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Decline and redevelopment of industrial sites. Targeting the most needy places?

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I. Decline of industrial sites in the Netherlands

- Problems related to decline:
 - accessibility
 - decay of public space and private property
 - social safety
 - environmental/nuisance issues: smoke, smell, noise, etc
 - increasing vacancy rates
- Policy attention for rapid decline of existing industrial sites
- Around 3500 industrial sites in the Netherlands. Roughly 1/3 is declined
- Caused by provision of industrial land?
- NOT a brownfield problem: industrial sites are still in use!

II. Redevelopment of industrial sites

- Policy response: government funded redevelopment initiatives → local economic development (similar to TIF and EZ)
- Financial assistance: grants used as gap funding for public provision of infrastructure and improvements of public space
- Goals redevelopment initiatives (Ploegmakers and Beckers 2012):

Goals	N
Attraction and retention of firms	57
More efficient land use	54
Improving quality of public spaces and buildings	39
Job creation	36
Sustainable development	37
Changing industrial composition	35
Environmental protection	26

III. Do redevelopment policies work?

- *“(...) regeneration had a negligible impact on growth in employment, firm numbers, property values and the intensity in which land on sites is used”* (Ploegmakers & Beckers 2012).
- Effects of Tax Increment Financing (TIF) and Enterprise Zones (EZ) (Anderson 1990; Man & Rosentraub 1998; Bondonio & Engberg, 2000; Dye & Merriman 2000; Weber, Bhatta & Merriman 2003; Neumark & Kolko 2010; Lester 2014)
- *“The empirical TIF literature in the US focuses mainly on its impact on real estate values [...] and reveals mixed, but largely negative, results”* (Lester 2014: 657)
- **Does local economic development target the most needy places?** (Bartik 1991, 1994; Anderson & Wassmer 2000; Shridhar, 2001)

IV. Data and Methods

- Q: What industrial sites are targeted by redevelopment policies?
- Data on industrial sites between 1997-2008. Redevelopment programme 2010
- Dependent variable (0/1): targeted for redevelopment initiatives
- Control variables (2008):
 - Age
 - Type of industrial site
 - Accessibility
 - Region
 - Etc.
- Performance variables (growth between 1997-2008):
 - Number of jobs
 - Number of firms
 - Property value

V. Results



Table 2: results of logistic regression

Dependent variable: targeted for redevelopment

Variables	Coefficient	
Accessibility	0.024**	(2.070)
Land use residential (ha)	0.047	(0.890)
Land use open space (ha)	-0.150***	(-3.540)
<i>Age</i>		
1980s	0.417*	(1.870)
1970s	1.255***	(5.690)
1960s	1.349***	(6.050)
Pre 1960s	1.854***	(8.400)
<i>Type of industrial site</i>		
Consumer services	-0.092	(-0.330)
Financial services	-0.371	(-1.400)
Logistics	-0.016	(-0.080)
Manufacturing	-0.015	(-0.110)
Environmental impact class 4	0.368***	(2.960)
Environmental impact class 5	0.613***	(2.990)
Sea port	-0.564	(-1.320)
N = 1798	Pseudo R ² = 0.1284	Log likelihood = -1095.1109

Results of logistic regression (continued)

Property value per hectare (x1000)	-0.0004***	(-3.170)
Number of jobs (x100)	-0.010	(-1.570)
Number of companies	0.004***	(2.630)
Number of jobs per hectare (x100)	-0.036	(-0.980)
Scarcity	1.448	(0.980)
Randstad (economic core region)	-0.048	(-0.320)
Intermediary zone	0.344**	(2.500)
Metropolitan agglomeration	-0.147	(-0.950)
City region	0.052	(0.340)

Performance indicators

Jobs growth	-0.047	(-1.320)
Companies growth	-0.013	(-0.260)
Property value growth	-0.058*	(-1.800)

z-values in parentheses

*** significant at the 1% level ** significant at the 5% level * significant at the 10% level

VI. Conclusions

- Industrial sites that are targeted for redevelopment are not necessarily underperforming in terms of growth in jobs and number of companies. Small difference for growth of property values
- Decision to target certain industrial sites could be influenced by political/strategic decisions?

Analysis of redevelopment master plan:

*“Discussions with firms and municipal officers and on-site analysis reveal that these three industrial sites perform well on average, which does not imply that nothing has to be done in the short-term. The sites are functional and as a rule the spatial quality is satisfactory. (...) **This master plan therefore is not about solving pressing problems, but rather about exploiting opportunities**”*

- (Ploegmakers and Beckers 2012)
- What does this mean for redevelopment policies? Stop? Target better? Or differently?