Regulating urban office provision: a study of the ebb and flow of regimes of urbanisation in Amsterdam and Frankfurt am Main, 1945-2000

Ploeger, R.A.

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From economic crisis to growth fever (and crisis again?)

6.1 Introduction

The previous chapters revealed that for most of the period after the Second World War, land for urban development was available in abundance in the municipality of Amsterdam. Moreover, most of the land for new development was in the hands of the municipality. Land issuance gave the municipal government a strong position in the process of developing new urban areas. New spaces of residence, consumption and production could therefore easily be realised on the territory of the city, following the points of departure of the GEP. These characteristics defined an urban development hegemony that persisted throughout the entire period from the Second World War until 1988.

As illustrated by the previous chapters, the development of the deconcentrated urban region had detrimental effects on Amsterdam’s socio-economic structure. The regime of urbanisation had reversed into a combination of compact city development, preservation of the historic inner city, urban renewal and housing provision. In the mean time, however, the spatial processes of accumulation began to cross local boundaries, eroding Amsterdam’s central position in the region. A final element undermining the local regime of urbanisation were national politics, which increasingly emphasised local competitiveness and strengths, demanding more active policies from local government.

One might expect that these points of departure will reflect in the processes of accumulation and regulation during the most recent fifteen years. Alongside compact residential development, it is anticipated that commercial capital will become integral for work and welfare. Moreover, local and regional competitiveness are now key strategies supported by central state investments. The promotion and exploitation of locally and regionally specific conditions of production will become increasingly central to urban policy-making. As the main

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1 Separation of urban functions – lowering of the population densities in the 19th century neighbourhoods – reception of urban growth on greenfields.
Table 6.1, Set of hypotheses regarding the regime of urbanisation 1988-2003

<table>
<thead>
<tr>
<th>Points of departure</th>
<th>Expected regime of urbanisation</th>
</tr>
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<tbody>
<tr>
<td>State: central state influence on housing location – national emphasis on local competitiveness and nodal strengths based development – growing municipal accountability – pacified relations between political elite and electorate – inter local rivalry;</td>
<td>State: outgrowth of national urban growth coalition – local state led economic development politics – public private partnerships;</td>
</tr>
</tbody>
</table>

Infrastructure developments were situated in the urban periphery, and the intention was already voiced that the accessibility of the inner city for private transport would not be improved, CBD development along one or more infrastructure axes would be logical, and regional co-operation on such issues will presumably be investigated.

This chapter explores the processes of regulation and office planning during the new period that had set in. It subsequently analyses the rise of local and national competitiveness policies and the urban and regional economic boom period and their interrelations with the regime of urbanisation.

6.2 Urban competitiveness as a political doctrine

In order to combat the growing income gaps between central cities and their suburbs, as well as the economic development potential of central cities in relation to these same suburbs (Terhorst & Van de Ven, 1998: 472), a nationally orchestrated policy armature was established to boost the role of central cities in socio-economic development. The Fourth Memorandum on National Spatial Policy designated the central cities as the spearheads of growth, and since that document, national urban policy has been geared towards strengthening the economic potential of urban cores. However, as direct industrial and regional
development policies were dismantled in earlier decades in all member states of the European Union, only indirect policies could be used to fulfil this supportive task. The compact city approach which had locally emerged from initiatives of the main cities in the Randstad, was now taken up in national spatial policy, that even designated the new districts in its follow up plan for the Fourth Memorandum, the Fourth Memorandum Extra (Vinex). This policy, which was traditionally based on the old concept of ‘hierarchy within the urban district’ (ibid.), combined with the new aim to preserve open green spaces, and put a stop to the overspill politics, because these had supported selective suburbanisation. Since market led suburbanisation had always been ‘planner’s enemy number one’ (ibid.), new ways forward were sought and found by way of this compact city policy.

Although the Vinex had constrained the state’s financial support for new housing provision, the Report on Housing Policies in the Nineties (Ministerie van VROM, 1989) had also caused a regime shift in Dutch housing policy (Salet, 1999): limited funds substantially reduced the role of government in the housing provision in designated areas (Lawson, 2003: 193), although it was very successful in prescribing the locations of housing provision. Most direct national investments were now directed towards strengthening the economic structure of the main cities. The Ministry of Traffic intensified its large-scale investments in infrastructures (for Amsterdam: Schiphol airport, transport corridors and high speed train connections), arguing that this would amplify the central role of the main cities in the national and world economy. Additionally, the Ministry of Housing, Planning and the Environment (VROM) developed the Key Projects approach, in order to support the urban nodes and the development of internationally competitive business sites (Schuiling & Majoor, 2001: 4).

**The development of the IJ-banks**

The City of Amsterdam had to adapt to new circumstances and reconsider its spatial and economic development priorities. The national budgets of the ‘spending departments’ were pooled and targeted at strengthening the economic structure of the main cities in the Netherlands, whereas budgets for social housing were toned down. As we saw in the previous chapter, the central city, the traditional CBD of Amsterdam, and historically the national CBD for financial services, quickly declined in economic terms during the 1980s. This was caused by the fencing off the inner city from large scale office developments and major traffic intrusions,
restrictions to parking and the conversion of workspace into living space in the inner city.  

Gentrifiers were able to pay more for inner city real estate than office occupiers. In the second half of the 1980s, this process had intensified, when "even national and international headquarters started to leave the prestigious belt of inner city canals" (Terhorst & Van de Ven, 1997: 321). The office growth at the locations at the western and especially southern ring motorway can thus be perceived as a process of relocation within the city boundaries (ibid).

The speed at which the central city's CBD was being hollowed out by relocating companies alarmed city planners, who wanted to maintain the central city's 'balanced functional mix' at all cost. Capital had been indirectly but effectively barred from the historic inner city from the early 1970 onwards and peripheral office development in sub-centres had escalated. Thus, based on the vision of regional economic development that was voiced in the 1985 Structure Plan and supported by national government, urban planners aimed to reverse the downward economic spiral affecting the historic inner city. The regeneration of the IJ-banks waterfront adjacent to the Central Station in the historic inner city was now given priority as Amsterdam's top office location. This area had fallen into disuse because of the decline of harbour related activities and a number of scattered regeneration projects were in their infancy.

Inspired by the boom in waterfront developments around the world, the City Council saw opportunities for an integrated development approach. Hooking on to the IJ-axis (IJ-ax) project, which entailed enormous infrastructure developments, living environments, working environments, and large mixed areas on 15 kilometres along the IJ (from Sloterdijk Railway Station, via Central Station and the Eastern Harbour to Zeeburg). Further, the City had already announced a competition for the best scheme for the waterfront development of the Central IJ-banks at the Central Station in 1982. The central banks of the IJ encompassed the Houthavens on the western edge and the Oostelijke Handelskade on the eastern edge. Development was to be facilitated by a public private development co-operation but it took until 1991 before a joint venture agreement was concluded.

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2 There was a growing number of inhabitants in the period between 1980 and 1985, and a simultaneous growth in the number of dwellings (Locher, 1988: 10), a trend that continued in the second half of the 1980s. This is the proof of a unique process, according to Van de Ven et al. (1991): especially after the deepest crisis was overcome.

3 The number of people working in the inner city declined from 110,824 in 1975 to 86,839 in 1985, a loss of almost 22 percent, which is more than the 16 percent job-loss in Amsterdam as a whole (Locher, 1988: 6).
Jorna, 1993). In the mean time, the city planners continued to promote their own vision. They developed an overarching concept in 1985 which emphasised the desired features of the final development. Initially, these were mainly guidelines to: “Improve the relationship between the [historic] inner city and the IJ Embankments by creating public attractions with sufficient appeal and increasing the accessibility between both areas; to develop, where possible, typical inner city uses which because of their scale and accessibility requirements are difficult to fit into the [historic] city’s present morphology; and to create the linkage of the [historic] inner city to the IJ Embankments” (Witbraad & Jorna, 1993: 232). Specifically economic feature emerged when these broad concepts were further developed, including a metropolitan settlement area for high-grade economic functions such as offices, hotels and companies, metropolitan entertainment and cultural services and mixed housing projects. These economic features dominated the first concrete proposal (Nota van uitgangspunten voor de IJ-oever) that was produced by the Amsterdam planning department in 1989. The urban planners stated in this report that the development of the IJ Embankments would rectify the increasing unbalance caused by the southbound shift of economic activities in the service sector.
The municipality realised that its vision for the IJ-banks regeneration could never be realised without enormous private investments. Therefore it was pleased when a positive climate for public-private partnerships was found to exist in Amsterdam.4

A new structure plan - again

During the period 1978-1988, new left councillor Van der Vlis was alderman in charge of spatial development policy. In order to continue the compact city policy that was set out during his regime, Van der Vlis wanted to develop a new Structure Plan before the elections of 1990. In the draft for this new Structure Plan, the compact city approach remained central, but the regional scale was now included. Moreover, the importance of the historic inner city was stressed especially with regards to economic development. It was contended that the inner city was crucial to the competitive position of the city, the region and even the Randstad, especially with regards to business and financial services, information science, telecommunication related and distributive activities (‘Amsterdam, Gateway to Europe’) and thus an important strategic asset for future development. Therefore, the strategic position of the city in relation to the North Sea and airport Schiphol became more central in the plan than ever before: in order to strengthen the international competitiveness of Amsterdam, the draft Structure Plan voiced the wish to improve the (tele-) communication infrastructure and transport infrastructure of the region, and to improve the international settlement climate.

In the Draft Structure Plan, Van der Vlis aimed to use the process of structure planning to overcome the friction between short term project driven goals combined with the process of decentralisation on the one hand and strategic continuity on the other. The many different urban development projects that fit within the framework of the urban renewal operations are the foundations of the process of structure planning.

The aim of the Structure Plan was to be more than the sum of the various projects and Van der Vlis introduced the Program Spatial Renewal. In this Programme Spatial Renewal, the development of Amsterdam was to become a top location for international companies. In this ambition, Schiphol airport was seen as

4 This was apparent from the 1987 report produced by the Soetekouw Committee on infrastructural projects. This capital dominated Soetekouw Committee produced a report with the central message that business wanted to be more involved in urban development planning, if only the municipality were clearer on its long-term plans for urban renewal and the associated projects. In response to this, the municipality initiated a report called Programme Spatial Renewal (Programma Ruimtelijke Vernieuwing) in which the planned urban renewal projects were outlined.
the central magnet, that was supplemented with the available service sector cluster in the inner city, a top office location (IJ-banks), a newly developed ‘modern office area’ (Zuid-Oost) and several secondary centres, such as Teleport/Sloterdijk and Zuid/WTC.

*Introspective policymaking in public private partnership*

The Structure Plan that was in development had to serve the needs of both cutting edge of short-term projects and long term strategic planning. However, his commitment to the large projects, especially the IJ-banks for which Van der Vlis became the responsible Alderman, made his popularity amongst the electorate diminish. The image of the IJ-bank development amongst local residents was poor, due to the enormous scale proposed and was surrounded by an air of deal making between politicians and big developers. As with many other new urban infrastructure projects, public and private agents worked close together on plans for the IJ-banks. The municipality invited the ABP (a pension fund) in coalition with MABON (a project developer) and the MBO/AMLYN combination (NMB project development bureau and an American developer) to propose project plans. The municipality thought that by involving these private developers and investors in the plan making process, joint investments would be a logical next step. Logically, the plans that emerged placed more emphasis than earlier plans on potential tenants and the marketing of Amsterdam as a business location. Apparently, high quality office and retail floor space would maximise development gain (Needham & Van de Ven, 1995: 61).

The main goal stated in this global plan was to create a new international business environment in the heart of the historic inner city. This location, the plan said, should supplement the qualities of the inner city, and strengthen its potential as a top international location for offices. This ambition was soon broadly shared throughout the City Council, as illustrated the policy document ‘Amsterdam: Financial Gateway to Europe’.5

For the subsequent development of the IJ-banks area, the Amsterdam Waterfront Finance Company CV (AWF) was established. This was a public private consortium established to secure the realisation of the entire IJ-banks project,

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5 “Strengthen the inner city so that it would be regarded as a prime location with possibilities of expansion on the IJ Embankments; the need to develop an environment on the IJ which meets the international standards of ambiance and accessibility, whereby the IJ Embankments functionally supplement the qualities of the inner city; and the need to develop the location in a manner that generates the image of an international business centre” (Witbraad & Jorna, 1993: 233).
including the less lucrative parts. On the basis of the first global plan the agencies involved committed themselves to further develop this global vision into concrete plans for realisation. Thus, the aim for the municipality was to secure private investment from financiers and developers from the beginning, involve them from the start in developing plans, and granting them exclusive rights for development and exploitation.

_A political turn – but into what direction?_

During the 1990 elections the historically dominant Social-democrat Party (PvdA) was defeated in the elections, losing nine of its 21 seats in the City Council. The power in the Council of Mayor and Aldermen was now shared between PvdA (26,1%), the radical liberal D66 (18,3%), the liberal VVD (14,2%) and Green Left (15,4%). In the tradition of the previous Councils a Program Accord was prepared. However, responding to earlier criticisms, this program was not detailed, merely laying down the main strategic choices for future development. A looser policy line emerged with only choices on priorities: tackling unemployment, re-working the intergovernmental relationships between the city and the city districts, environmental policy and the strengthening of the economic position of Amsterdam. In this way, the new Council of Mayor and Aldermen placed political decision-making back in the hands of the City Council.

Contrary to the two previous program accords, this accord did not include a special section on spatial policy. Spatial policy became subordinate to economic development policy. Economic issues concerning strategic locations for economic activity, and the authority issues surrounding the development of these locations dominated the concrete suggestions in the program accord.

The new Alderman in charge of spatial policy was Saris of the Green Left Party (a merger of the former Communist party, and small progressive fractions), that was confronted with an almost fully developed structure plan. Saris shifted some of the emphasis towards issues he found important. For instance, he perceived the urbanistic quality of many new large-scale urban development projects to be meagre and messy; he wanted to break with the tradition of ad-hoc public transport improvement, and come to strategic choices; and he wanted to give an impulse to environmental policy. He also supported the main building blocks that supported the 1985 Structure Plan, and that were consolidated by Van

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6 This was in response to the difficulties that the previous council had faced when it was blamed for too introspective policy-making, in which all the important decisions were decided upon within the inner circle of Mayor and Alderman.
der Vlis in the new structure plan: the compact city, the strengthening of the historic inner city and the lobed urban structure. This last aspect of strategic spatial policy was subject to many challenges: decentralisation of urban functions, growing mobility and the overspill of urban functions into the countryside. The spatial reach of urbanisation increasingly exceeded the urban jurisdiction, so the necessity for regionalisation arose in urban policy. However, this was not clearly voiced in the new Structure Plan, being more defensive with regards to issues of decentralisation and regionalisation.

Alarmed by the still ongoing flight of offices from the inner city to locations in the south of the city and region (ring-road, Schiphol), the 1991 Structure Plan specified that the main location to facilitate urban economic expansion would be the historic inner city. In this Structure Plan, the obsolete areas along the IJ-banks were mentioned for the first time in an official policy document. Urban planners counteract market led suburbanisation of offices, and used their planning tools to do so (Wallagh, 1994: 3-5; Terhorst & Van de Ven, 1997: 322). Other large-scale projects mentioned were for instance Sloterdijk/Teleport, Amstel III (South East) and harbour extension plans. The latter were primarily placed on the agenda to accommodate the growth in spin-off activities from airport Schiphol. Increasingly, Dutch and foreign distribution companies desired locations close to the airport (Boon et al., 1988).

**Final bust of the historic inner city as an economic location**

The plans, study reports and discussions on the IJ-banks were accumulating by the time the structure plan emerged. Thus, the IJ-banks became increasingly central in policy circles, but not in the minds of office developers: indeed, the construction of offices along the southern IJ-bank remained ad-hoc (Chamber of Commerce, NOG-building, Wagon Lits Hotel) rather than structurally planned (Wagemaker, 1991). Also, the first years of the 1990s were characterised by a national slump in the office market. Although the production of office space remained high in Amsterdam (with exception of Amsterdam city centre and Southeast, where construction dropped dramatically in the 1991-1993 period, after a period 1987-1991 in which these two locations were responsible for half the new office supply in the city), take up levels decreased sharply, causing absolute vacancy levels to increase drastically (from 194,000 square meters in 1989 to 520,000 square meters in 1992, 11% of total stock, see Needham & Van de Ven, 1995: 59).

Consequently, development also stagnated, especially in the inner city that was not the most favourable location in the eyes of potential users of new office
space, because of the persisting traffic problems. Influenced by these unfavourable developments, by planners' unwillingness to improve the car accessibility of this inner city area, and by further problems over density, functional mix and the dimensions and use of public space (Terhorst & Van de Ven, 1997: 322) the public-private coalition slowly began to disintegrate. It became rapidly clear that the top segment of offices was not interested in the IJ-banks, private agents had already been investing heavily in the southern part of the motorway ring, where a 'market led' top location had been developing. Between 1984 and 1992 more than 80 percent of the take up of square meters in the top segment (over 400 guilders per square meter) was located in this Southern axis along the ring motorway in the Amsterdam South District and Buitenveldert (especially around NS Railway Station Zuid/WTC and the Apollolaan and surroundings): Atrium, World Trade Centre, the Social Insurance Bank, Dijsselhofplantsoen and Villa Verde (Reinoudt & Boon, 1994). In order to facilitate IJ-bank developments, the municipality even suggested slowing down those at competing locations, but a period of stagnation in the office marked the 'beginning of the end' of the IJ-banks plans. The fate of the plans was finally sealed when the ING-Bank, which was concerned about the return on investments and the long development period needed (15-20 years) (Schuiling, 1996: 284), announced its retreat from the public-private partnership. Planners were obliged to downgrade the ambition levels associated with the IJ-banks, and eventually integral development was cancelled altogether.
The WTC buildings in their present form

6.3 Economic recovery – Amsterdam's luck reversed

After the economic dip of the early 1990s ended in 1993 the national economy recovered quickly. The economy of the Amsterdam region took on above average growth rates (measured in added value and employment) during the 1990s, even until 2002, whereas the city of Amsterdam, which had been lagging behind ever since the 1970s, followed the Dutch national average from 1996 onwards (Van der Vegt & Bijvoet, 2002; Van der Beek & Louter, 2003). This comeback of the city of Amsterdam can largely be attributed to economic globalisation and the spectacular worldwide rise of professional services (ibid.). Both trends were very beneficial for Amsterdam that had a sectoral structure that had long been dominated by financial and business services. The growth of these services (banks & insurances, business services, ICT and New Media) in Amsterdam was “turbulent” and “above national average” during the 1996-2001 period (Van der Beek & Louter, 2003). Moreover, as a consequence of the office plans that were developed during the 1980s, the large ‘secondary’ office locations along the ring motorway were available for direct development. All in all, the financial and business services cluster in the
Amsterdam region witnessed an unprecedented boom from 1993 onwards. At the end of the year 2000, 30 percent of the headquarters of Dutch top 100 corporations were situated in Amsterdam, and another 20 percent in the rest of the Amsterdam region (Tordoir, 2003: 119).

So, the definitive worldwide shift to an informational regime of economic accumulation during the 1990s was very beneficial for the city and region of Amsterdam. Next to the gradual growth in financial service industries, this transition to a more knowledge based economy caused the growth of business services, especially the ‘creative industries’ in Amsterdam boomed (media and ICT services). Tordoir (2003: 117) argues that the high economic growth levels of the Amsterdam region during the 1990s were mainly due to airport related distribution (the airport complex), advanced producer services and the ICT sector. After 2000, the exuberant growth experienced by these sectors flattened out (Van der Vegt & Bijvoet, 2002).

Roughly speaking, the three main drivers of the local and regional economy distinguished by Tordoir (2003) all have their own spatially concentrated clusters: the distribution complex is mainly situated at Schiphol Airport, Hoofddorp and alternate smaller and scattered suburban office and company locations along automobile infrastructure to and from Schiphol Airport (ranging from Almere to Leiden); the managerial cluster of service companies and headquarters of (inter) national companies is mainly situated at the southern axis of Amsterdam (Amsterdam Southeast, Buitenveldert, Amstelveen, the South Axis, increasingly also the western ring motorway and Westpoort and in the suburbs of Hoofddorp, Almere and Schiphol); and the cluster of the creative economy can be found at various locations across the (inner) city of Amsterdam. This socially and spatially selective territorialisation of capital between 1993 and 2003 caused the rise of a new economic landscape, which can be seen as a temporal spatial fix that is more fluid than it initially appears to be due to rapid economic and technological change.

Where did the CDB go? — The changing model for urbanisation

This period of economic prosperity came at a moment in time when the ambitious plans for the IJ-banks had just failed and it was clear that the historic inner city of Amsterdam had “ceased to be the region’s economic […] node that it was throughout the century” (Salet, 2003: 179). It took some time but halfway the 1990s municipal officials finally realised that a top office location at the IJ-banks in the inner city of Amsterdam proved impossible to realise and the grand ambitions for this area were lowered accordingly. Nevertheless, the municipality of
Amsterdam still wanted to create a top location for offices within its boundaries. All real estate market indicators pointed in the direction of the southern part of the ring road as the most promising place: the advantageous infrastructural position of this location had already been discovered by companies and developers who invested heavily in the location. This was noticed by the Economic Development Department of the city of Amsterdam that pushed this so-called South Axis forward as the one and only top office location in Amsterdam. After the municipal plan makers (the Physical Planning Department) joined the group advocating the South Axis, a strong lobby to create a European office location there came of the ground (Gemeente Amsterdam, 1996).

Quite contrary to this idea, the compact city policy remained the building block for urban development, as illustrated by the 1996 Structure Plan, ‘Amsterdam Open City’ (Amsterdam Open Stad). The main problem signalled by urban planners was the scarcity of direct available land for new urban developments, because space for new development had been filled in rapidly in preceding years. The main task that the municipality gave itself in the 1996 Structure Plan was to establish the extent to which the existing urban structure could provide room for densification. Especially the transitional zones in the city (zones that are located between two different ‘urban systems’) were earmarked as potential development areas. A detailed ‘vision on the desired spatial structure of the city’, included in the structure plan, was a first step in the process of identifying the development possibilities in these transitional zones.

With regard to space for economic development, the structure plan wanted to facilitate Amsterdam’s wish to improve its position on the national and international office markets. In this regard, the structure plan stated the ambition to preserve the offices in the so-called core areas in the historic inner city, so that the inner city would remain the main centre of employment in the region. The development of complementary specialised concentrations along the ring road of Amsterdam is seen in relation to these ambitions regarding the inner city. For the first time, the southern ring road project, called South Axis, gained prominence over the inner city IJ-banks project that was formerly prioritised. Furthermore, developments in the field of telecommunications and information technology inspired Amsterdam to propose a ‘Amsterdam Teleport’ at the western part of the

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Illustrative for the former municipal determination to push the IJ-banks as the top location is the fact that councillor Jonker was reprimanded by mayor Van Thijn in 1992 for pushing the South Axis.
Regulating Urban Office Provision

city, designated for office development already long ago, as a new office park for these sectors.

The South Axis as a CBD
From 1994 onwards, long and laborious development procedures and cautious developers stagnated the supply of offices. The developers were scared by the stagnation in the office market at the beginning of the 1990s, and for a long time refused to work on their own risk. They only commenced developments with secured tenancies. These developments made vacancy levels drop below 1% of the stock, and price levels rise, especially at the South Axis and Schiphol Airport. Although the rise of office development in neighbouring municipalities created some breathing space at the regional office market, the local market became overheated. Many companies that wanted to locate in Amsterdam, had to settle for locations in neighbouring Schiphol, Hoofddorp or Almere. So, autonomous growth promoted scattered office development around the Amsterdam region.

Plans for a new ‘top location’ to replace the abolished IJ-banks plans were only in a starting phase. The municipal plan makers now were very cautious not to make the mistake of trying to ‘guide the market’ to a specific location, as it did in the IJ-banks plans. Halfway the 1990s the Mayor and Aldermen of Amsterdam decided that the integral development of the whole South Axis would be beneficial for Amsterdam’s economic structure, and institutional arrangements were put in place to realise the goal. This process was accelerated by the intention of national government to designate future high-speed train locations as nodes of urban development, and further support the development of these locations with large, interdepartmental designated budgets. These plans continued and expanded the aforementioned ‘Key Projects’ policy, in which urban regeneration in a limited number of inner cities was heavily sponsored. For these new ‘Key Projects’ the structures and processes through which the national-local urban development partnerships could take on definitive form were strictly defined (Schuilin & Majoor, 2001).

So, a multi-level public-private South Axis coalition was formed in 1996,8 in order to work on a Masterplan for the South Axis. The Masterplan, which was more of a development vision than a blueprint plan, comprised a development

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8 The coalition existed of the following agencies: the municipality of Amsterdam, the city districts of Buitenveldert, Zuid and Rivierenbuurt, the Ministry of Transport, Public Works and Watermanagement, the National Dutch Railroad Corporation, RAI International Fair Centre, WTC, the Free University and the ABN Amro Bank.
strategy and an urban design to facilitate the development of a top location for the office market with 30,000 square meters of office production every year for 20 years. Additionally, 1,500 dwellings were planned, and three alternative models were proposed to reduce the space dedicated for infrastructure were proposed.9

In the years following the Masterplan the vision for the South Axis gradually changed. The first idea to create an exclusive office location was extended into plans for integral urban development, with a top office location including increasing numbers of dwellings, shopping facilities, and entertainment and leisure functions. Early 2000, the ‘Concept Urban Development Vision for the South Axis’ (Concept stedenbouwkundige visie Zuidas) proposed a scheme, based on the covering of all infrastructure, in which 1.2 million square meters of office space (instead of the initial 600,000 square meters) were complemented with 4,500 dwellings. Instead of aiming to develop a top office location by creating scarcity at a location that is in high demand – a strategy advocated by those in the real estate development sector

9 The Dekmodel contains plans to cover all infrastructure, in the Dokmodel all infrastructure will be brought under the ground, the Dijkmodel does not change much in the current situation, just some improvements on the tunnels under the banks that hold the infrastructure.
the city officials chose to create a top location by investing in the urban environment.

Office provision boom at the turn of the century

In the mean time, the pressure on the Amsterdam office market was heating up quickly during the second half of the 1990s. Little was added to the stock in 1996-1998, a response to low absorption of office space in the period between 1992-1995. This period especially caused caution amongst developers of rental offices that only accounted for 7 percent of new office supply in the Amsterdam region in 1997. However, the relative scarcity of new office space in Amsterdam caused absorption to cautiously exceed supply in 1997. In 1998/99 the absorption was even twice as much as supply, which caused explosive rent rises (Boer, Hartog, Hooft, 2000).

Developers saw this and encouraged by the municipality, they lost the apprehensiveness that had characterised their operations in earlier years. Also, the municipality removed the clause of pre-leasing (the signing of a contract with a user before the development is started), enabling the speculative development of offices. In reaction to these changed circumstances, numerous office projects were being planned amongst favourable economic circumstances. Many developers had already obtained strategic land positions, in order to be able to start real development when the market demands were high enough. In this way, developers gained increasing power over the Amsterdam office market, able to control supply of offices as they wished.

The resulting boom in office development activities from 1999 onwards lead to an upswing in real supply of offices from 2001 onwards, when the supply of new office floor space exceeded 200,000 square meters per year in 2000 and 2001, and almost 500,000 in 2002. This was a turning point on the local office market: a period of undersupply in 1993-1998 was followed by a period of extreme oversupply. This oversupply was aggravated by an increasing number of new offices built ‘at risk’ by developers, anticipating high user demand so that their property would be rented quickly after completion.10 By the end of the second quarter in 2002, the Amsterdam office market collapsed: enormous amounts of new offices were being brought onto the market, whereas the absorption dropped dramatically. Instantly, this lead to a jump in the vacancy rate from 2 percent in

10 Oversupply was strengthened even more because the supply boom was shortly followed by the (international) economic recession that made many companies decrease their size, so that supply from the existing offices also grew.
2001 to more than 10 percent by the end of 2002. Because in 2002 a great number of offices were taken in construction without being pre-leased (approximately 195,000 square meters) the amount of office space under construction without a known user grew to 330,000 square meters, indicating that the recovery of the office market to ‘normal’ proportions could take a long time (DRO, 2003).

The trend signalled in the previous chapter of the diminishing centrality of the city centre as a location for offices, strengthened itself in the period from 1987 to 2000 (see table 6.2).

Office planning revisited?
The explosion in office provision caused the definitive spatial shift of office activities to large-scale office locations on the urban ring road and the urban periphery. Because of the cautious and time consuming developments and negotiations at the South Axis, the first wave of office developments in the new boom-period mainly settled down in the western part of the city: along the western motorway ring and at Teleport, which was renamed as Westpoort. This latter location had been planned as a concentration point for telecommunications companies, and building requests were measured along these lines for a long time. The low level of new development in the area during the mid-1990s was combined with unfavourable conditions on the office market. Only after the restriction was lifted prohibiting non-telecommunications related firms did interest grow, and in the years of massive supply, Westpoort was one of the locations that attracted most

11 Although the Municipality of Amsterdam calculated 7%, real estate brokers estimated higher vacancy levels at the end of 2002: Jones Lang LaSalle estimated 10.2%; Van Gool 11.2%, and Cushman and Wakefield Healy and Baker 15%.
12 Office stock at Schiphol: because the 1987 data for Schiphol were not collected, Schiphol was not taken up in this table. In 2000, Schiphol has 401,000 square meters of office space.
### Table 6.2 Offices in Amsterdam – 1987 and 2000 compared

<table>
<thead>
<tr>
<th>Location</th>
<th>1987 Stock</th>
<th>% of total</th>
<th>2000 Stock</th>
<th>% of total</th>
<th>Average rent (€)</th>
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<tbody>
<tr>
<td>Amsterdam Centre</td>
<td>725,000</td>
<td>20%</td>
<td>688,000</td>
<td>13%</td>
<td>€ 224</td>
</tr>
<tr>
<td>Amsterdam West</td>
<td>775,000</td>
<td>22%</td>
<td>1,128,000</td>
<td>22%</td>
<td>€ 161</td>
</tr>
<tr>
<td>Amsterdam Southeast</td>
<td>400,000</td>
<td>11%</td>
<td>672,000</td>
<td>13%</td>
<td>€ 159</td>
</tr>
<tr>
<td>Amsterdam South</td>
<td>500,000</td>
<td>14%</td>
<td>635,000</td>
<td>12%</td>
<td>€ 295</td>
</tr>
<tr>
<td>Amsterdam Buitenveldert</td>
<td>200,000</td>
<td>6%</td>
<td>325,000</td>
<td>6%</td>
<td>€ 255</td>
</tr>
<tr>
<td>Diemen</td>
<td>230,000</td>
<td>6%</td>
<td>315,000</td>
<td>6%</td>
<td>€ 156</td>
</tr>
<tr>
<td>Amstelveen</td>
<td>300,000</td>
<td>8%</td>
<td>492,000</td>
<td>9%</td>
<td>-</td>
</tr>
<tr>
<td>Hoofddorp</td>
<td>60,000</td>
<td>2%</td>
<td>422,000</td>
<td>8%</td>
<td>€ 168</td>
</tr>
<tr>
<td>Other</td>
<td>410,000</td>
<td>11%</td>
<td>557,000</td>
<td>11%</td>
<td>€ 159</td>
</tr>
<tr>
<td>Total</td>
<td>3,600,000</td>
<td>100%</td>
<td>5,234,000</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Boer, Hartog Hooft, several years*

(1) Average rent is measured over the transactions during the year 2000.

New investments. However, since most new offices were built for the market during the period of oversupply, vacancies were considerable (12.7% in late 2002).

Other locations in the Amsterdam region with high vacancy levels were Schiphol Rijk, Hoofddorp, Amsterdam Southeast and the western Garden Cities (especially Riekerhaven/Riekerpolder). Obviously, these were the locations preferred by investors who built for the market. However, because of this, they were also the most vulnerable to swings on the office market. Faced with the massive oversupply across a multitude of office locations in the region, the municipality of Amsterdam felt obliged to rethink its strategy concerning land issuance. They had ‘loosened up’ their land strategy in earlier years, in order to indulge developers who were eager to build (but re-introduced the demand of 60% pre-leasing before a building permit was given). However, the oversupply was perceived as a threat to the imagined ‘top location’ at the South Axis, even though the plans aimed to build a top location on the basis of a good urban environment instead of scarcity. Thus, land issuance was delayed again, especially for locations such as Riekerhaven/Riekerpolder at the western ring motorway that had only been speeded up to please developers, but that had no strategic position in Amsterdam’s office structure.

Finally, competing office locations, such as those being developed at Schiphol and Hoofddorp, challenged the autonomous power which the central city of Amsterdam always had in guiding office development by means of land issuance. So the municipality of Amsterdam had to act more strategically in these
issues. One example provides and illustration. Amsterdam owns shares of Schiphol, which wants to privatise its operations. Amsterdam is willing to sell its shares, but wants land in the Schiphol area in return. Schiphol is afraid that Amsterdam will use these land holdings to further obstruct office development at Schiphol, simply by not developing the site.

6.4 Recent office planning in Amsterdam

_Spatially selective top location planning_

In the current malaise on the office market, municipal planners remain focused on creating a top office location at the South Axis. They wish to build a structure over the ring road, tram-, metro- and rail tracks in order to create a new urban environment on top of this (the so-called _Dokmodel_), stated in the urban development vision. To secure their vision, they still rely heavily on a select number of public and private agents. Indispensable for the realisation of the offices and additional urban features at the South Axis is the guarantee by a consortium of ING Bank, ABN AMRO Bank and NS Real Estate. These investors promised to buy or lease the space that is created by the covering structure, for a guaranteed sum over a period of 25 years. This guarantee only holds if the infrastructure will be put under the ground. If a decision is made not to build the _Dokmodel_, the consortium does not buy the land. For the realisation of this _Dokmodel_, financial contributions from the national government (Ministry of Transport, Public Works and Watermanagement and Ministry of Housing, Spatial Planning and the Environment) are indispensable. These contributions should cover the expenses of infrastructure improvements and further development of Railroad station Zuid/WTC,\textsuperscript{13} in the core of the area. However, the economic malaise and the downfall in office demand laid bare the Achilles heel of Amsterdam’s structure of provision and regime of urbanisation: because the financing of urban developments has been taken over by private agents, times of economic decline stand in the way of new development. The municipality recognised this problem, and in its _Report on Investment Priorities_ it announced the delaying of further planning for many developments until 2010. This includes the top segment, projected on the South Axis, and many locations in the middle segment, where oversupply is most

\textsuperscript{13} This railway station at the motorway ring of Amsterdam, and not the Central Station in the city centre will become the end station of the international network of high speed trains
pressing. This phased development should downsize overproduction and limit vacancies, that is, if regional fine-tuning on this issue can be reached.

So, for the development of a top office location nothing is certain yet, and the municipality is once again placed in a dependant role, waiting for decisions made by private agents and national state departments. Meanwhile, the vision on the inner city as the top location in the region has faded away, and the municipality seems increasingly willing to ‘think regional’, forced by lack of space at its own territory, and the fact that a wide range of actors outside the municipal spheres of influence today decisively influence spatial developments. The ROA (Amsterdam’s variation of regional government) is currently working on a regional development strategy, but its boundaries are sub optimal, and other documents were already published that reflect the ‘new realism’ of Amsterdam: the ‘Spatial-economic vision for the Schiphol region’, and the new structure plan for Amsterdam.

The ‘Spatial economic vision on the Schiphol region’ is an official advisory document made by the province of North Holland, the city of Amsterdam and the municipality of Haarlemmermeer. It is a ‘building block’ for the regional plan of the province and the structure plans of Amsterdam and Haarlemmermeer (where Schiphol airport is situated). Some important recommendations regarding spatial economic development were made in this document. Firstly, in the Schiphol area, real estate development should be approved as long as it is complementary to the air-transport function of the area. Secondly, the Schiphol area should be developed as the only international top location in the Randstad, and the various sites within this area should be developed to build on the ‘unique qualities of each separate location’. Thirdly, Schiphol and the South Axis should be developed to complement each other.

A new structure plan – old discussions
The new Structure Plan, Choosing for Urbanity (Gemeente Amsterdam, 2003) that was accepted by the City Council in April 2003 was more global and more strategic than the previous structure plans, although the main problems and points of departure remained the same. The preparations for the structure plan zigzagged between the necessity of creating a vision for the development of the metropolitan

14 Gentrification and pushing out of office activities increased again during the 1990s. The main economic developments in the inner city occurred in small scale New Media and ICT companies and tourism, culture and leisure. The developments at the IJ-embankments are currently taken up again, albeit piecemeal, with an emphasis on culture.
region on the one hand and the perceived need to strengthen the city’s independent residential and economic function on the other. This led to the development of a plan caught between outright regionalism (which is perceived as inevitable, but unbefitting for the fiscal position of Amsterdam) and stubborn localism. Not surprisingly, the compromise entailed a little of both.

First, the real driver of Amsterdam’s future urbanisation path remained consolidated urban development (hence the title: Choosing for Urbanity). The political discussion in Amsterdam’s City Council (implicitly as well as explicitly) took place in completely built environment, in which the development of anything ‘new’ had to replace something that already exists. In January 2003, this lead to the echo of an early 1980 discussion on the rezoning of business sites for residential purposes: the PvdA (Stadig’s political party) proposed to re-zone several business zones (Central Market halls, Amstel/AMC and the Marine Complex) into residential areas, and to take up this idea in the Structure Plan, and PvdA’s coalition partner VVD – whose Alderman Dales was in charge of economic affairs – was vehemently turned against this initiative, which was backed by a (left-wing) political majority in the City Council. However, the decision on such issues was pushed into the future.

Second, the Structure Plan laid some analytical emphasis on the regional level (see also Bertolini & Salet, 2003). The vision on the city was based to a large extent on the spatial developments in the region. The central task that Amsterdam formulated for itself in the new Structure Plan derived from the idea that the central city is part of a regional network of cities. The vision on the city as put forward aimed to strengthen the profile of Amsterdam within this network by investing in diverse milieus, improved accessibility and improved quality of water, green space and public space. Relatedly, the spatial economic perspective was primarily rooted at the regional level. The city defined as the region’s primary goal to extend its position as an internationally competitive urban living- and settlement milieu by creating a broad spectrum of settlement environments, creating space for further development of Schiphol and the sea harbours, improving and differentiating the accessibility of the region, and improving the quality of water, green space and landscape.
Regulating Urban Office Provision

Table 6.3, The regime of urbanisation 1988-2003

<table>
<thead>
<tr>
<th>Expected regime of urbanisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market</strong>: growth financial cluster – growth airport related cluster;</td>
</tr>
<tr>
<td><strong>State</strong>: outgrowth of national urban growth coalition – local state led economic development politics – public private partnerships;</td>
</tr>
<tr>
<td><strong>Space</strong>: planned peripheral CBD development – planned development of secondary service nodes for economic overspill – extension of main infrastructures – strategic regional investments in residential structures – regional co-operation on competitiveness issues.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Realised regime of urbanisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market</strong>: enormous economic boom – growth financial/services cluster – growth airport related cluster – growth knowledge based industries;</td>
</tr>
<tr>
<td><strong>State</strong>: outgrowth of national urban growth coalition – local state led socio-economic development politics – public private partnerships – sympathy electorate for pro-growth politics;</td>
</tr>
<tr>
<td><strong>Space</strong>: planned peripheral CBD development – planned development of secondary service nodes for economic overspill – extension of main infrastructures – strategic complicated local investments in residential structures – regional economic competition – weak regional cooperation on competitiveness issues.</td>
</tr>
</tbody>
</table>

6.5 Analysis: the structure of office provision and the regime of urbanisation at the turn of the Millennium

During the last decade considered in this analysis a regime shift occurred regarding urbanisation and economic development in Amsterdam. Not completely contrary to expectations, this shift was a combination of prolonged compact city politics dwelling on residential development, combined with a shift towards more pro-economic growth oriented accumulation strategies. However, it took some time before the logical spatial consequences of the choice for a combination of no-growth, residential development, spatially selective (peripheral) infrastructure investments, and spatial-economic planning in public private partnership were found. Although the political priorities for compact urbanisation that had left their marks on urban development throughout the 1980s persisted during the 1990s, it also became clear that this ‘dreamed compact urban landscape’ was only a partial answer to the manifold urbanisation processes that challenged urban policy makers. In light of the socio-economic malaise of the 1980s, which persisted until 1993, the powerful comeback of Amsterdam as an economic location was confirmed by a long period of (urban) economic prosperity from 1994 until 2001. This long period of economic upturn reflected itself in the strong revival of Amsterdam as an employment centre, especially in the financial and business
services sector, that was played out in the new spaces of accumulation at the city’s edges.

The local structure of office provision

The growth of the investment-oriented structure of office provision that had set in during the 1980s persevered during the 1990s, even whilst the cyclical behaviour of office development became very prominent in processes of urbanisation. Even so much that they dictated how and where real urban economic development would take place.

As the share of foreign developers in real estate provision grew rapidly, money available for investments in real estate grew, and financial concerns and risk avoiding behaviour overtook the development process. As we witnessed already in the previous chapter, the inner city was perceived as a ‘risky’ investment area, despite its revitalisation in terms of economic activities during the course of the 1990s. However, this revitalisation mainly took part in the small and medium sized companies in creative/innovative industries that generally do not require big box office development for their continued operations.

The pronounced cycle in office provision primarily established in less risky areas that were already emerging during the 1980s. The ABN (southern ring motorway) and the NMB (southeast) decided to locate at office locations south of the centre, close to a large motorway, in spite of the pro-growth strategy for the IJ-banks. Following these big banks were many investors and project developers that chose on mass for the new office parks in the southeast (banking, financial consultancy, etc.) and office axes in the south (Apollolaan and surroundings for financial services) for new development. This process was accelerated by the development of plans for the South Axis top office location.
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Also, along the western part of the motorway ring, with the office park Teleport at its northern edge, another concentration of new offices was planned and developed (of which a vast number are now plagued by vacancies), and a number of high rise luxurious office buildings were constructed at Amstel Railway station (De Omval), where Philips international headquarters is located.

The production of offices mainly took place in the locations that were envisaged as 'secondary centres' in the recent Structure Plans. Moreover, outside Amsterdam locations such as Schiphol and Hoofddorp gained importance. Indeed, these 'secondary centres' remained secondary in the mind of planners for a long time.

The period of undersupply in the mid 1990s combined with high user demand in the financial and business services, ICT and New Media sectors increased the pressure on the Amsterdam office market: available space was absorbed quickly, and new development was thus needed.

By the late 1990s, the local government had lain down the red carpet for risky development. The pre-lease clause was removed in the late 1990s to kick start supply, and to indulge developers that were eager to build for the market. So, the dampening effect on the development cycle that was exercised by public intervention disappeared. It was even reversed in the eyes of some developers, who claim that the municipality urged developers to build.

The combination of these factors lead to a classic textbook case of overbuilding (and the reintroduction of the pre-lease clause): all new developments simultaneously came to the market, vacancy rates rose, rents faltered and new development was postponed, although the pipeline effect caused new development to keep coming to the market for some time. Currently, the peak in supply and the fall in demand coincide, vacancy levels have risen sharply and rents fallen, and thus investors are leaving the property market.

**Sociospatial regulation, planning processes and the struggles over spatial imaginaries**

As indicated in section 6.4, the bigger cities of The Netherlands and national government found each other in a national urban socio-economic growth coalition towards the end of the 1980s. In the 1990s, this coalition used its hegemonic power to redirect the overall management of money supply for large infrastructural projects in such a way that the main beneficiaries were the large cities. This spatial selectivity was carried through in all the main spending departments, so that funds for economic development, infrastructure provision, urban renewal and housing provision (although the latter was liberalised, and budgets were toned down
considerably) were redirected towards the main cities in The Netherlands. This entailed a further reorientation of national spatial policy, and the 'compact city' philosophy (that was used in Amsterdam already since the 1970s) was finally officially introduced at the national level in the Vinex report.

However, real spending by the city was hardly affected by the new policies. The failure of the IJ-Embankments was extremely problematic for the local government that had finally attempted to back its vision on the inner city (a lively and culturally rich economic centre) with an accumulation and urbanisation strategy. The reliance on one major agent, NMB Bank (now called the ING-Bank), proved far too vulnerable. Although the interest of banking capital in the IJ-Embankments had been sincere, the combination of a no-growth coalition for the inner city and a partial growth coalition inside the same geographical area proved to be too complicated and risky for investors (especially when investments in main infrastructures proved impracticable) that were only interested in steady long-term returns on their investments.

By shifting the priority from the inner city as a CBD towards the more market-conform prioritisation of urban nodes at the city's edge and periphery, the ruling elite tried to rescue its accumulation project in which the positioning of the central city and the mainports remained the main focus.15

Thus, despite the success of the national urban growth coalition directed on social policies, and the recovery of the Amsterdam economy, the local processes of social and spatial regulation were still far from coherent: the local growth coalition was partial and unstable, and the results of the public private partnerships at various locations across the city and its edges varied considerably. It was clear that, despite the (inter)national recovery of the economy, and the transition to a service based economy, the processes of regulation at the urban level were diverging: whereas the relations between business, labour and banking and finance were rescaling to regional and even international levels, local spatial economic development perspectives remained focused on the urban level as the central stepping stone for spatial economic development.

The absence of any kind of metropolitan development strategy implied scattered flagship developments across the region, frictions on the local and

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15 The national discussion on corridors or transport axes between metropolitan areas as possible locations for economic development that developed in the late 1990s (Van Duinen, forthcoming) is a good illustration of the scope of national urbanisation policy in The Netherlands. After long deliberations on corridors/transport axes as important carriers of the national economic structure, urbanisation along these corridors was refuted in national spatial policy.
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Regional housing markets, competition over land by social and economic agents from various scales and backgrounds, increasing burdening of the regional infrastructure, but also increasing polarisation amongst those that profited from the singular, knowledge and real estate driven accumulation project and those that were excluded from it.

So, during the last ten years, the scales at which the various regulatory forms and mechanisms operate diverged. First, the form and structure of the local state remained the same, and initiatives for metropolitan or regional government or governance suffered from adversarial relationships between the central city and its surrounding municipalities. In the mean time, inter firm networks regionalised, although in the financial sector and the creative industries some concentrations of activity in the urban fabric could still be witnessed. Moreover, the processes of office provision became increasingly dominated by international capital that preferred risk-free investments in unproblematic office locations. As only headquarters of (inter)national corporations were inclined to locate at top office locations, this created room for the successful planning and development of smaller and less complicated office parks across the urban edge and periphery.

The current process of spatial regulation – that builds on a regulatory system orchestrated by the state through the political project of compact urbanisation – includes contradictions associated with spatial scale and associated spatial inequalities, and growth management. These issues will be discussed in chapter 10.

6.6 Conclusion: the regime of urbanisation

The regime of urbanisation that was used to regulate the processes of urbanisation in Amsterdam during the 1990s fundamentally targeted the historic inner city of Amsterdam as the carrier of the main social and spatial relations in urban development, and thus remained another variation of the well-known compact city approach. The main adaptation was the re-interpretation of economic centrality (the CBD was now envisioned along the southern part of the ring motorway), and the idea that Amsterdam should benefit from its position in international networks, by exploiting the manifold characteristics of its region (see figure 6.2).

The spatial and social trends of accumulation during the 1990s demonstrate that regional multi-nodalisation and a certain degree of economic specialisation were inevitable in the Amsterdam region, and for that matter, in all urban regions. Although the national territorial project of compact city development and mainport
policy was spatially biased towards the big cities - and within these big cities towards urban transport nodes (such as the South Axis) – the agglomerative forces of inter-firm networks increasingly took place on the regional scale. The Northern Wing of the Randstad (with for instance Amsterdam, Schiphol and Utrecht) profited strongly from the period of economic change and growth and became the recipient of many international as well as local investments in the economy and associated urban landscapes. Within this northern wing, Amsterdam recovered from the economic crisis of the 1980s as the result of processes of local spatial clustering within a wider regional network. The establishment of large parts of the financial sector in the southern area of Amsterdam indicated the spatial clustering of headquarters inside the urban area, while the dispersion of back offices and office users outside the financial cluster along hubs and axes of metropolitan (inter-urban) transport networks continued.

At the various government levels, this led to a reorientation within the planning profession. At the conceptual level, urbanisation was rethought as an issue
of regional and international nodes and flows. This is visible in national strategic
documents, provincial policy documents, the local structure plans and inter-
governmental strategy documents. However, the jargon in the plans and policy
documents did not lead to fundamentally different urbanisation and accumulation
strategies at the local level.

As a continuation of the policy set in after the Fourth Memorandum on
Spatial Policy, the city came to be seen as a 'central node' in the regional and
international networks. In this 'tradition' the central city had to be strengthened, so
that it would stay a competitive settlement milieu for both residents and
companies. The regulatory focus upon spatial clustering in sub-regional urban hubs
is a good example of spatial selectivity of the state that conceals the temporal
nature of the spatial fixation of capital. As local clusters are necessarily embedded
in regional (and international) functional networks, they are subject to increasing
dynamics within multiscalar spatio-economic matrices, thus further diffusion is a
more logical prospect rather than re-centralisation.