

Local governments and their perceived role in the real estate market

A literature review on scientific papers and policy documents to better understand the perceived opinion of policy makers regarding the real estate market.

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Table of content

Abstract	2
1. Introduction.....	3
1.1 Relevance & methodology	3
2. The real estate market, an introduction.	4
3. The model.....	6
4. The case study	8
4.1 Amsterdam	8
4.2 Rotterdam	10
4.3 The Hague.....	11
4.4 Utrecht.....	12
5 Conclusion	12

Abstract

This thesis is focused on the interaction of local policy and the real estate market. The attention will be on the role of local politicians in their efforts to interact with the market and the manner in which they relate to the interaction in their policy documents. The main question of the thesis is: how do local governments perceive the development in the real estate market and how do local policies act on the driving forces behind these markets? In order to answer this, two sub questions are examined. Being: what local factors determine the attractiveness of the real estate market for developers and investors? And, do these factors coincide with factors discussed in spatial strategy documents of policy makers? The first and second part of the thesis reviews literature that discusses local factors that determine the attractiveness of the real estate market for developers and investors. A model is made where determinants are divided in four categories; economy and investment climate, regulations and legislations, location and physical characters. In order to examine the role of local government a case study is done on four cities in The Netherlands: Amsterdam, Rotterdam, The Hague and Utrecht. When comparing the model to the policy documents there are remarking similarities in the topics discussed. One could say that, extracted from local policy documents, local governments seem to perceive the real estate market emphasizing the same factors as investors and developers. When examining the role policy makers take upon themselves they consider the real estate market as market driven, distanced from them while their planning policy aims to steer and facilitate the market. Taking everything into account, policy makers and planners have much interaction with market actors, but little evidence can be found that they perceive the market as being one of the actors.

1. Introduction

Real estate markets are markets with strong global and local aspects. An example of how global these markets have become was seen during the recent debt crisis. Real estate was under substantial pressure caused by the economic situation. The value of real estate generally declined and, although effects were felt globally, they differed per region. One could argue that real estate prices have strong regional components. Hartmann (2015) shows that the development of real estate prices before and during the crises can clearly be linked to regional components and vary throughout different EU countries. Liow and Webb (2009) state that local factors are most meaningful when examining risk in real estate investment. Another study by D'Arcy and Lee (1998), also conducted on international level draws the same conclusion, as much as 70% of the performance of real estate investments cannot be explained by other factors and is due to local factors. So real estate markets do not always develop or react to changes the same way everywhere around the world. Local factors are known to be an important variable when explaining the development of the market.

Although local factors are important, it is good to keep in mind that the real estate market and especially commercial real estate is a full grown global investment asset. For example, in 2015 in The Netherlands alone there was 11.6 billion euro (12.22 billion dollar) invested in real estate from which over half came out of other countries (CBRE B.V., 2016). Internationally the market even had the size of 1.21 trillion dollar in 2014 (Cushman & Wakefield, 2015). The investments are global, yet the property is local, because the location of property is fixed. In this thesis we will look at real estate on specific locations and focus on the local factors that are in play. Local governments are important actors in these factors and in the market in a whole. This is because their roles in for example legislation and regulation, the (local) economy and infrastructure. I will discuss the role of local governments and the interaction with the 'worldwide' real estate markets.

The aim of this thesis is to determine how governments perceive the developments of the real estate markets and to which extent (local) governments include driving factors of these markets in their policies. In other words, how well do local governments interact (or intervene) in this global market. Therefore the focus will be put on local determinants, although one should keep in mind that (general) economical, demographical and geographical aspects are also very important in the real estate market. In order to answer the main research question of this thesis, an in-depth literature study will take place and a model of variables will be made. The main research question is as follows:

“ How do local governments perceive the development in the real estate market and how do local policies interact with the driving forces behind these markets.”

In order to answer this, two sub questions are composed. Being: Which local factors determine the attractiveness of the real estate market for developers and investors? And, do these factors coincide with factors discussed in spatial strategy documents of policy makers?

1.1 Relevance & methodology

Given the considerable size of the real estate market as in investment class, the social relevance of this thesis for investors is not very difficult to see. They might be able to use the information on how local government perceive and communicate regarding real estate in their strategies for diversifying their portfolios. Also local policy makers might better understand the factors that are in play, which

can help them with future decision making.

The scientific relevance lies in the different approach that is used in comparison to earlier studies. Earlier studies often used regression analysis or other statistical and non-statistical methods to prove which determinants can explain the attractiveness of investment in the real estate market. This has been done many times before in work like De Wit and Van Dijk (2003) and Fisher et al. (2004). Although the outcome of different studies differ somewhat, patterns can be found.

In this thesis I will do extensive literature research and use the patterns found to create a model where governmental vision can be compared with determinants taken from previous work. I will make this comparison conducting a case study on different local governments. This approach is not often found in earlier research, although there are studies that claim that local governments and the real estate investment market have difficulty interacting, studies like Adams and Tiesdell (2010) and (Jackson and Watkins, 2011). I did not find earlier research where this is tested on a local level against the background of a literature study.

The rest of the thesis will have the following composition. In the first part the real estate market in general will be introduced and some problems with the valuation are briefly discussed. Then special attention will be given to local factors and the role of governments will be discussed. Here the model will be constructed containing local and governmental factors of the real estate markets attractiveness. In the last part of the thesis a case study will be conducted where local policy and vision documents will be included in the model to examine how local governments react and communicate to the development in the real estate market.

The case study will be conducted on the real estate markets of the four biggest cities in the Netherlands (G4). These cities form the bases of an agglomeration known in The Netherlands as the Randstad, although instead of an agglomeration the Randstad could better be seen as a chain of cities with historic and newly formed growth centers. (Steingenga, 1972). This area is chosen for different reasons. First of all, good data availability is to be expected. Secondly, it is an area with high density land use where all different property types are present (Geurs, van Wee and Rietveld, 2006). And thirdly, it has different local governments which can impose policies on their cities, but it still can be compared as they do fall under the legislation and (federal) law of The Netherlands.

2. The real estate market, an introduction.

In this paragraph a short introduction of the real estate market will take place followed by the role and importance of local government and local factors. Of course this will not be a complete examination of the real estate market. It is narrowed down to topics that are relevant for this paper. First the market will be further specified, then the working of the market will be addressed and there will be looked into the reason why real estate investors seek different locations. Furthermore there will also be attention to the supply side of the market and with this the importance of local factors.

It is important to recognize that the real estate market can be divided into the private and commercial market. In this thesis the focus will be put on the commercial market. Commercial real estate can be regarded as property that generates income and is of a type and scale that is interesting for (global) investors (Geltner, 2015). Literature usually divides it into three or four

sectors, industrial, office, retail and (non-private) residential (Geltner, 2015) (Hager and Lord, 1985). These categories will be mentioned throughout the thesis.

The commercial real estate market is driven by investors, and like other investment markets there are some basic macroeconomic forces behind it. Some examples are interest rates, inflation and consumption per capita (Ling and Naranjo, 1997). In the real estate market it is difficult to find the market's equilibrium of supply and demand, because of market characteristics and imperfections. It is characterized by diversity and divided into submarkets by geographical and sectoral characteristics.

We will now take a closer look at those to understand the difficulties that are in play when finding an equilibrium. The first important thing to recognize is that property is heterogeneous, so no two units are the same (Hager and Lord, 1985). This combined with the infrequency of trades (Ling, Naranjo and Scheick, 2016) and as said the geographical restraint of the supply imply the absence of a central trading market, which makes it more difficult to value property.

The supply in the real estate market is subject to some specific characteristics and is described as rigged or fixed (Hilbers, Zacho and Lei, 2001). The reason for this is because the amount of land is (more or less) fixed. Especially in developed markets there is a deficit on available land making it difficult to increase supply. Nonetheless there are ways to increase the supply. Local governments play an important role in this as they control zoning laws and infrastructure. These can be altered to change the land in such a way that it is suitable for real estate development. Even when development or refurbishment of assets is possible, there is a development lag, most severe in the office and retail sectors where projects can take years to finish (Wheaton, 1999). As said, these market imperfections make it difficult to find the market's equilibrium of supply and demand and makes valuation and decision making for investors difficult.

As mentioned above the real estate market is heterogeneous at property as well as at location, so it might not be obvious why real estate investors still invest in different parts of the market. This is however because investment funds recognize that diversification is a good strategy to reduce risk (Seiler, Webb and Myer, 1999), (Sirmans and Worzala, 2003). Sirmans and Worzala also recognize that among others, local factors should be accounted for when making investment strategies, as well as that a geographical basis should not be the only basis for diversifying investment. These two findings suggest that local policies will affect investment decisions. That there are local implications to this global market is perfectly phrased in the conclusion of an article of Lizieri (1991), where he borrows a known saying of environmentalist. He says "To steal the ecologists' clothes the property world must 'think global, act local'." (Lizieri, 1991; p213).

In the earlier paragraphs literature is examined regarding the market. But there is also literature to be found on the role of planners and policy makers. There is evidence from different studies that planners and local policies have a profound impact on the property investment market. The same studies often show that planners and policy makers are not always aware of the position they take in this sector (Adams and Tiesdell, 2010). Planners should consider that they do not only interact with the real estate market but they themselves are actors which shape the market. The other way around, there is also evidence that the investment sector is not aware enough of developments in the (local) planning sector (Jackson and Watkins, 2011).

3. The model

The aim of this section is to create a model in which we include the most important aspect on the attractiveness of the real estate market. The model will intentionally be focused on local factors in which local governments can interact. As said in the introduction, one of the goals of this thesis is to shine a light on what in earlier work are often just called 'local factors'. Of course one should keep in mind that there are more determinants in play, mainly in the fields of the general economic performance, demographical and geographical aspects.

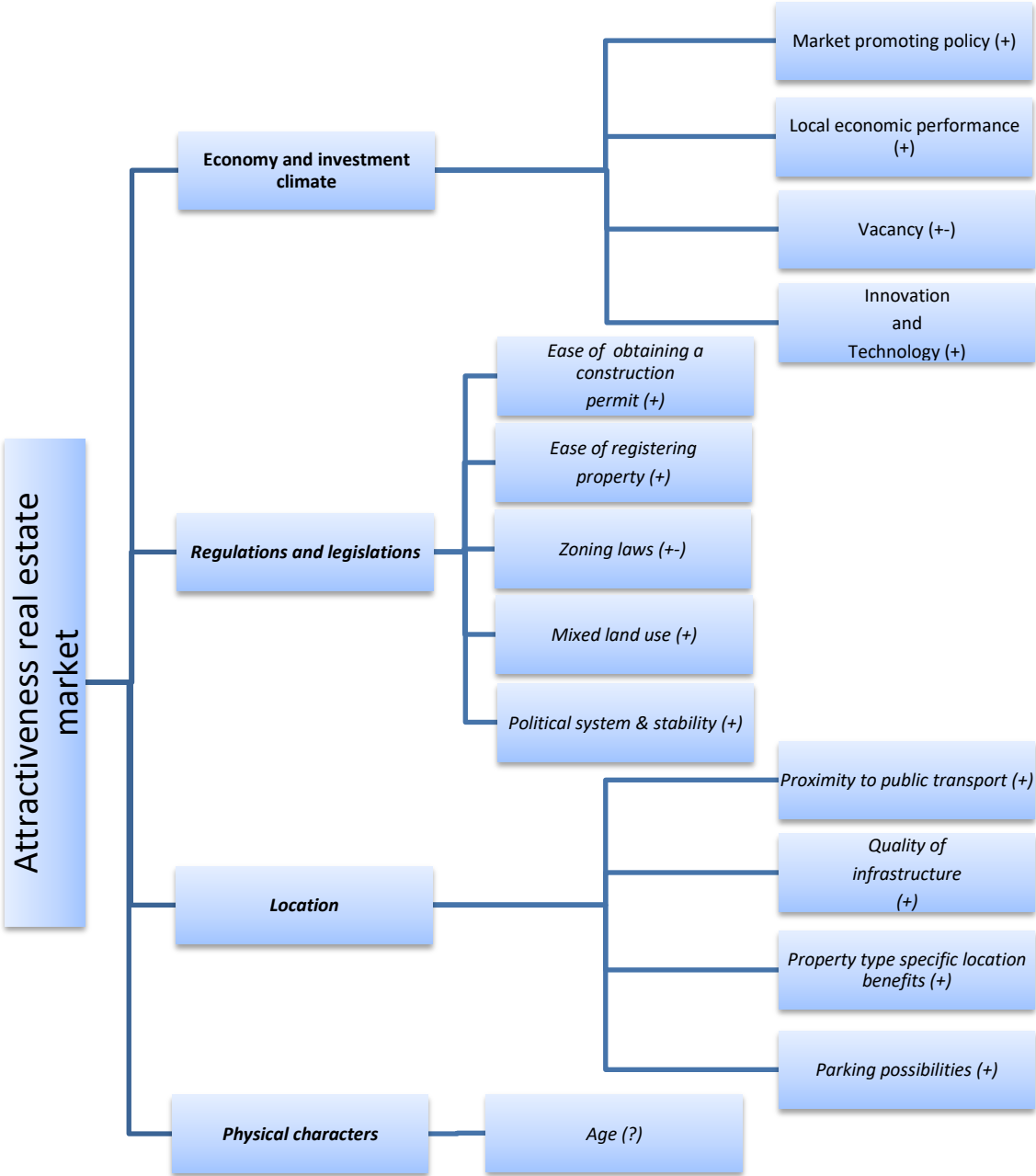
Investors and developers use many factors when they decide where to invest. Well known and recognized throughout literature is that a growing economy and population prove to be extremely important factors for attracting real estate investment (Kurzrock, Rottke and Schiereck, 2009). Literature classifies more major factors that determine the real estate markets attractiveness for investors. Lieser and Groh (2014) identify the following: (1) economic activity, (2) real estate investment opportunities, (3) depth and sophistication of capital markets, (4) investor protection and legal framework, (5) administrative and regulatory limitations and (6) the socio-cultural and political environment. In an article done on the foreign investment of the real estate market in China, broadly the same factors are mentioned, although there is a larger emphasis on political environment and the stage of development of the market (He, Wang and Cheng, 2009). These and the earlier mentioned are main determinants that show that there is a relation between real estate investment and (macro)economic, legislative and political factors. In their article Lieser and Groth (2014) have created a conceptual framework for the attractiveness of real estate investment which I used for the model presented in this paper. But, because we want to test local governments, we will only include aspect with which they can interact, also to be able to test policy documents more specific variables need to be added.

There has been done quite some research on the determinants on the valuation of (different) property types in real estate using statistical analysis, also when the market is broken down into different property types and when emphasized on the local determinants. We will include some of these factors because the value of real estate can be seen as a barometer of the attractiveness of property. Lockwood and Rutherford (1996) say that industry value is based on physical characteristic of the property, regional market condition and location of the property (in the local market). These factors are all significant to a 0.1 level for their research. A different study done on the retail property emphasize the importance of planning, especially promotional and market-supportive policies (Jackson and Watkins, 2005). Kurzrock, Rottke and Schiereck (2009) have done a study on the performance of the office market, they found that a mix use of office and other types of property had an positive effect.

Another approach towards the attractiveness of the commercial real estate market that we will use and incorporate in our model is the view of the user. Research on the office market suggest that the proximity to local public transport and the availability of parking are both very important (Bender et al., 1999). Regarding the physical characteristics age is a commonly found factor (Fisher et al., 2004). Although the direction of the relationship is not always clear. For example Smith (2009) finds a positive relationship between age and property value, although this is counterintuitive a possible explanation is the cost of rehabilitation and other improvement of buildings that is not accounted for. Vacancy rate is taken into the model as a barometer for the equilibrium in the market. Although

the direction of the vacancy rate and the attractiveness of the market is not consistent. A vacancy rate that is too high or too low are signs of an unstable market, ideally the vacancy reaches the 'natural' vacancy rate.

The following model was made regarding local factors or factor in which local policies can interact on the attractiveness of real estate investment. It is based on all sources earlier mentioned in this paragraph but found its origin as a reworked version of Lieser and Groth (2014) their work. The + and – signs behind the factors display the direction of the influence they have on the attractiveness.



4. The case study

In this part of the thesis the case study will be conducted. We will look at vision documents of local governments and compare those with the model on the local factors that influence the attractiveness for the investors of the real estate market (figure 1). The policy of Amsterdam, Rotterdam, The Hague and Utrecht will be examined. For each city there will first be an introduction where the time and the area span of the documents are introduced. Then the model will be used to see if the same factors and issues are addressed. After doing this for all the cities there will be a conclusion. Not all of the documents cover the same time period or a comparable region. However, this is not relevant for the purpose of this thesis. Two other things are. First it is important that these documents are composed by the policy makers who are able to address local factors like legislation, permits, zoning laws etc. Secondly, it is important that the level of jurisdictional power or status of policy makers is constant throughout the case study to be able to compare their actions.



based on 'gemeente grenzen 2016' by Esri.nl (2017)

4.1 Amsterdam

Amsterdam has made a vision document that has the trajectory from 2010 to 2040 composed by the department of environmental planning (Gemeente Amsterdam, Dienst Ruimtelijke Ordening, 2011). For the (commercial) real estate market this is further specified in the implementation strategy for industries and offices 2010-2040 from here on called 'Plabeka 2010-2040' (Platform Bedrijven Kantoren Metropoolregio Amsterdam, 2011). The title of this strategy document 'snoeien om te kunnen bloeien' can be translated as cut to flourish, implying the direction of the policies. Throughout this document policy makers aim to alter or influence the supply of real estate in such a way that it will better suit the (lower) expected demand. First of all, it is important to notice that regarding office and industrial real estate, there is a regional approach reaching beyond the borders of the municipality of Amsterdam. This region is called 'the Metropole Region Amsterdam' (MRA) and includes, besides Amsterdam, four surrounding areas, being: Amstelland-Meerlanden including the international airport of Schiphol, Haarlem-IJmond including industrial harbor areas near IJmuiden, Zaanstad-Waterland and Almere-Lelystad. The importance local policy makers hang to this regional approach is seen in the list of resolutions they committed to, claiming that spatial policy regards to industrial areas, sea-harbor areas and offices require the scale of the MRA (Platform Bedrijven Kantoren Metropoolregio Amsterdam, 2011). They even specified that local politicians are no longer entitled to make decision reading (large) real estate development on their own, in what normally would be their jurisdictional location. For this reason I will look at the MRA as a whole. The Metropole Region of Amsterdam has the ambition to be one to the top five metropolitan areas in Europe by 2040.

When reading Amsterdam's documents on real estate, policy makers acknowledge the role of the owners/investors of real estate as one of the private parties. When comparing the factors in figure 1 to the policy documents there are remarkable similarities in the topics discussed. For 'economy and investment climate' the local economy and the vacancy are much elaborated. Regarding the local economy Amsterdam defines itself as the frontrunner of the nation's economy and stresses the economic possibility because their well-educated young population and the diverse economy. But most important for us, they also recognize the need for office, industrial and harbor real estate, both quantitatively and qualitatively suited for the market as an important factor in a stable local economy.

Vacancy and restructuring of vacant real estate are topics that are central to the documents, as policy makers aim to lower the planned capacity of commercial real estate and bring down the vacancy, which compared to other major EU cities is relatively high. The approach on vacancy and restructuring of real estate can have short term negative effects for investors, because policy makers agreed to cut in already planned projects and repeatedly state that financial losses should also be taken by private parties.

Regarding regulation and legislation Amsterdam policy makers are aware that they have means to stimulate the market. For example, on short term there is an expected short of opportunities of heavy (environmental unfriendly) industry development. So the diversification of industrial areas and the possibilities to enlarge the quantity and capacity of industrial areas by changing regulation and the relocation of non-heavy industries will be looked into. Furthermore the policy makers agree to be less strict on regulations and permits regarding transformation (of function), reconstruction and even demolition of vacant real estate. On the other hand they will be more strict when approving new development of real estate. A factor on which policy makers and investors do agree on is mixed land use, especially regarding residential combined with office or retail real estate. Policy makers agreed to strive for five squared meter of 'working' floor space for every new residential unit within the same area. This is an example of why it can be beneficial for investors and developers to have good knowledge of local policies in order to create an advantage above competitors.

For the first two categories of the model that are discussed we have seen that although much topics that attract investors and developers coincide, policies do not necessarily aim to please the investor. This can be seen in the legislation, where getting permits for development is getting harder and this can be seen at issues like vacancy and restructuring of (planned) real estate (Platform Bedrijven Kantoren Metropoolregio Amsterdam, 2011). For the category location however, this does not seem to be the case. As infrastructure and public transport are hot issues in policy making and city planning, Amsterdam policy makers do acknowledge there is a coherence between the development of an area and the need of specific infrastructure, implying the benefits of location specific infrastructure for certain property types.

Lastly, regarding the physical characteristics, age is a concern for the Amsterdam policy makers as they note that (especially for office real estate) the market will demand new development but they also need to address vacancy issues. Therefore, the policy makers address investors and owners of real estate directly and make them key actors in the transforming and revitalizing old and disused property. They take upon the role of the government to aid in this process on the topics of legislation and permits.

Conclusively, when reading different vision and policy documents of the Amsterdam and the metropole region Amsterdam a lot of topics are discussed that are coherent with what investors and developers consider when contemplating the attractiveness of a location. Two notes have to be made. Firstly, although the factors may be the same, the direction in which these are addressed mainly on short term will not always be beneficial for investors and developers. Secondly, although policy makers seek cooperation with market actors, they still see themselves as assisting the market and not as a part of the market. Like Adams and Tiesdell (2010) found in their paper, policy makers do not seem to be aware that they themselves are market actors. There are no signs in these documents that policy is directly intended for the stimulation real estate investment. Policy makers aim for the stimulation of a settling climate for businesses and seem to see the real estate market as a tool to forefeel these goals. Policymakers in their documents show no direct evidence that the real estate investment and being attractive for real estate investment is a goal per se, while the MRA aims to be in the top five metropole regions of Europe.

4.2 Rotterdam

Rotterdam has like Amsterdam a spatial development strategy, in this case spanning the years 2007-2030 (Gemeente Rotterdam, 2007). This goes hand in hand with a strategic development document called 'Rotterdam, Gateway to Europe' (Buitendijk, 2006). Unlike Amsterdam there is no document that further specifies the spatial development for office or industry regarding such a time period. There are however on a shorter time frame conventions drawn up by local policy makers and private parties. Examples are conventions on the topics of office development and on the Harbor (Rotterdamse gemeenteraad, 2011).

The policy makers of Rotterdam are less positive regarding the opportunities of the local economy than their Amsterdam colleagues. While Amsterdam praises its young and well educated population as an asset for future economic development, Rotterdam realizes that population growth is declining and a demographic uneven migration is taking place where the city struggles to maintain the young high educated class. Nonetheless, Rotterdam aims to use spatial development and interference to counter these issues and lay the basis of an stable local economy. To lay this basis the city needs (so is claimed by policy makers) to make the switch from an industrial economy to technology and innovation. A factor that is attractive for investors and developers as well. Spatially, Rotterdam wants to create clusters for innovation in an effort to attract businesses and investors. Furthermore, vacancy is a topic also addressed in much of the same matter as it is done in Amsterdam.

On the topic of regulation and legislation the policy makers of Rotterdam unlike their Amsterdam colleagues do not clearly speak of using regulation and legislation as tools to steer private parties towards the policy makers goals. Nonetheless, when discussing collaboration with the market, there is a clear goal to streamline and simplify the process of obtaining permits and working with zoning laws. Mixed land use is like in other Dutch cities a hot issue, the goal to create residential and working area in close proximity is repeatedly addressed.

Regarding location and infrastructure policy makers address different issues, some less interesting for real estate investors, like infrastructural adaptation in bicycle roads, but also major road and rail connections directly influencing the attractiveness for the real estate market. An example is the planned highway connection west of the city to better disclose the harbor's industrial areas. For the

service sector a high speed railway connecting Rotterdam to on one hand Amsterdam and on the other Brussel and Paris is created.

When we look at the spatial development documents of Rotterdam overall, what stands out is that there is no goal to attract real estate investment. On the other hand, like in the Amsterdam case factors are discussed that will help with the attractiveness for investment and development. Furthermore policy makers do claim that project development is the basis for their goals. So there will be invested in locations for office, industrial and residential real estate. Even to a greater extend than in the Amsterdam case there is a lack of evidence that the local government is aware of its role not only as policy maker and its role in regulation and legislation, but also of its role as actor of the market. One of the factors this is most clearly seen in, is that there is no evidence of marketing promoting policy.

4.3 The Hague

For the City of The Hague I used a document of which most the implementation period is already behind us. It is titled 'Wereldstad aan zee' translated 'World city at sea' and it is spanning the 2005-2020 period (Projectgroep Structuurvisie Den Haag 2020, 2005). And although it is a document with exactly the same function as we saw in the two earlier cases, the spatial implications are not as well elaborated. Policy on commercial real estate is further specified in a policy-strategy on office and industry space dating from 2003 (Gemeente Den Haag, Dienst Stedelijke Ontwikkeling, 2003). Later additions and additions monitoring have been done and published (Stec Groep B.V., 2005).

As said the strategy document made by The Hague policy makers over all tends to lack the specification of spatial implementations for the future. The policy regarding the economy and investment climate were compared first to the model in figure 1, followed by how policy makers connect those to the real estate market. And although policy exists towards a stable local economy, this is mainly focused on the creation of jobs and there is no or limited connection made with the real estate market. Nonetheless with the focus of the economy shifting to the service sector, there are some areas appointed favorable for real estate development suited for this sector. Vacancy is also briefly discussed and there is an awareness of an optimal vacancy rate as well as that there is awareness that the vacancy rate can be influenced only when working together with investors and developers of real estate.

Similar to the other cases, also in this case the infrastructure is widely discussed in the light of the social relevance, but for us more important there is also policy on infrastructure at industrial and office locations, includes parking possibilities.

But what is most striking in the The Hague case is the topic of legislation and regulation. Here the city has a strong vision of their role. They claim that the real estate market of offices and industry is steerable only in a limited amount, mainly by legislation and regulation and that after the planning phase, it is up to the market for the largest part. Even though they do make the nuances that in the development there is still the role of negotiation and facilitating market parties, they do clearly distance themselves from the market, as well as they distance themselves from the results of real estate development and with that the success of their own policies (Gemeente Den Haag, Dienst Stedelijke Ontwikkeling, 2003).

4.4 Utrecht

Utrecht's strategic-policy document has a time span from 2005 till 2030 (Gemeente Utrecht, Dienst Stadsontwikkeling, 2004). For the policies revolving around industrial and office placement they updated their policy with two separate documents in 2012 (Gemeente Utrecht, 2012) (Stedelijke Adviesgroep Kantoren, 2012). And although the documents are created by municipal officials, they do have a regional approach.

Like in the other cases, vacancy is a factor discussed in these documents. Mainly through legislative action the policy makers want to steer the market and slow down development of new construction, this although they do acknowledge that the demand for new real estate is ongoing. The trend where new developments will be stricter regulated to slow down planning is also found in this case. When addressing the local economy, policy makers address that economic development influences their plans. While the other way around, how their plans influence the local economy, is much less elaborated.

Again location is the category where the factors discussed best coincide with the model in figure 1. For example regarding property type specific location benefits, there are clear choices made by policy makers regarding what property types are and which are not suited in their plans. Mainly heavy and environmentally damaging industries seem to be unpopular and governments struggle what to do with the demand. Also infrastructure is widely discussed although parallels to real estate development are not as clear as in Rotterdam and Amsterdam

When looking into the three documents described above as a whole, one could say they are very similar to that of The Hague and one concludes that although the special implications of policy are often well realized and policy on these spatial implication and real estate is available, the connection to the market is rather one sided.

5 Conclusion

In the introduction of this paper two sub-questions were asked: Which local factors determine the attractiveness of the real estate market for developers and investors? And, do these factors coincide with factors discussed in spatial strategy documents of policy makers? In order to answer those a literature review was conducted that discusses local factors that determine the attractiveness of the real estate market for developers and investors. A model is made where the determinants are divided in four categories; economy and investment climate, regulations and legislations, location and physical characters. In order to examine the role of local government a case study is done on four cities in The Netherlands, being Amsterdam, Rotterdam, The Hague and Utrecht.

The local factors that determine the attractiveness of the real estate market for developers and investors were found. These are displayed in figure 1 (p7), where the + and – signs behind the factors display the direction of the influence they have on the attractiveness. For a large part these also coincide with what we found in the policy documents. Most similarity is found within the view of infrastructure, where mainly in Rotterdam and Amsterdam I found repetitive suggestions of infrastructure specific to the wanted types of spatial developments in order to promote these. Also on the subject of legislation and regulation there were found multiple factors that coincide with what

investors and developers find attractive. Marketing promoting policies is a factor that is strikingly absent in the policies made. Still we have seen that lots of factors driving the markets are indeed addressed by the policymakers. This however does not mean that we found that policy makers perceive and understand their role in the market in such an extent that they can effectively interfere in the market. Still too often we found what Healey (1992) called simplistic opposition between planning and the market, something he found in the 1980s.

A possible explanation is the attitude the policy maker in the case study have in general towards the real estate market. There is no evidence that stimulating the real estate market is a goal per se. Although as said there is a striking amount of similarity where all other factors tested are in more or lesser amount found in the policy published. When trying to answer the main question one could say that, extracted from local policy documents, local governments seem to perceive the real estate market emphasizing the same factors as investors and developers. However this is not necessarily done with the goal of stimulating this market. When examining the role policy makers take upon themselves according to their documents, they consider the real estate market as market driven, distanced from them while their planning policy tries to steer and facilitate the market. Just like Adams and Tieadell (2010) suggest, policy makers and planners have much interaction with market actors, but little evidence can be found that they perceive the market as being one of these actors.

There are limitations on this study, of which there are two most important. First of all this study focuses on the 'local government' and it is only conducted in one country. This while governmental systems and legislations in layers of the government differ per country, meaning this one should be cautious generalized for a larger area. A second limitation is found in the kind of documents used for the case study. These are all strategic and 'future' policy documents stating the intentions and developments of governments, however it is not necessarily said that local policy will keep the same heading over time. In future research these two shortcomings can be addressed. Also further research on the topic of market controlling policies and how local governments could or should apply those can be interesting. An example of that can be seen in the wish of Amsterdam as they want to look into the possibilities of land pricing policies in the future.

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