

nature of their product and their business which is more akin to retailing.

The research identified several factors which developers acknowledge influence and sometimes constrain the attention they give to urban design. These are customer—occupiers, investors or housebuyers—requirements, preferences and priorities; the timing of the development related to market conditions and the business cycle; land ownership, costs and values; the size of the project and the timescale for the development; and finally the role, contribution and general attitude of the public authorities towards a particular development.

### **Investors**

Property investment funds tend to adopt an acquisition policy that focuses on properties that are acceptable to a large number of similar institutions. They seek properties that will produce an increasing rental income over a long period of time; be flexible and easily adapted to alternative occupiers; be acceptable to tenants with sound credit ratings; and be acceptable to other investing institutions. So far as urban design is concerned, these considerations lead investors to concentrate on those attributes of a development they judge appropriate for the expected demands of the target or probable occupiers. Sometimes this might involve placing considerable emphasis on the design characteristics of developments that promise to attract occupiers with aspirations about the kind of property and environment their company should occupy. In other cases, investors will place little emphasis on urban design considerations because they do not expect the occupiers to be sensitive to such concerns. If some investors are sceptical about the importance of good design, it reflects their perception of the occupiers' indifference. In the case studies where the viability of the project depended on the creation of a premium or unique image, at Brindleyplace for example, there was a clear recognition that attention to all aspects of design, private or public, would be a worthwhile proposition.

Investors believe that if the quality of urban design has any pay-off it will show up in improving the investment performance of the properties either by enhancing their initial rental value or by lengthening their economic life. One of the surprising features emerging from the research was that several investors envisaged that they or their clients would participate in the investment for a period that would extend only just beyond the first rent review of the property—in practice, between six and eight years.

This expected holding period would appear to be an important factor in constraining the decisions taken by investors. Given this approach to the selling-on of assets, it is not at all surprising that investors have to bear in mind the value that will be placed on their properties by potential buyers, and this consideration will be emphasized in times when the real rate of interest is low. Historically, developers and investors have relied on rental growth to reduce the burden of loan interest over a relatively short period of time. As we move, however, into a period in which it is assumed that the level of inflation will remain low and real rates of interest will reduce, the expected long-term performance of investments will have relatively greater impact on investment values and performance in the short run.

The fact that investors may plan to hold their property investments for a relatively short period does not necessarily make them biased in favour of short-term criteria. If property investors plan to sell investments within a six- to eight-year period, they may be concerned to ensure that the condition of the public realm at the time of sale is well maintained. Thus, they might seek more considered design solutions or approve the use of higher quality materials. Such investors can justify this level of attention to urban design because it should maximize the profitability of the investment over the holding period. In times of economic stability and strong competition, there will be incentives to produce features of the development that create value and distinguish one property development from another. But because the property market is characteristically cyclical, investors sometimes find that their expectations of rising rents and capital values do not materialize. In these circumstances the quality of urban design is seen to be expendable. Cutting costs to make the development viable appears to be a considered response of investors to unanticipated change in the property market and to this extent poor urban design may partly be a consequence of the property cycle.

The perceived benefits associated with urban design considerations at Arlington Business Park are relatively parochial and conservative. The investors—and there are several—emphasize their property's intrinsic qualities to its occupants and little benefit is assumed to stem from the relationship between one building and the next. Privacy and control are stressed and the ability of occupants to alter and personalize their own environment is seen as being of no significance. The image of the business park, for example, is seen to be important in so far as it provides no surprises to investors or clients. The quality of the overall