Speculators

Speculators seek to buy relatively low-priced land just before it begins to appreciate rapidly in value and to sell it just as it reaches a peak. Sociologists John Logan and Harvey Molotch (1987) identified three very different kinds of speculators (or, as they called them, "place entrepreneurs"). The first is the "serendipitous entrepreneur"—someone who has inherited property or who has bought it with a particular use in mind and then finds that it would be more valuable sold or rented for some other use. The second is the "active entrepreneur"—the individual who hopes to anticipate changing patterns of land use and land values, buying and selling land accordingly. The prototypical active entrepreneur is a small- or medium-scale investor: individuals (not corporations) who attempt to monitor the investments and disinvestments of bigger players, using local social networks to find out who is going to do what, when, and where. The third is the "structural speculator"—the bigger player who relies not merely on an ability to anticipate changing patterns, but who also hopes to influence or engineer change for his or her own benefit. This individual may attempt, for example, to influence the route of a freeway or the location of a rapid transit stop, to change the zoning map or the master plan, or to encourage public expenditure on particular amenities or services.

Developers

The principal role of developers is in deciding upon the nature and form of new projects, platting large parcels of land into smaller lots, installing the infrastructure necessary for a particular use (e.g., streets, curbs, and gutters, sewer and water mains, gas and electric lines), and selling the lots to builders. These activities generally fall under the descriptive label of "subdivision." Many development companies, however, have extended their activities well beyond the business of subdivision to include land assembly and speculation, design, construction, and marketing. Because it is developers who must decide upon the *type* of project to be undertaken on a particular site, they can fairly claim to be the single most important group of form-givers.

Site selection and project conceptualization stand together at the very beginning of the developer's role. This first step is clearly very important to the outcome of the city-building process, since the developer is inscribing his or her judgment and interpretation onto the landscape. Other things being equal, developers will opt for what is easiest to produce and what is the safest bet in terms of effective demand—the middle of the market. Only a few will have both the nerve to gamble on innovative projects and the ability to persuade financiers and customers that the potential outweighs the risks. In terms of residential development, this conservative approach translates into housing for the "typical" household (or, at least, the developer's idea of the typical household).

Through the 1960s and 1970s this approach resulted in a preponderance of three-bedroom, single-family suburban housing, with little provision for atypical households—who were effectively excluded from new suburban tracts. Only in the 1980s, when marketing consultants caught up with the social shifts that had made the "typical" household a demographic minority, did developers begin to cater for affluent singles, divorcees, retirees, and "DINKs" (dual-income, no kids), adding luxury condominiums, townhouses, artists' lofts, and the like to their standard repertoire.

For most *commercial* and *industrial* development, on the other hand, the main criterion is the availability of sufficient land in an appropriate location; site costs are a secondary consideration. Indeed, as urban sprawl has accelerated and development companies have become larger, the whole question of the availability of land has increased in importance, even for residential developers. Some companies create *land banks*, partly as a speculative venture but mainly to ensure a supply of developable land (many of the parking lots on the edge of downtown areas, for example, are in fact held primarily for their speculative value rather than for their earning capacity as parking lots). Larger companies, with a compelling need to acquire land at a rapid rate (in order to keep their organizations fully employed), search out and bid for suitable land before it has been put on the market (and before any thought has been given to project conceptualization): a tactic known in the trade as "bird-dogging."

The final phase of predevelopment activities is that of determining *feasibility*. Typically, this phase requires coordination with local planners in order to check on compliance with zoning ordinances and legal codes, approaching community leaders in order to gauge reactions to the proposed project, undertaking detailed market analyses, drawing up alternative schematic designs ("schematics"), investigating any special technical issues arising from these schematics, and projecting costs and revenues for each of them.