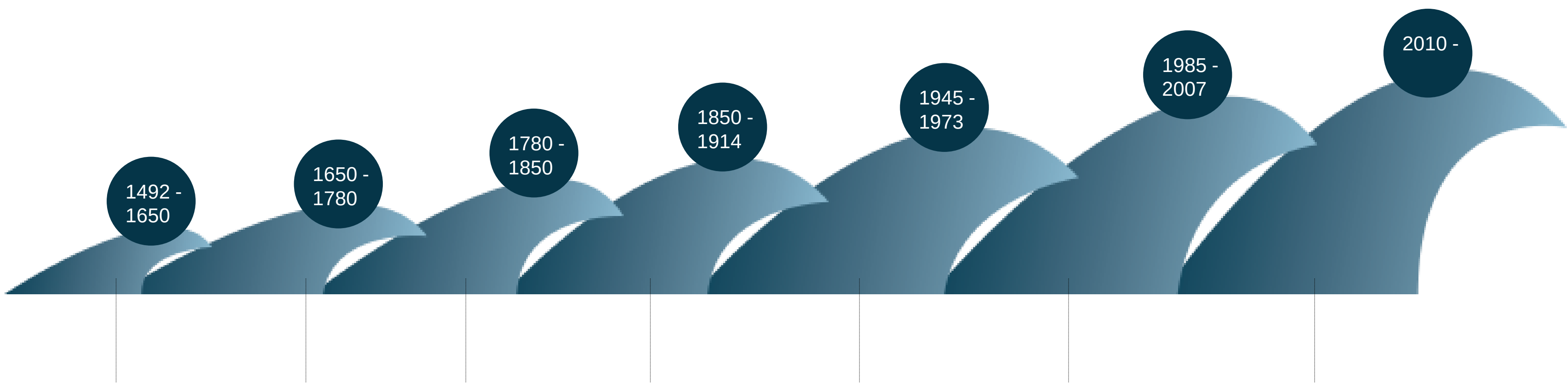
Santiago: A Density Dividend?

Greg Clark

December 2015

Globalization of cities happens in waves

Cities (re)entering a global path



Antwerp, Genoa, Istanbul, Venice	Amsterdam, Guangzhou, London, New York	Berlin, Paris, Birmingham	Bilbao, Liverpool Manchester, Rotterdam, Vienna	Munich, Seoul, Singapore, Tokyo, Toronto	Bangalore, Barcelona, Chicago, Sydney, Tel Aviv Santiago	Colombo, Nanjing, Brisbane, Sao Paulo….

The key disruptors

Digitisation

- How we work, play, buy, interact and communicate.
- More premium on automating processes and digital systems.

The Global War for Talent

- Gaps in supply of exceptional talent.
- More emphasis on location and lifestyle.

The key disruptors

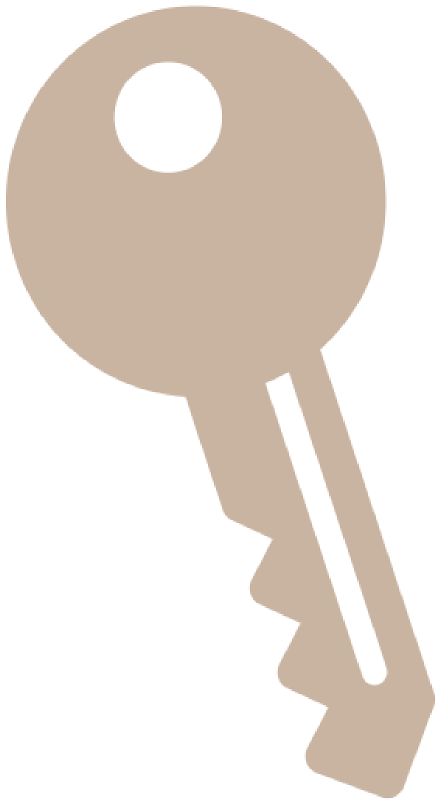
The Sharing Economy

- A new era of micro-entrepreneurship
- Shapes company location, financing, preferred business framework

Big Data

- Products and objects can generate high value insights.
- Socially useful apps or tools.

Cities and business: 6 key trends



1. Cities are Emerging Markets for Businesses
2. Businesses are (Re)Urbanising
3. The rise of Tradable Urban Services
4. Cities are Hubs of Business Innovation
5. Rebranding for city markets and consumers
6. Businesses restructuring to meet City goals

Associated trends

Tourism
is
re-urbanising

Retail
is
re-urbanising

Housing
is
re-urbanising

The Knowledge Economy
is
re-urbanising

Urban Real Estate
is now an
Investment
Asset

Density: drivers, dividends and debates

June 2015

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The Density Dividend: solutions for growing and shrinking cities

October 2015

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TH Real Estate

Popular Density is Critical for Cities to Realise Advantages and Avoid Decline

Options for accommodating global population growth

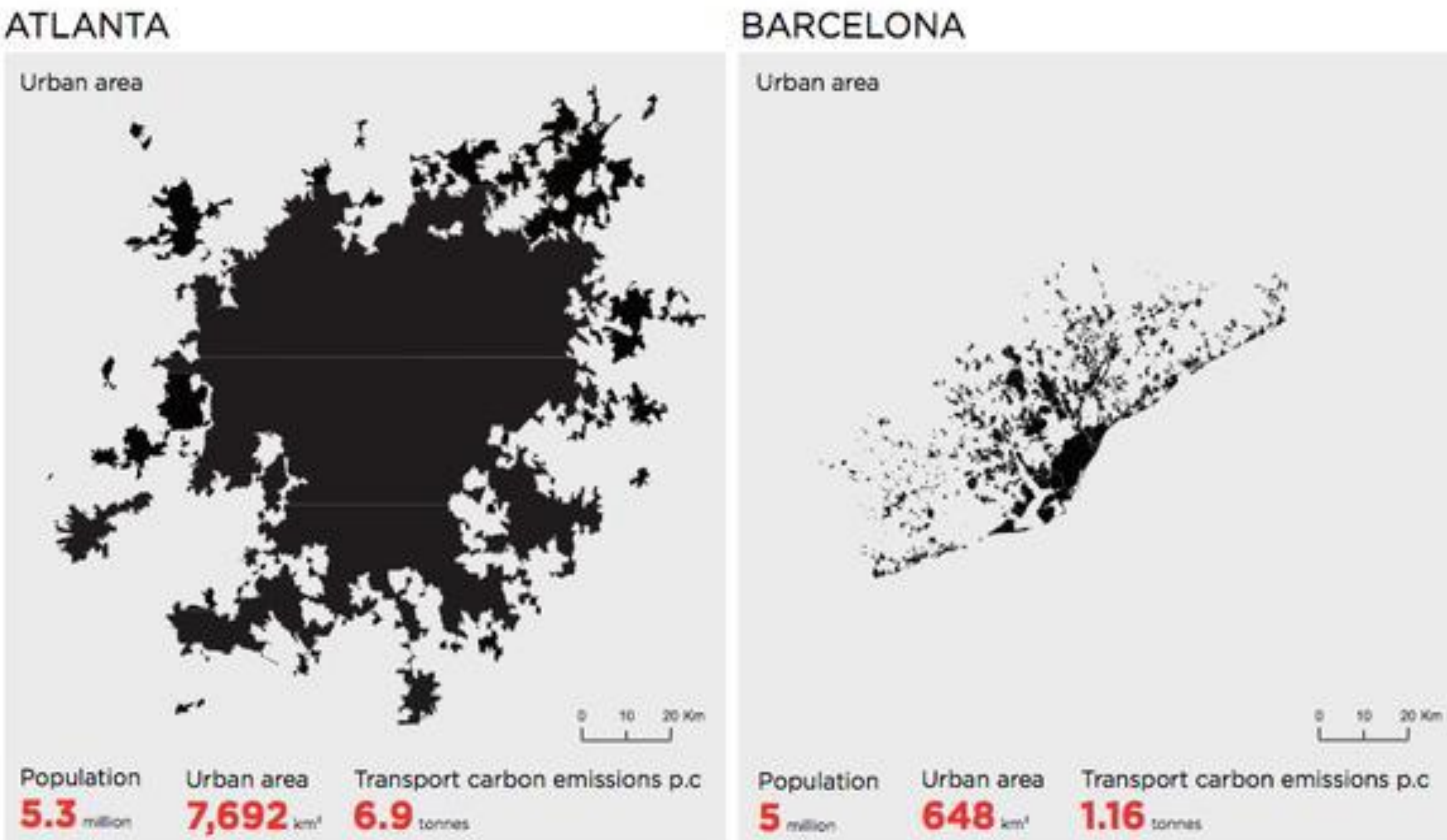
1. Allow Cities to Sprawl

2. Build New Cities

(or Districts)

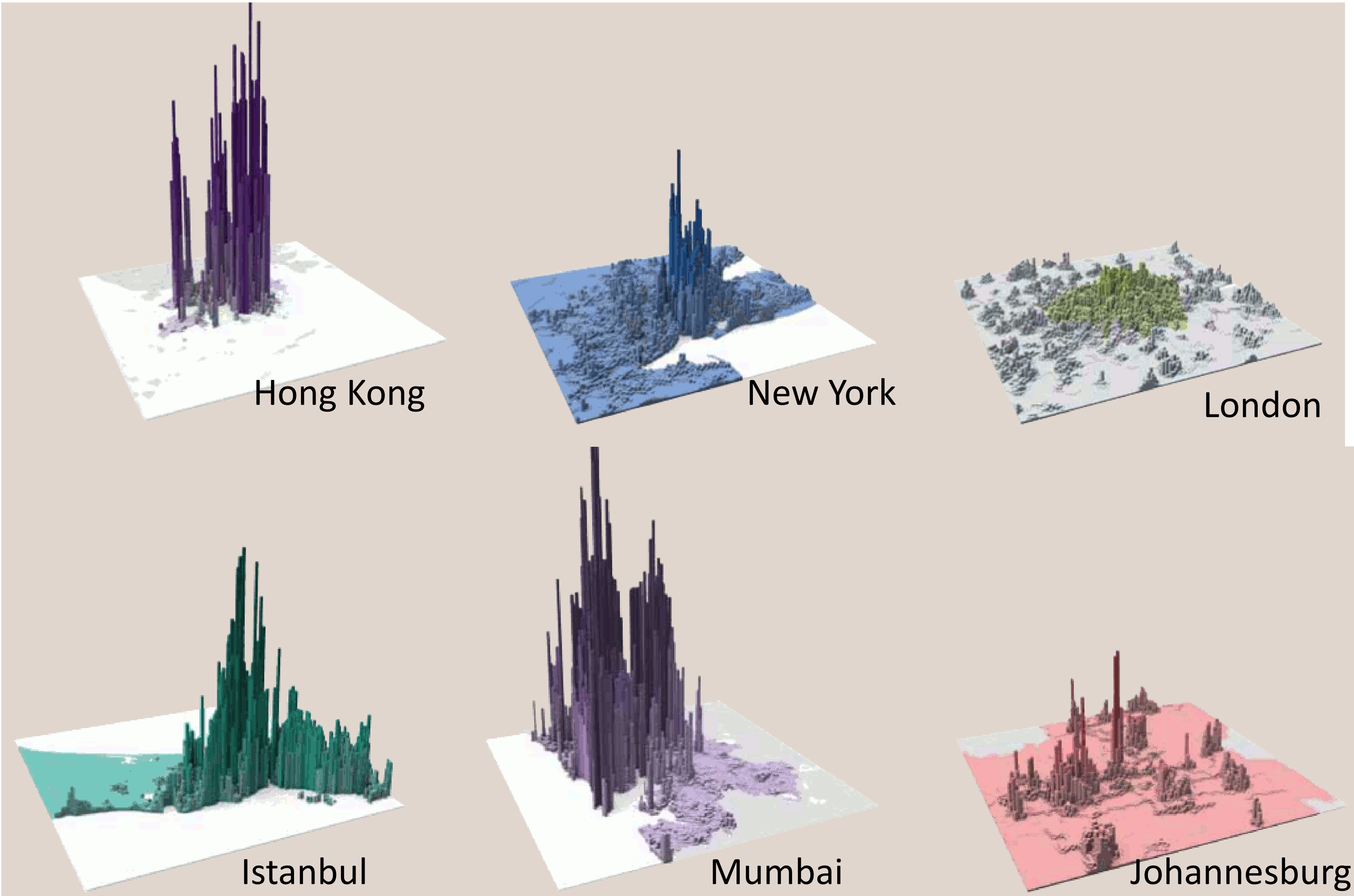
3. Densify Existing Cities

Comparative Densities of similar populations



Source: LSE Cities 2014

More compact development can reduce transport emissions by an order of magnitude.



Source: LSE Cities 2012

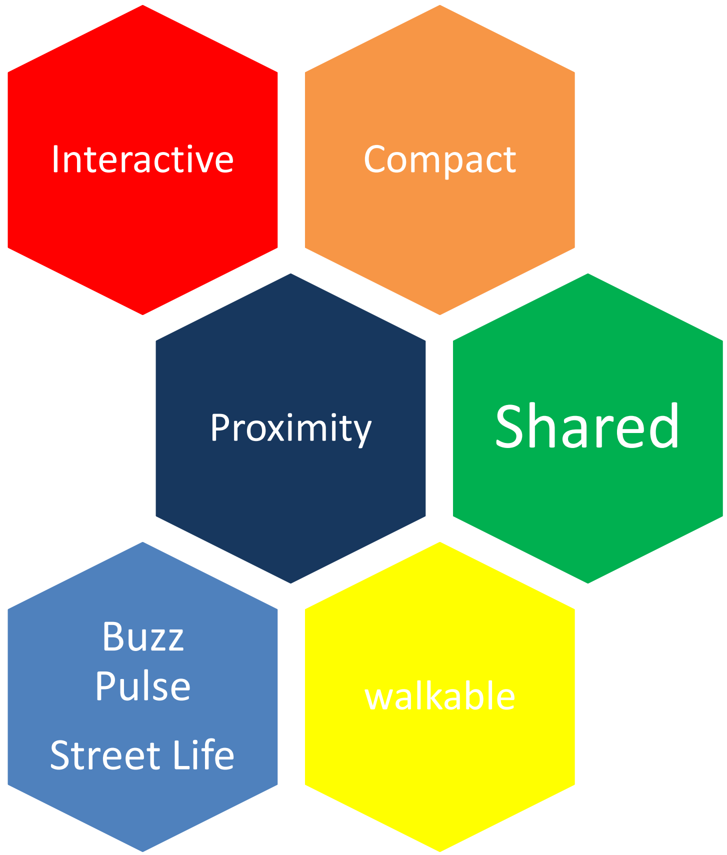
Differentiating good density from bad density

Mixed Use
Connected
Planned
Spacious
Liveable
Outcomes of Good Density
Cohesive
Incremental
Designed
Green
Appropriate

Monotonous
Isolated
Unmanaged
Unliveable
Crowded
Outcomes of Bad Density
Conspicuous
Segregated
Inflexible
Ugly
Polluting

Doomed Density: memories, myths, and mixed feelings

What do we like about Density?



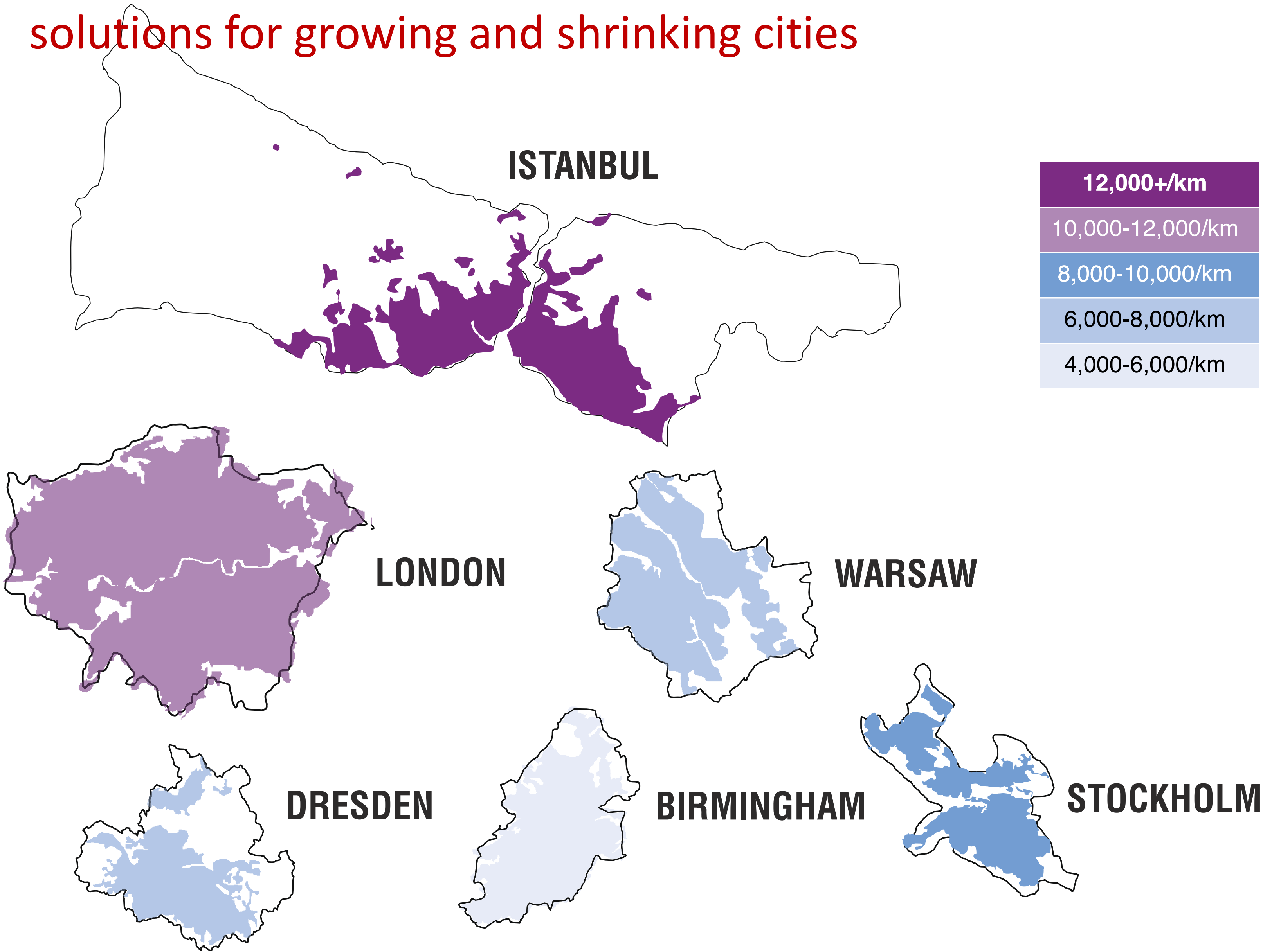
Density means different things to different people

Three big challenges: unintended consequences

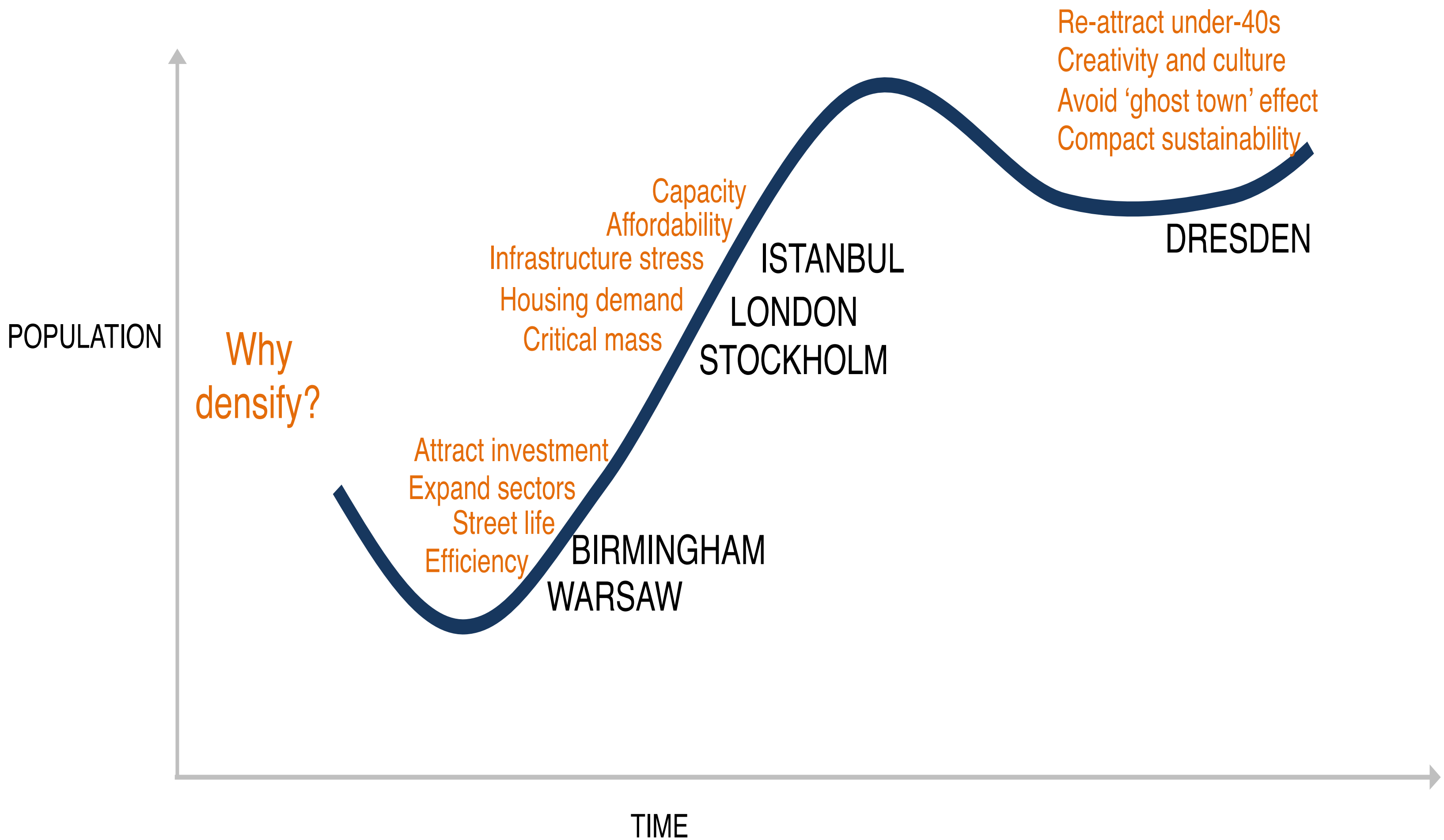
- Density and affordability.
- Density and segregation.
- Density and democracy.

The Density Dividend:

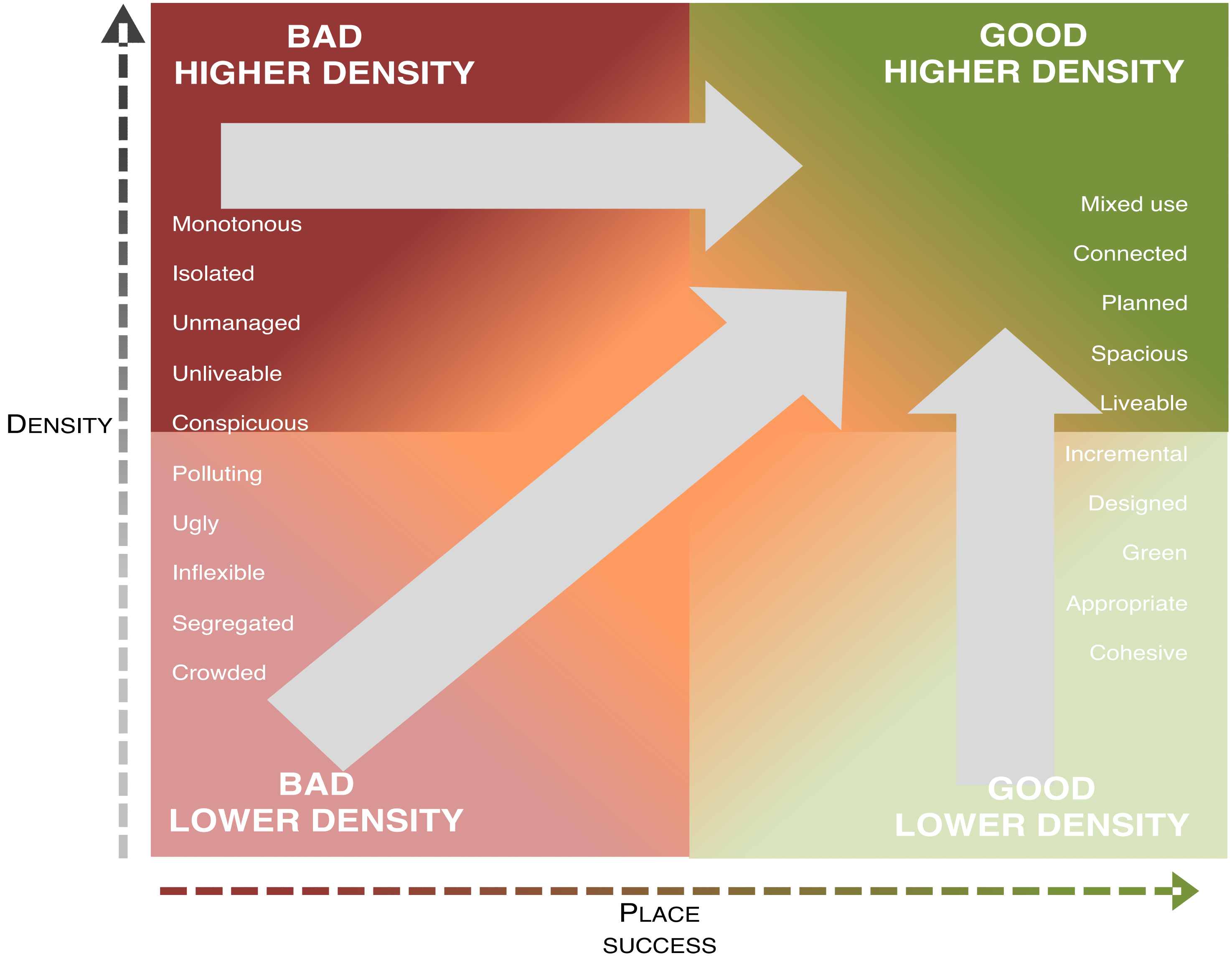
solutions for growing and shrinking cities



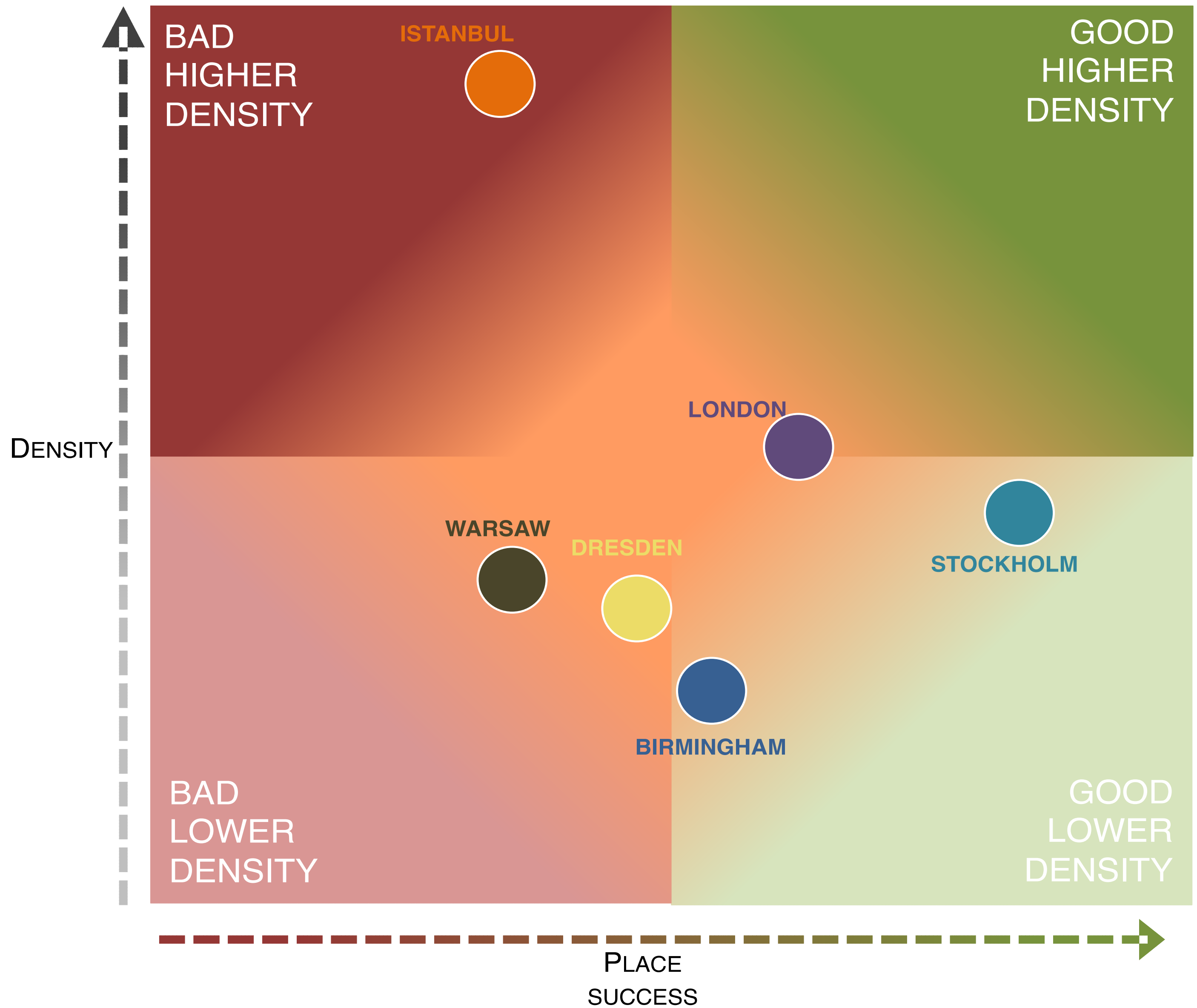
Different cycles and paths for cities



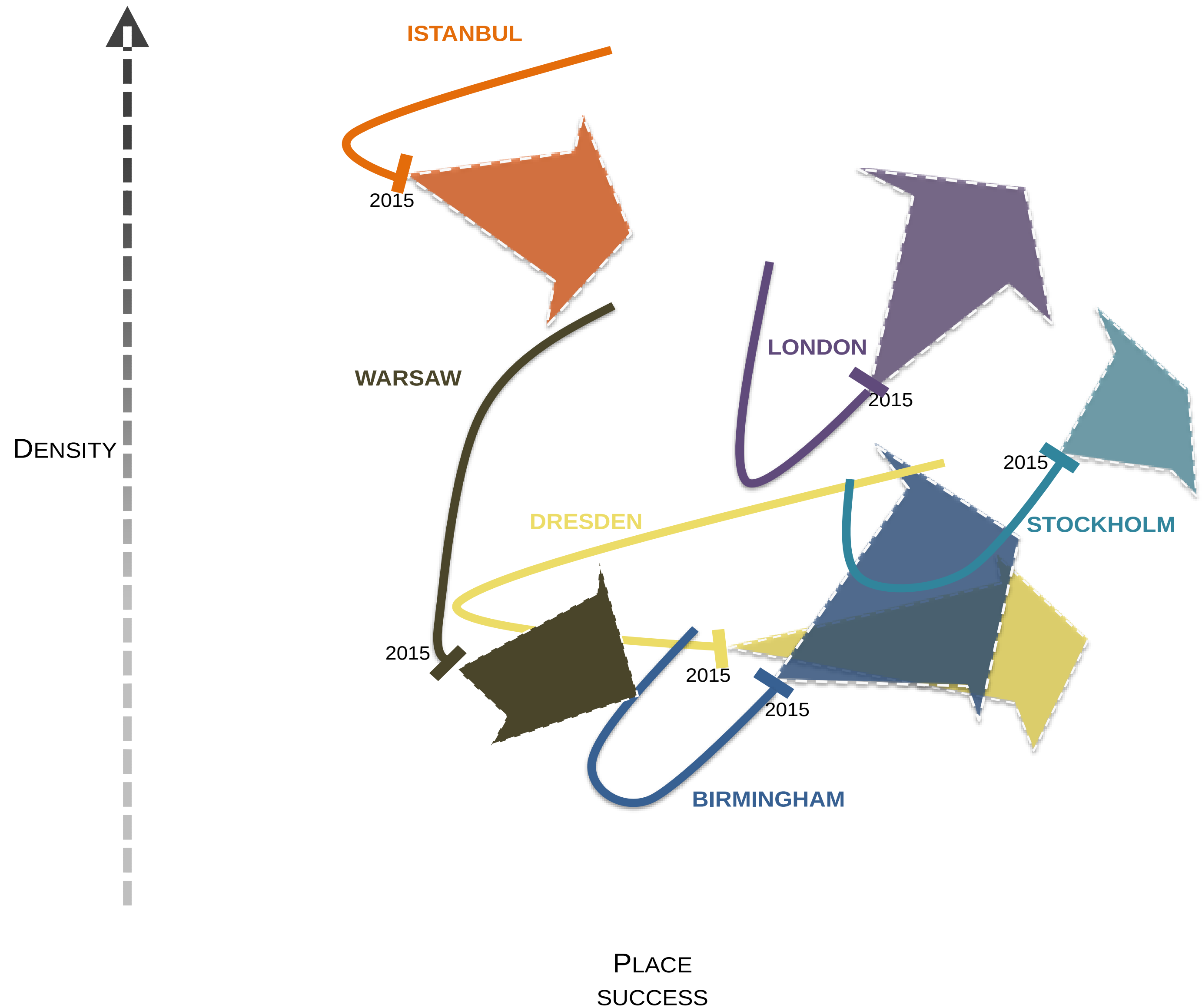
The journey to good density



Current Location of the 6 cities



The path of each city



What’s working?

- Metro-wide frameworks
- Utilising PPPs and private initiatives
- Concentration on prioritised areas
- Financial tools
- Design and planning for place-making

Who’s leading?

- Public authorities (e.g. Birmingham Municipal Housing Trust)
- Development corporations
- Public landholders
- Experienced Developers

Tactics of Density

- Right mix of locations
- Sequenced and integrated projects
- Quick wins
- Regional collaboration
- Re-imagining the suburbs

Regeneration of disused sites
(e.g. London Kings Cross)

Intensification of transport interchanges
(e.g. Warszawa Zachodnia station)

Redevelopment of existing buildings
(e.g. Dresden's Prager Zeile)

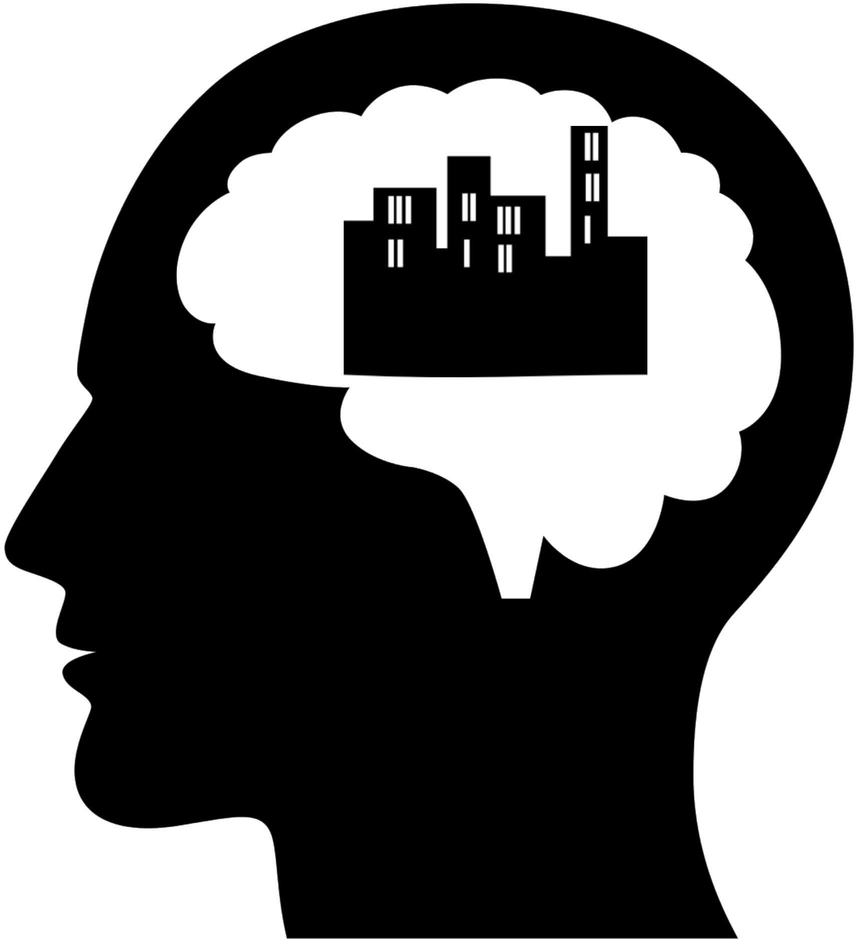
Different sites for densification

Building higher in city centres
(e.g. Birmingham Enterprise Zone)

Suburban infill and expansion
(e.g. Vallingby in Stockholm)

Land reclamations and manmade peninsulas
(e.g. Atakoy, Istanbul)

Positive Psychology of Popular Density



Densification and opportunity

For different age groups and points in life cycle

Sharing economy and the shared city

Trade off private space for public amenity

Urban life-style & vitality

Negotiated and incremental participation

Identity and Belonging; urban character

A new Equation on Density

Fundamentals		Execution		Momentum		
Leadership and vision		Tactics		Multi-cycle approaches		
Plan	+ ?	Scale	+ ?	Demand	= ?	Progress on Densification
Branding		Financing, legal and land-use tools		Positive psychology		

London

Fundamentals		Execution		Momentum		
Leadership and Vision		Tactics		Multi-cycle approaches		
Plan	+	Scale	+	Demand	=	**Progress on Densification**
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Established
Emerging
Not yet visible

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Dresden

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What about Santiago?

NETWORKED SOCIETY CITY INDEX

ERICSSON

BEST STUDENT CITIES

QS

Cities of opportunity

Global Cities 2015: The Race Accelerates

The World City Business Brand Barometer

PRICEWATERHOUSECOOPERS

QFC

QATAR FINANCIAL CENTRE

Global Power City Index 2015

Summary

Innovation Cities Analysis Report.

2thinknow

The Global Financial Centres Index 17

The Economist Intelligence Unit

GLOBAL METROMONITOR

AN UNCERTAIN RECOVERY

RANKING 2015 LAS MEJORES CIUDADES PARA HACER NEGOCIOS EN AMÉRICA LATINA

THE SAFE CITIES INDEX 2015

IESE Cities in Motion Index

2015

MasterCard

2015 Global Destination Cities

City Momentum Index

JLL

fDi

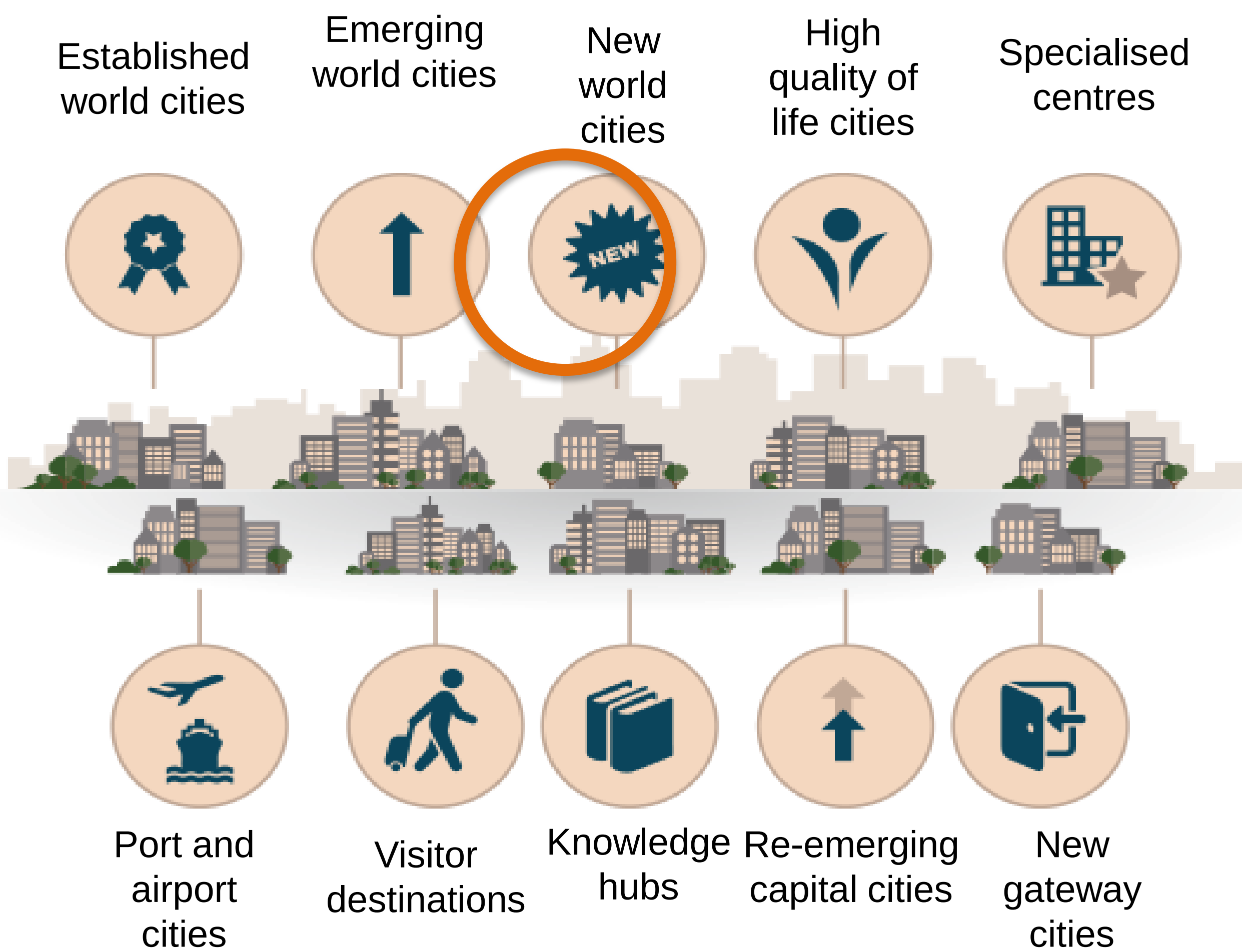
AMERICAN CITIES OF THE FUTURE 2015/

SUSTAINABLE CITIES INDEX 2015

TORONTO AS A GLOBAL CITY:

Scorecard on Prosperity – 2015

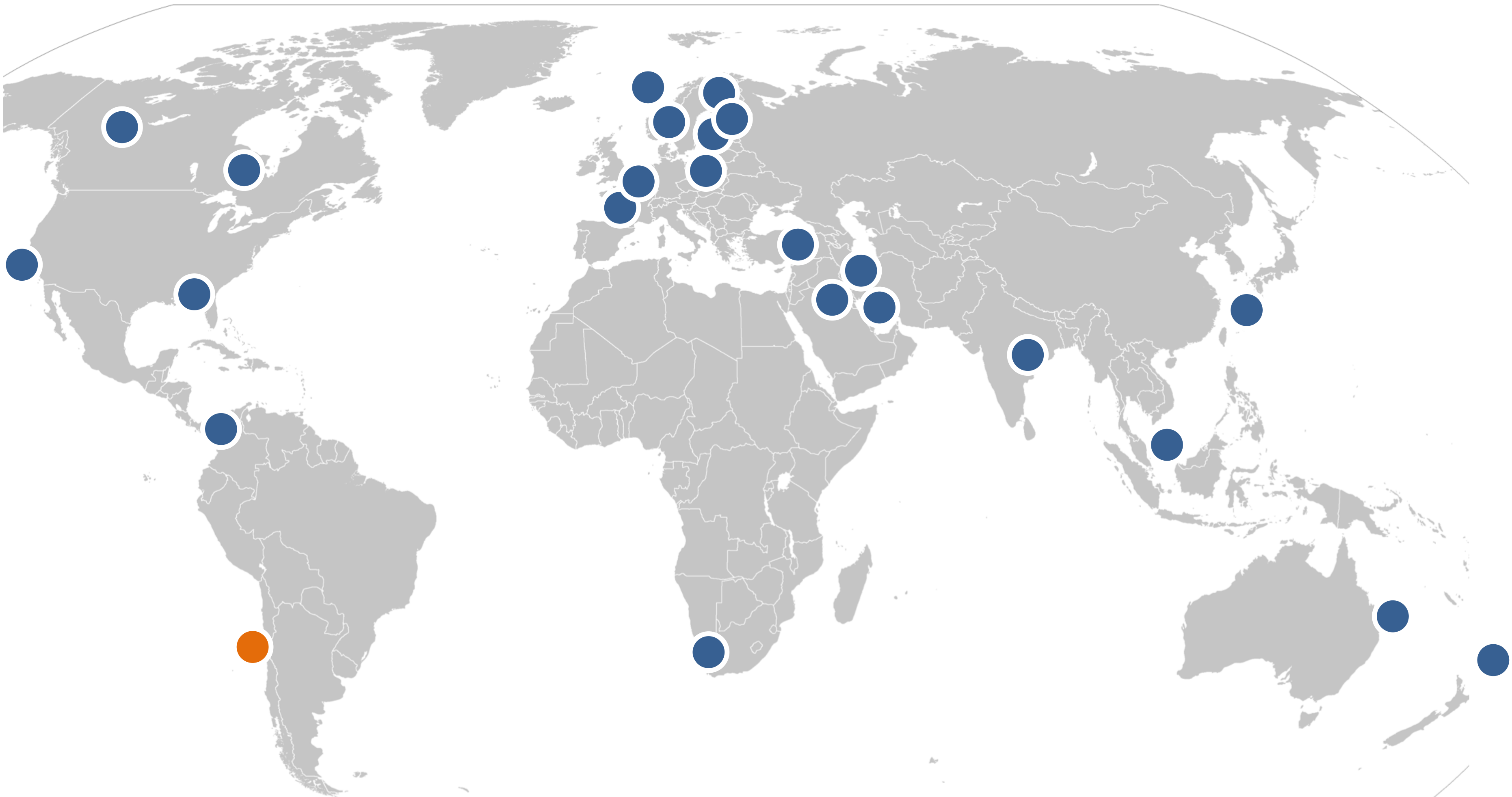
Different Types of Globalising Cities



What is a type?

Origins
Performance
Aim
Path
Point in cycle

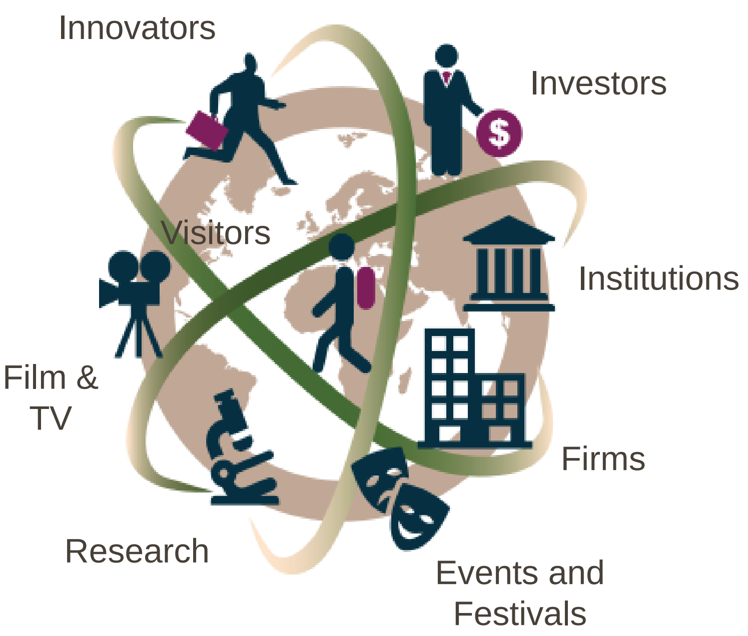
Mapping the New World Cities



What do New World Cities do?

- Hubs of digital, scientific, and environmental industries
- Produce film, TV, and cultural content for global consumers
- Provide R&D sites for global firms.
- Incubate and spread innovation
- Offer SMEs eco-system for trade
- Draws for enterprising migrant
- Attract students from 2+ continents
- Destinations for tourists, conventions, decision makers

Compete in contested markets



Defining a New World City

Santiago

- $100bn+ metropolitan economy
- Globally oriented business clusters
- Top 100 for commercial investment
- Top 100 for visitors, innovation or brand
- Highly competitive (top 20) in at least one area
- Globally recognised for some qualities but not others

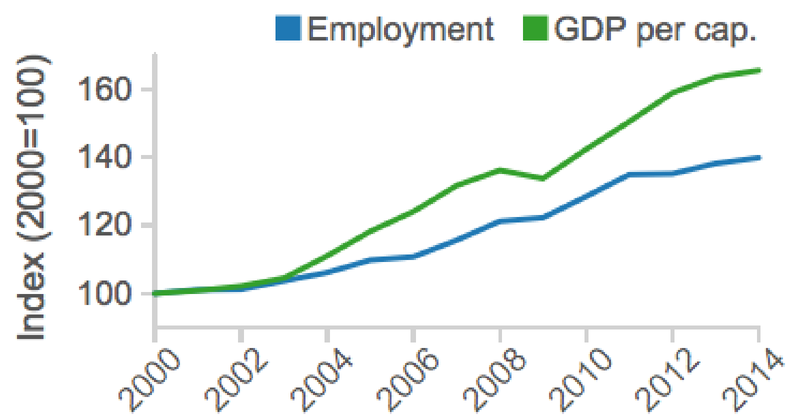
How do they succeed?

Combining global leadership with local quality

- Size: smaller, more agile and affordable
- Expert specialisation within a more managed metropolis
- Better live-work balance
- Efficient infrastructure and densification
- Problem-solving capabilities
- Low congestion, inflation, and pollution
- Safety, security, education
- Clear leadership and identity

Why is Santiago a New World City?

Risen into top 50 most globally linked city economies (GaWC)
Top 25% of fastest growing cities since 2000 (Brookings)



© Brookings 2015

Globally it is top 30 for:

- Start-ups (Start-up Genome)
- Outsourcing (Tholons)

In Latin America it is the:

- No.5 largest metropolitan economy (Brookings)
- No.2 student city (QS)
- No.2 investment city of the future (fDi Intelligence)
- No.1 best local management model (services) (IESE Cities in Motion Index)
- No.1 for urban digital and infrastructure safety (EIU)
- No. 2 for youth liveability (Youthful Cities Index)

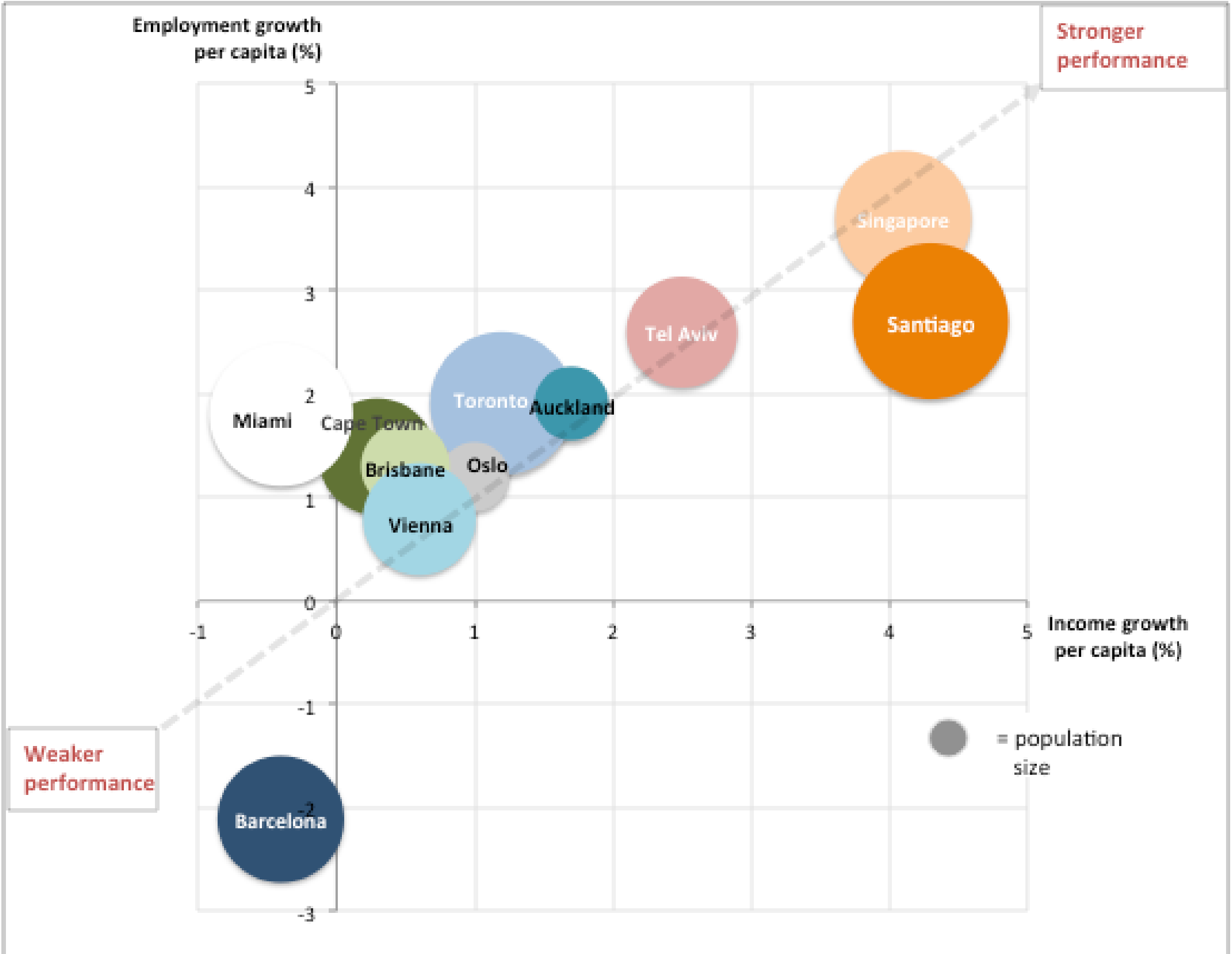
Santiago: A competitive New World City

	GDP /$bn	GDP per capita/ $'000
Singapore	**366**	67
Toronto	**276**	46
Miami	**263**	44
Vienna	**184**	49
Santiago	**171**	24
Barcelona	**171**	36
Tel Aviv	**153**	43
Doha	**140**	146
Brisbane	**97**	42
Oslo	**74**	53
Cape Town	**59**	14
Auckland	**50**	32

	GaWC global connectivity	Change in rank since 2000
Singapore	**5**	+1
Toronto	**17**	-7
Vienna	**27**	+13
Miami	**36**	-11
Barcelona	**37**	-5
Santiago	**49**	+8
Tel Aviv	**60**	+31
Cape Town	**64**	+30
Auckland	**72**	-34
Oslo	**79**	-13
Brisbane	**80**	-8
Doha	**83**	+96

Source: Brookings Global Metro Monitor (2014); Globalization and World Cities (2013)

New World Cities: growth since the global financial crisis



Source: Brookings Global Metro Monitor (2014)

Santiago has maintained its rapid growth path compared to other New World Cities

Santiago’s index performance

		Innovation	Talent	Liveability	Brand	Meetings	Visitors
		2 thinknow Innovation Cities 2014	AON People Risk Index 2013	EIU Liveability Index	Reputation Institute City Reptrak 2015	ICCA City ranking 2014	Euromonitor 2015
1	Vienna	6	37	1	4	2	28
2	Singapore	27	2	26	34	7	2
3	Toronto	11	3	15	26	39	61
4	Barcelona	56	49	38	6	5	25
5	Oslo	32	16	31	18	48	100+
6	Miami	48	21	65	41	97	20
7	Auckland	106	40	3	29	125	100+
8	Brisbane	60	-	37	46	67	100+
9	Doha	251	31	108	-	108	43
10	Santiago	396	52	93	62	32	100+
11	Cape Town	128	-	91	77	41	100+
12	Tel Aviv	24	45	105	92	240	100+

Santiago: a centre of knowledge and entrepreneurship

	QS best student cities	EIU 'Human Capital'	Start Up Genome Index
Oslo	-	6	-
Miami	-	19	-
Auckland	22	21	-
Toronto	9	23	8
Barcelona	19	29	-
Vienna	20	30	-
Santiago	44	35	20
Singapore	15	36	17
Cape Town	-	40	-
Doha	-	53	-
Tel Aviv	-	55	2
Brisbane	23	-	-

- **Punches above its weight for talent and innovation**
- **Best city do to business in Latin America** (fDi Intelligence)
- **1st in Latin America for Urban Investment Attraction** (CEPEC)

Santiago: a leading Latin American brand

	ICCA City ranking 2014	City RepTrak 2015	EIU 'Global Appeal'	Saffron Brand Barometer 2015
No of cities	400+	101	120	67
Barcelona	5	6	9	10
Vienna	2	4	10	20
Singapore	7	34	4	-
Oslo	48	18	46	-
Toronto	39	26	28	42
Miami	97	41	57	13
Santiago	32	62	49	33
Auckland	125	29	71	-
Cape Town	41	77	64	-
Brisbane	67	46	-	53
Doha	108	-	60	65
Tel Aviv	240	92	67	24

- **Strong conference economy**
- **Increased edge**
- **Not (yet) widely known or admired globally**

Santiago: liveability not yet recognised due to development status

	Mercer Quality of Living Survey	EIU Safe Cities Index
Auckland	3	-
Toronto	15	8
Singapore	26	2
Oslo	31	-
Brisbane	37	15
Barcelona	38	-
Cape Town	91	-
Santiago	93	28
Doha	108	29

- **Basic HDI indicators still behind**
- **But highly ranked in emerging world for personal safety, infrastructure quality (EIU)**

But, Santiago: an emerging leader for sustainability

- Above average on modal split for transport, water, sanitation and waste disposal
- Most sustainable New World City in emerging economies (ARCADIS Index)

Santiago: the Smart City opportunity?

- Smartest city in Latin America (Indra Smart Cities Survey)
    - Safe
    - Good healthcare
    - Cleanliness
    - Extensive E-government

- Top City in region for
    - Public Governance
    - Public Management (IESE)

- On a par with New World Cities such as Barcelona, Tel Aviv

Overall, Santiago as a New World City

STRENGTHS

- Highly rated for business friendliness and investment readiness
- A regional knowledge centre: educated population, strong start-up scene, higher education institutions
- Environmental and system security advantages
- Stability, governance, good public management/services.

WEAKNESSES?

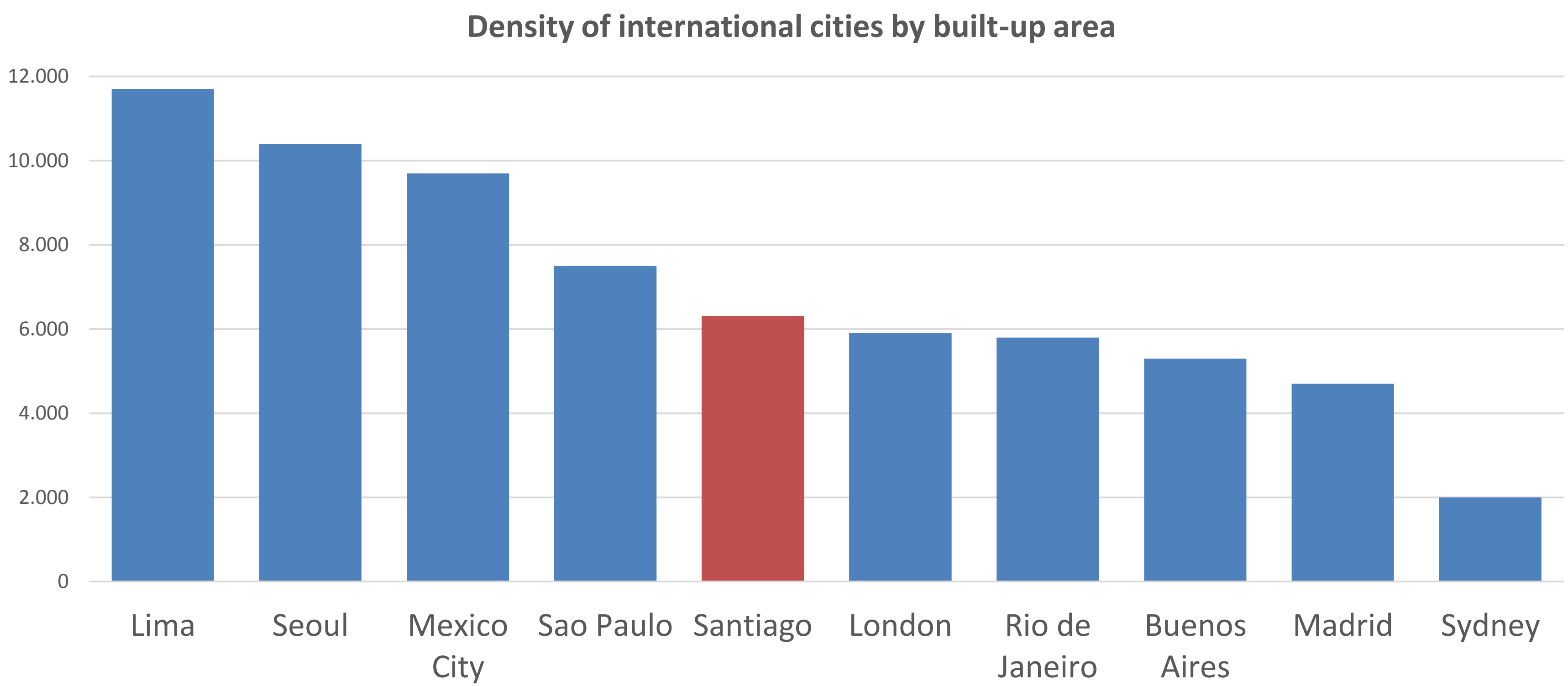
- Metropolitan mobility, efficiency, and co-ordination
- Housing and health systems
- Low density for a knowledge intensive economy
- Held back by national indicators?

Lack of visibility in global markets is an opportunity?

What is the Santiago strategy for the next 5 years?

How do Santiago and Chile work together?

Santiago is a medium-density city



Source: Demographia (2015), World Urban Areas

But be careful when measuring density!

	Size	Density/km^2	Similar international comparison
Santiago Commune	22.4km^2	9,000	Inner London, Jersey City
Santiago Municipality	640km^2	8,500	Singapore, Nairobi
Santiago built up area	900km^2	6,300	Greater London, Rio de Janeiro
Santiago Province	2,000km^2	2,500	Johannesburg province Sydney
Metropolitan Region of Santiago	15,000km^2	440	Dallas metropolitan area, Miami metropolitan area

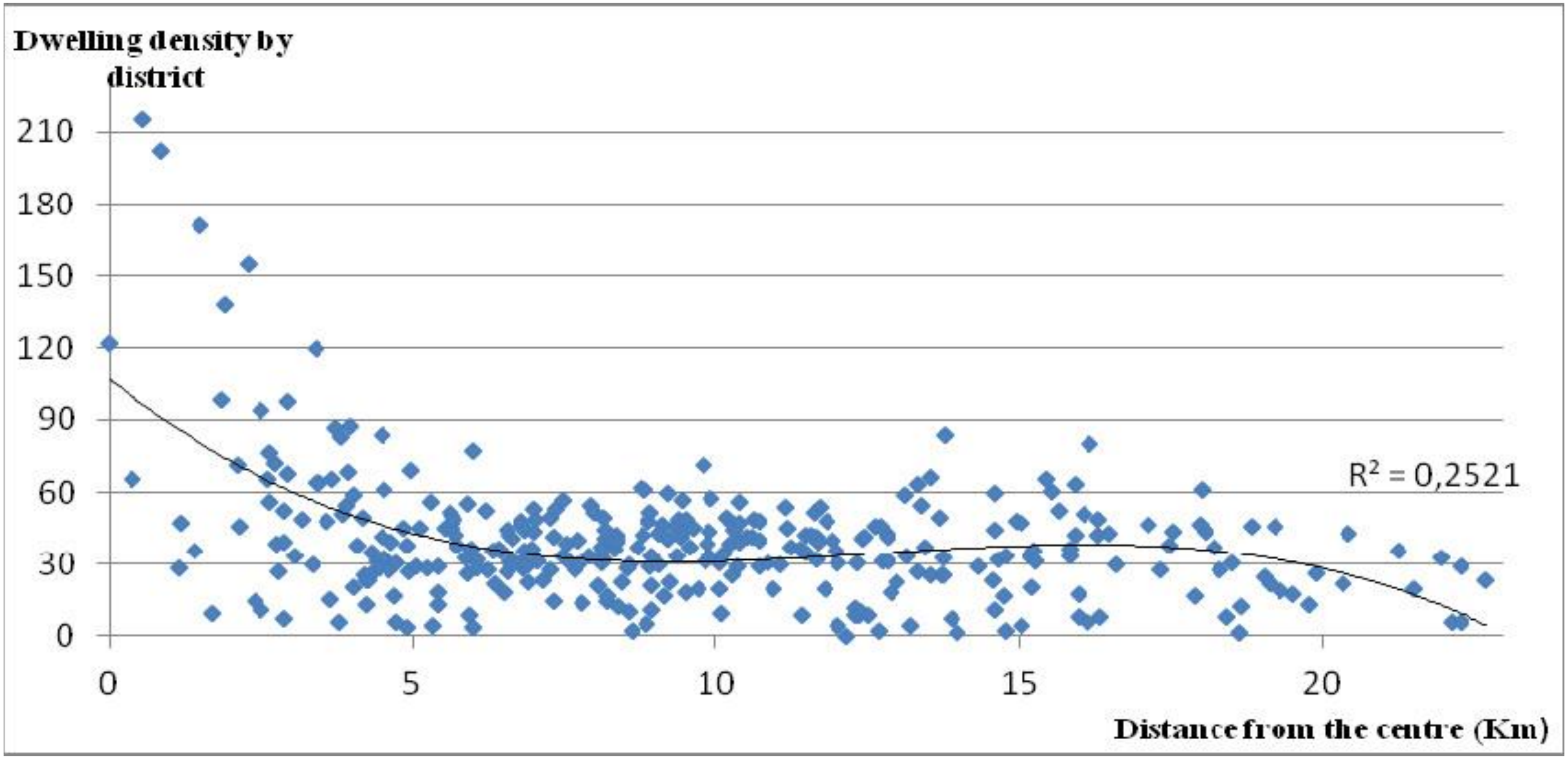
A problem of sprawl and low metropolitan regional co-ordination

Source: Instituto Nacional de Estadisticas; Demographia (2015), World Urban Areas

Combined with high demand by a growing population

Hence a need for both densification and metropolitan management

Santiago's density pattern

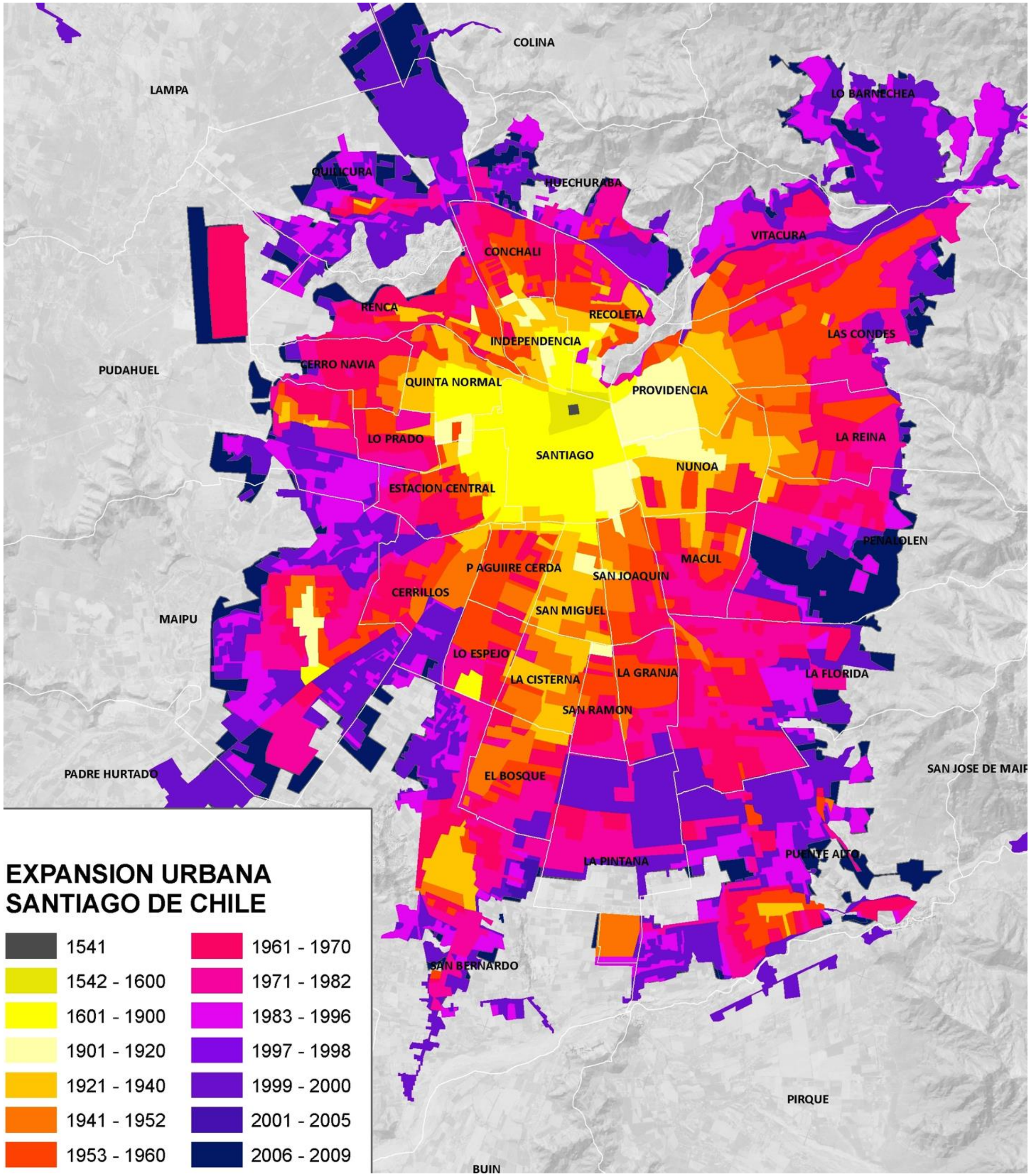


Source: Felipe Livert Aquino and Xabier Gainza (2014), Understanding Density in an Uneven City, Santiago de Chile: Implications for Social and Environmental Sustainability

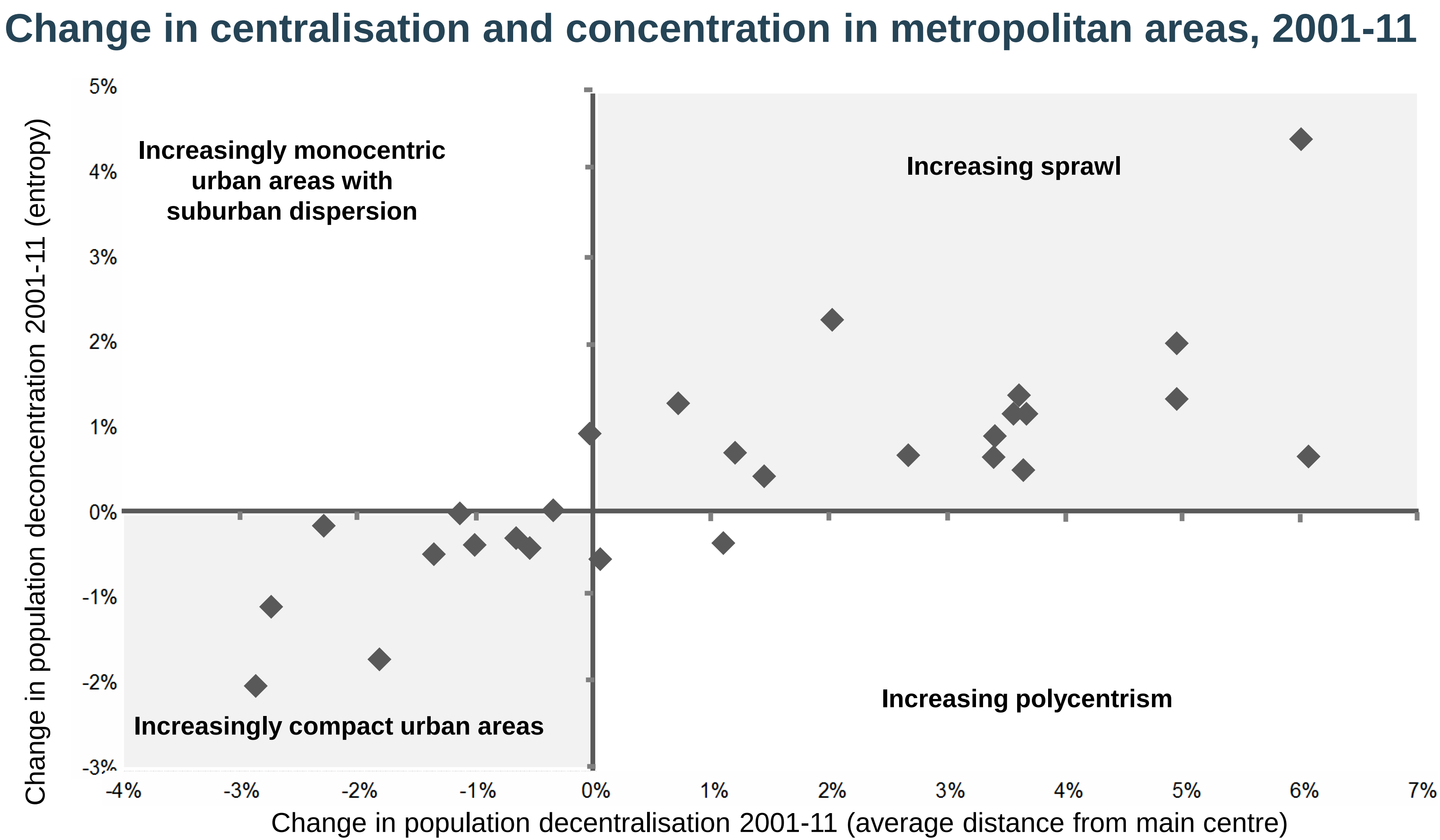
- Follows typical mono-centric pattern
- Most dense districts now in the city centre and the low-income peripheral *comunas* in South and Northwest (social housing).

- Rapid outward expansion between 1980-1995
- 1994 Santiago Metropolitan Regulatory Plan (SMRP) tried to curb expansion at $600km^2$
- But modified and extended in 1997, effectively stopping densification process
- Further extensions agreed in 2003 and 2013
- Stalled densification and sprawled metro region

Source: El Observatorio Habitacional (OH), iniciativa del Ministerio de Vivienda y Urbanismo



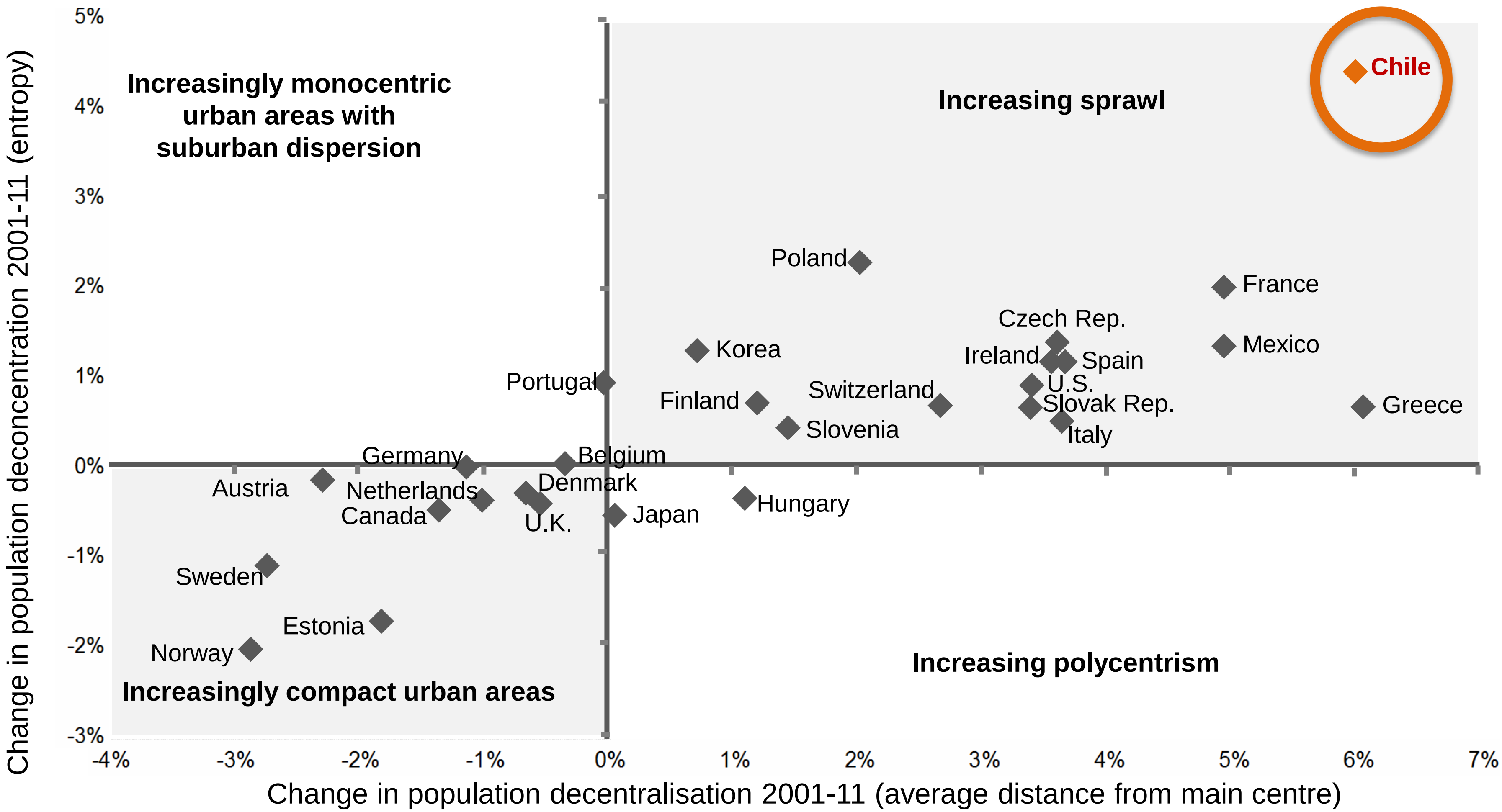
Sprawl models vs compact city models



Source: Paolo Veneri, OECD

Sprawl models vs compact city models

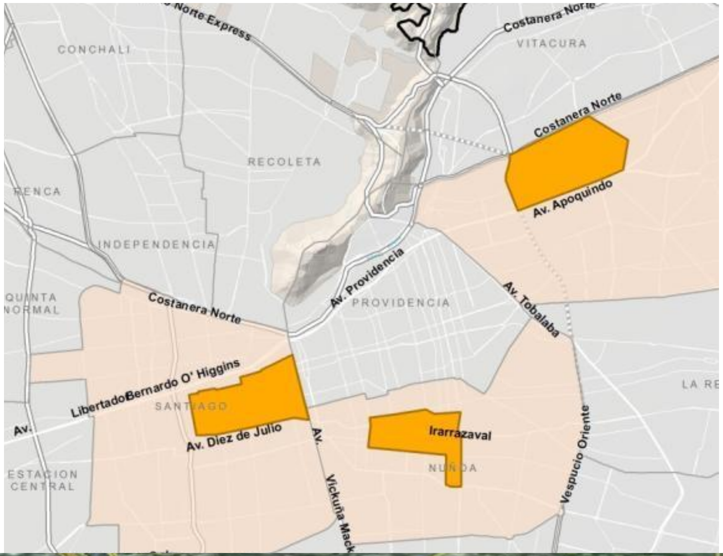
Change in centralisation and concentration in metropolitan areas, 2001-11



Source: Paolo Veneri, OECD

Recent patterns of density in Santiago

- Re-urbanisation in last decade in higher-income central districts: Providencia, Las Condes, Ñuñoa



- Huge demand for apartment living among young urban professionals

- Rejuvenated central neighbourhoods, attracted new commercial assets

Source: AGS (2013), ANALISIS DE LA CONSTRUCCIÓN DE TORRES DE DEPARTAMENTOS EN LAS TRES COMUNAS CON MAYOR VOLUMEN DE VENTAS

Barriers to good density in Santiago

Lack of metropolitan governance and lack of urban densification tools and incentive structures:

- Failed Metropolitan growth boundaries and Weak Metropolitan Planning
- Lack of combined transport/land-use planning: Public transport share has fallen
- Social housing moving further out = lack of access to jobs, social infra

- Limited use of tools and incentives to shape the re-urbanisation process and high fiscal disparities between wealthy and poor comunas
- Absence of urban regeneration entities with power to undertake more decisive urban land re-use.
- Lack of rigorous urban design to ensure towers fit district aesthetic
- Densification has only been a priority in a few neighbourhoods, not across whole metropolitan space, not a coordinated regional approach.

Metropolis Off or On ?

Metropolis Off	Metropolis On
Madrid	Barcelona
Vienna	Zurich
Milan	Turin
Berlin	**Stockholm**
Atlanta	Miami
Bogota	Amsterdam
Toronto	Vancouver
Sydney	Melbourne

Comparing the options

Metropolis Off	Metropolis On
Sectoral policies lead	Integrated regional planning
Autonomous bodies	Cross cutting objectives
Hierarchical system	Networked governance
Spatial variation	Spatial cohesion
Low co-ordination	High co-ordination projects
Tax and transfer payments	Financial innovation and leverage

Santiago's next cycle of density?

- 2nd cycle of densification: infrastructure investment and metropolitan planning is the key

  - Independencia, catalysed by Line 3 metro line completion in 2017
  - Quinta Normal, enabled by connections on Line 5
  - Estación Central, because of proximity to downtown

- Social drivers: growing preference to trade off private space for proximity to public amenity and shift to innovation economy and shared city

- **Regional Government** with strategic planning powers.
- Set clear **growth boundary** aligned with regional government.
- New **urban regeneration** and **intensification** effort.
- **Fiscal structure** than support a common metropolitan area.
- **Smart city** innovations to optimise systems and space

Perspectives on density in Chile

"Densification is healthy and generates fewer negative externalities. But we are concerned that communities already established in the most central districts are opposed to this measure, forcing future generations to live in places further away with all the problems that entails."

Ariel Magendzo, general manager of Paz Corp

"Densification does not necessarily mean buildings 26 stories high. It can be perfectly constructed buildings of five, six and even eight floors."

Gustavo Vicuna, general manager of Claro Vicuna Valenzuela

"You cannot think that a city grows only by densification. Densification, expansion and urban renewal are all mechanisms that must be used. We should provide an outlet for people who want to live in larger spaces, which generally requires that the city extends."

Javier Hurtado, Chilean Chamber of Construction (CCHC)

http://www.newprocess.cl/noticias/inmobiliarias-plantean-sus-dudas-ante-plan-de-densificacion-urbana-de-santiago-4418.php

London

Fundamentals	+	Execution	+	Momentum	=	Progress on Densification
Leadership and Vision		Tactics		Multi-cycle approaches		
Plan	+	Scale	+	Demand	=	**Progress on Densification**
Branding		Financing, legal and land-use tools		Positive psychology		

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Birmingham

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Santiago’s density equation?

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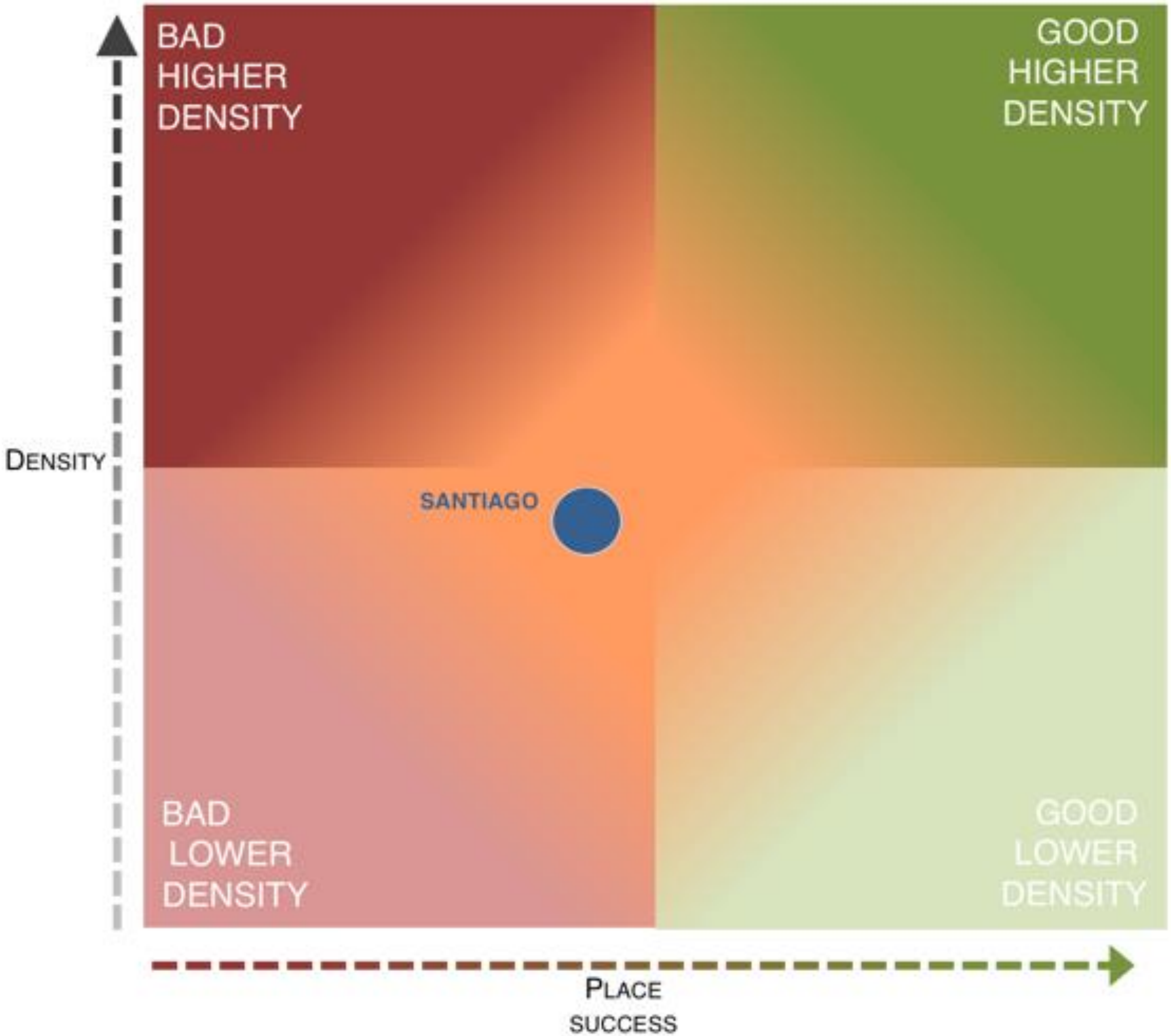
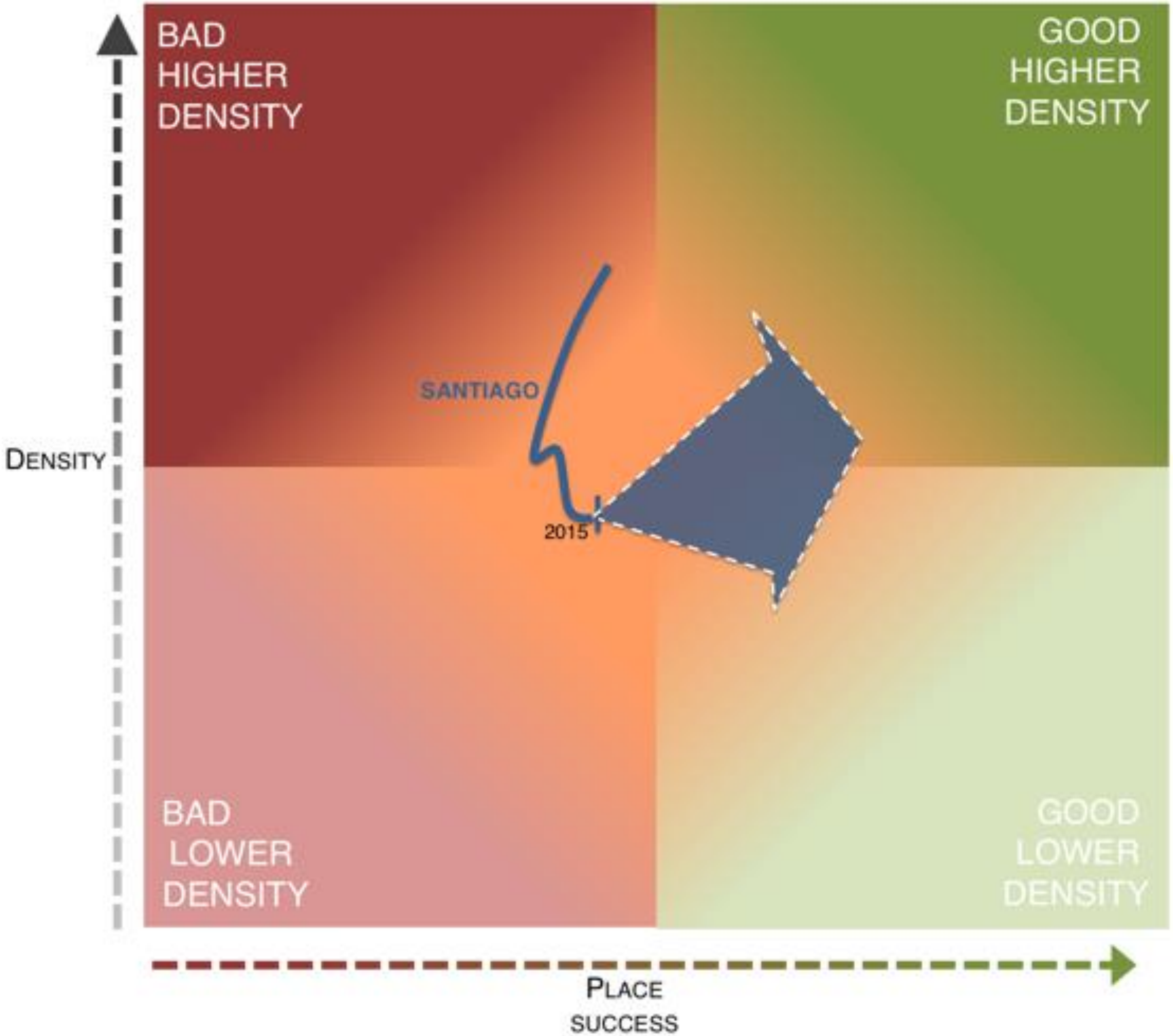


BAD HIGHER DENSITY
GOOD HIGHER DENSITY
DENSITY
SANTIAGO
BAD LOWER DENSITY
GOOD LOWER DENSITY
PLACE SUCCESS



BAD
HIGHER
DENSITY
GOOD
HIGHER
DENSITY
SANTIAGO
2015
BAD
LOWER
DENSITY
GOOD
LOWER
DENSITY
DENSITY
PLACE
SUCCESS

Santiago at a crossroads?

Scope for a new infrastructure and density equation, coupled with regional governance, urban renewal, and polycentric development, that supports shared city, innovation economy, and smart future.

OR

Risk of continue urban sprawl that produces fragmented city with increased externalities, higher inequality, lower productivity, pockets of innovation, and a further cycle of lock in to old land use models with increasing segregation and the middle income trap

Thank you

Muchas Gracias