

## The Location of Advanced Producer Services and Urban Change: A Space Syntax approach

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### Abstract

This research investigates the spatial location and outcomes of increasing Foreign Direct Investment (FDI) in the Advanced Producer Services, the most dynamic and potentially powerful factor for urban change in an increasingly globalised economy. The progression of Trans National Corporations around the world and the accompanying need for Advanced Producer Services (APS) has created a need for new spaces where these services can operate. APS are also a central element in the make-up of the global city category, according to the outline presented by Sassen (1991, 1994), because they are the ‘main economical connectors’ between global cities.

This research has the following main questions: How does the location of Advanced Producer Services affect Urban Form in the Randstad? Conversely, what are the spatial configurative conditions where APS and headquarters prefer to locate? Urban structure simultaneously determines the location of APS and is conditioned by it, especially through the carrying out of Large Urban Projects (Sleutelprojecten). Which ones are more successful in attracting APS and headquarters?

Initially, we took a list of 100 enterprises compiled by GaWC (Globalisation and World Cities Study Group and Network, Loughborough University, UK) on Advertising, Accountancy, Insurance, Finance, Law and Business Management firms. This list was dressed based on:

1. Published lists of largest firms of each sector;
2. Availability of information of each firm;
3. Global coverage: each firm must be clearly “global” in coverage, which means offices in at least 15 cities across the world of which there must be at least 1 in each of the most relevant global arenas: North America (the Dollar area), Western Europe (the Pound/Euro area) and the Pacific Rim (the Yen area).

We then proceed to a scientific survey on the location of each enterprise headquarter in the Randstad (The Western and most urbanised region of The Netherlands) using a GIS-based program and direct survey. The location of headquarters is justified by the specific managerial and administrative tasks they perform, which require particular conditions of infrastructure, connectivity, workforce and environment.

The results show that most of the headquarters of selected APS are located in the city of Amsterdam and the neighbouring city of Amstelveen. Most headquarters are located around key nodes of transportation, where national and regional roads meet train stations. There is also a large concentration of firms around the Ring of Amsterdam. These characteristics show that firms in the advanced tertiary sector of economy rely especially on

good connectivity and accessibility, as well as “image” (the image a certain place conveys in the mind of consumers and clients) and visibility.

By the use of the space syntax method, we can identify seven cluster-areas with international and national firms, with the following spatial topological characteristics:

1. Amsterdam Centrum: The area has a predominance of financial services and they are located along streets with high local integration.
2. Oud Zuid: It is the connection area between Amsterdam Centrum and ZuidAs, with distinctive historical and environmental features, concentrating all kinds of services.
3. ZuidAs: The area has a high local and global integration. It is well connected to the Amsterdam Ring Road and the railway stations. Large investments have been put in all kinds of infrastructure. This area has a high concentration of financial institutions and law firms.
4. Amstelveen: The area has a high local integration, and it is located one topological step away from the globally integrated ring road of Amsterdam. It also shows a pattern of continuation from an axis formed by the three previous areas and the proximity with Amsterdam Ring Road. Here there is a strong presence of Advertising companies, Business Management and Accountancy.
5. Slotervaart/ Overtoomse Veld: The area has a high local and global integration combined with the presence of rail. It also presents a predominance of Advertising companies.
6. Amstel Station: The main feature of this area is the presence of inter-modality (rail and subway), apart from proximity to a main feature, the river Amstel. Insurance and accountancy firms predominate in the area.
7. Amsterdam Zuidoost: It is the smallest of all clusters, and it benefits from highly locally integrated streets and presence of rail. The area has a concentration of Business Management and Finance firms.

A preliminary conclusion is that different kinds of APS seek for distinct spatial features in the city. They generally tend to concentrate along locally and globally integrated streets or roads, well served by inter-modal rail/subway transportation. They avoid the touristic places of the old centre of Amsterdam, with the exception of financial firms, who locate somewhat at the border of this area. The streets in the touristic centre of Amsterdam provide low global integration values. In all cases, spatial inter-connectivity, image and visibility play a vital role.

A similar research was conducted in the ‘Rijnland Region’, an ensemble of 24 municipalities around the cities of Katwijk, Leiden and Alphen a/d Rijn. For this research we used the CPV database (Common Procurement Vocabulary).

The CPV establishes a single classification system for public procurement aimed at standardising the references used by contracting authorities and entities. It describes the type of supplies, works or services offered by firms. The sectors of activity researched were Data Management & Consulting, Research and Development, Financial Services and Business Management & Marketing. Depending on the field of activity, a threshold of 20 or 30 employees was chosen, which indicates regional capacity for the firm in question.

Firms with more than 100 employees (indicating national and international capacity) were highlighted.

The main conclusion resides in the scale of nodes where firms choose to locate. In the region of Amsterdam/Amstelveen, the most visible and connected spaces were chosen around transportation nodes and the main road ring, the most globally integrated connector. In Rijnland, on the other hand, firms choose to agglomerate at a lower scale of connectivity, that is to say, not at the nodes along the national roads (Rijkswegen A4 and A44), but at the nodes created around regional roads, notably Willen de Zwigerlaan and the Provincial road N445. These work in fact as the main connectors between the national roads A4 and A44, especially for those coming from Amsterdam and Schiphol airport. Train stations are important nodes, but regional roads (Provinciale wegen) that are located one topological step from the national roads, are preferred. This is the case of N445, N11, N447, N449 and N208, all presenting agglomeration of APS. These national and regional roads provide high global integration. This can be explained by the predilection of smaller companies to locate in a more "urban" environment, where urban amenities and services can be easily accessible for pedestrians, as well as for cars. Moreover, firms are located along the parts of the regional roads that are well connected to the immediate vicinity and the city centre.

In Rijnland, the lack of large urban projects of national/international scope (Sleutelprojecten) overlooks the strategic location of the area, its superior connectivity and its potential to attract investment in the advanced tertiary sector (a sector of economy particularly sensitive to modern spatial infrastructure, visibility and corporate image provided by these projects).

The proximity of stronger poles of attraction for advanced producer services (Amsterdam/Amstelveen, Schiphol, Den Haag) challenges the region to take steps to stress its comparative advantages (strategic location, proximity of natural landscapes, cheap office space and room for quality housing). Current location of large firms show that the region can accommodate sophisticated services, which are fairly well connected to the urban network formed by The Randstad through the regional network of roads which are connected, in its turn, to the national network at A4 and A44. However, the connection between A4 and A44 must be improved in order to provide the region with a dynamic connection system.

The relative homogeneity of infrastructure in The Randstad makes slight local advantages into decisive features for office location and agglomeration of services. These local advantages must be properly exploited and advertised. Agglomeration occurs mostly elsewhere, but specific advantages and the existence of some large enterprises can play a major role in attracting more advanced services to Rijnland. Strengthening the connection between the two main roads through Leiden must reinforce the nodal characteristic of the whole region.

As observed, the location of important producer services firms along the N445 (a road that presents high global integration), serving the area north of the historical core and the Bioscience Park, indicates tendency for firms to locate one topological step further from main connectivity infrastructure (A4, A44, train). This road-link creates a well inter-connected axis from A4, through the city of Leiden, to A44, with the Valkenburg area at one of its ends. The development of the Valkenburg area with a well inter-connected street network to Leiden centre might contribute to strengthen the whole urban agglomeration between Katwijk and Leiderdorp. A new office development could take place in new node between N445 and A44, reinforced by the development of Valkenburg as a high quality

mixed area (housing and commerce) in order to make the Region attractive for investment. Distinctive architecture shall also contribute in making the new node attractive for corporate image and should provide the region with a focal point for investment in advanced producer services and headquarters (command functions).

Finally, the location of APS and headquarters (command functions) rely not only on the image of the city. The spatial structure of the street net seems to be essential. Amsterdam provides a well-connected and well-integrated street net. The globally integrated core is on the Ring road of Amsterdam (including the ZuidAs area) is very successful in attracting international companies. In Rijnland, the most globally integrated areas are close to the Bioscience Park and the old Valkenburg airport. However, the Rijnland region as a whole generally provides low local integration in comparison with Amsterdam in what concerns the full street net throughout the whole area. That might be an explanation as to why fewer international companies dare to invest in the Rijnland region.

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