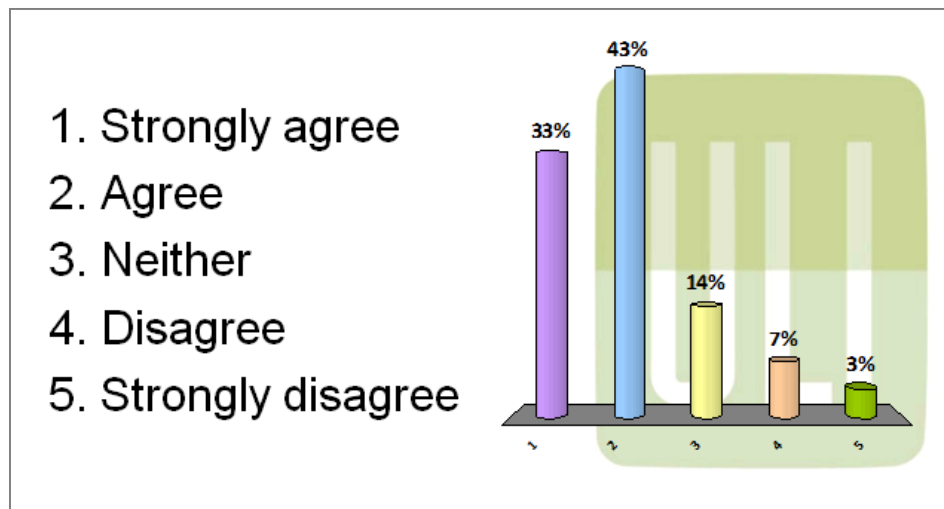


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Principle 7. PUBLIC AND PRIVATE ARE BOTH RESPONSIBLE FOR COST AND RISK REDUCTION AND SHARING. It is the role of both parties to reduce each other's costs and risks.

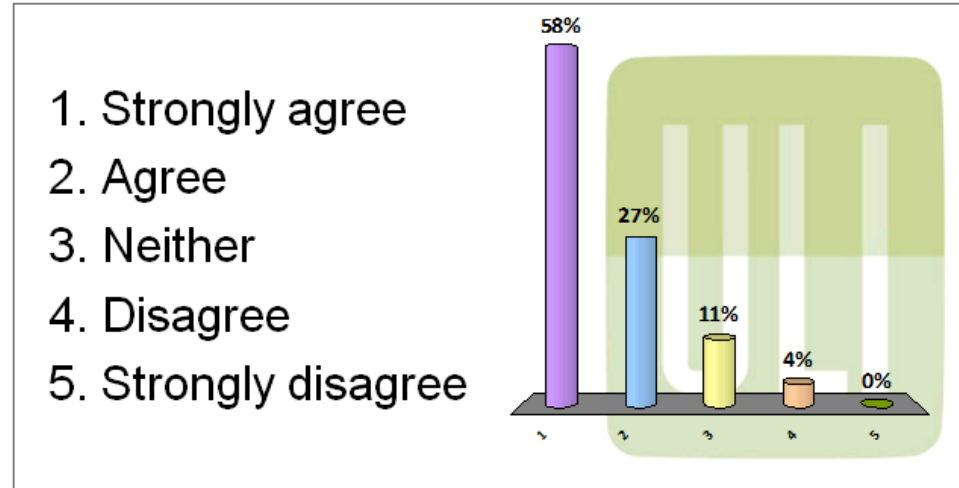


Principle 8. INNOVATION and INVENTION MUST BE USED TO DRIVE INVESTMENT. Attention must be paid to new drivers of investment and ways to structure investment to make it work in the long term

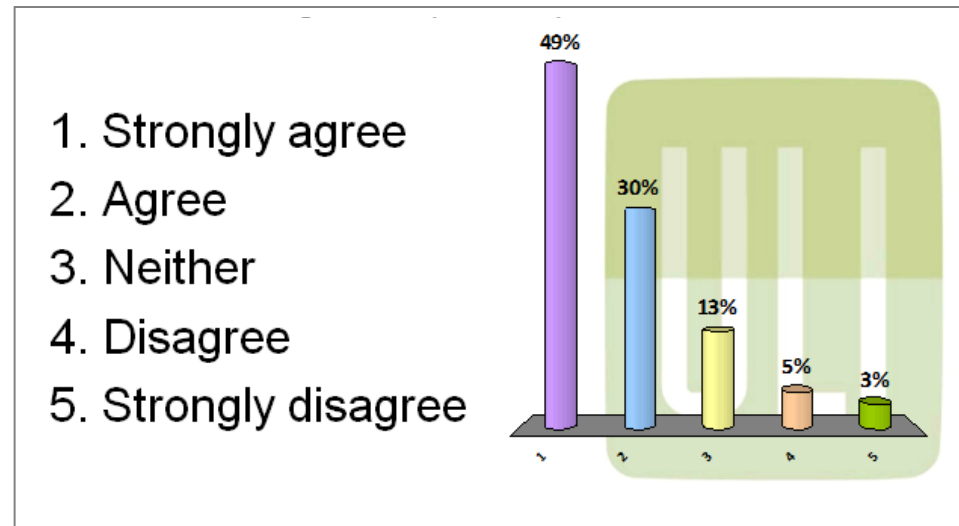


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Principle 9. URBAN INVESTMENT EXPERTISE, KNOWLEDGE, and UNDERSTANDING SHOULD BE FOSTERED. Higher skills and expertise in city investment in both sectors is required, coupled with much greater understanding of the needs of the other.



Principle 10. INVESTMENT PERFORMANCE SHOULD BE DRIVEN BY SOUND MANAGEMENT. Better use of private project and asset management optimises performance.



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ⁱ Investing in Sustainable Communities, The role of the EIB. Report of the Inter-Governmental Working Group, 2007.