

THE MAKING OF A WORLD CITY LONDON 1991 TO 2021

Greg Clark



WILEY Blackwell

The Making of a World City: London 1991 to 2021

The future of cities depends on their resilience. London – messy, unplanned, organic and ungovernable – has become a model of global city resilience. Anyone interested in understanding the complexity of cities should read this book.

Ricky Burdett, Professor of Urban Studies, London School of Economics,
Director, LSE Cities and Urban Age

In this revealing book, Greg Clark has consulted an impressive array of international commentators and city experts to explain London's evolving story as a leading world city. Most importantly, Clark highlights the need for deeper reforms of city governance and city finances if London is to keep pace with its competitors and to combine liveability with opportunity.

Professor Rosemary Scanlon, Dean, Schack Institute of Real Estate,
New York University

London has captured the world's imagination as a center for financial, business, cultural, and social development. Greg Clark has drawn on his own vast experience and that of leading experts to write a must-read assessment of one of the world's most important cities.

Michael J. Enright, Sun Hung Kai Professor, University of Hong Kong

The emerging world cities need to know the secrets and the challenges of London, New York, Paris and Tokyo. This book helps us to see London from the inside out, and it explains very clearly how London became a leading world city.

Professor Miguel Bucalem, Director, Centre for Cities, University of São Paulo

London's rebirth as a leading world city is indeed a major strategic achievement. Greg Clark's remarkable and positive account of this story gives food for thought to other global cities, such as Paris, who are following a different – less business focused and more citizen oriented – path.

Paul Lecroart, Senior Urban Planner, Paris Ile-de-France (IAU-IDF)

Moscow's role as a global hub of business and finance is evolving in ways which understand that culture, higher education, and international promotion are critical ingredients for success. The London story, as told by Greg Clark, reinforces these messages and shows how former imperial cities can become great world cities in the modern age.

Professor Andrei Sharonov, Dean, Skolkovo Business School, Former Deputy Mayor of Moscow, Chairman of Moscow Urban Forum

As Barcelona continues on its path towards being a global city in Europe, lessons from London become increasingly more interesting and relevant. This book reveals London's formula for global success in ways which educate and entertain.

Mateu Hernandez, CEO, Barcelona Global

In this book Greg Clark tells the remarkable story of how London reinvented itself over the past quarter century, making it, along with New York, one of the world's two leading centers of commerce, finance, communications and innovation.

Professor Bob Yaro, President, Regional Plan Association of New York

Clark tells a fascinating story – how an old and seemingly tired global city got a new lease of life – extremely well.

Ben Rogers, Director, Centre for London.

The Making of a World City

London 1991 to 2021

Greg Clark

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About the Author

Greg Clark is an advisor and mentor to global cities, global firms, and global organisations. Between 1988 and 2008 he worked in London in a range of senior roles that included: Lead Advisor on City and Regional Development, Office of the Deputy Prime Minister, UK Government; Executive Director of Strategy and Communications, London Development Agency; Managing Director, Economic Development, at Greater London Enterprise; Chief Executive of the London Enterprise Agency; and International Programmes Director at the London Docklands Development Corporation. He is currently a Board Member of London Enterprise Partnership (LEP) and London Economic Strategy Group (EDP), and Chairman of the London Stansted Cambridge Consortium.

Today his work takes him to more than a hundred global cities and global firms through a range of roles that include:

- Chairman, OECD LEED Forum on Local Development and Investment Strategies, OECD, Paris.
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- Senior Fellow, Urban Land Institute, Europe, London, UK.
- Co-chairman, International Advisory Committee, New York's Fourth Regional Plan.
- Chairman, JLL Cities Research Center.
- Member, Lead Expert Board, UK Government, Foresight Programme, Future of Cities Foresight Project.

He is a Visiting Professor at several universities including:

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- Visiting Professor, Cities, Leadership, and Globalisation, Cass Business School, City University, London.
- Visiting Professor, Institute for Public Policy, Strathclyde University, Glasgow.

He trained as an economist, social and political scientist, city and regional planner at the University of Cambridge, Columbia University and the London School of Economics. He is a Harkness Fellow and author of ten books and numerous reports and papers on cities and business development issues. He has won various international prizes for his work.

x *About the Author*

From 2008 to 2014 he was chairman of the International Advisory Board of the São Paulo Strategic Plan and International Advisor on the Metropolitan Strategic Plans of Auckland, Barcelona, Gauteng/Johannesburg, Glasgow, Mumbai, Rio de Janeiro, Toronto, Vienna and Western Cape. He has advised on metropolitan governance reform in Auckland, Barcelona, London, Milan, Oslo, São Paulo and Toronto. He has led twenty international peer reviews of city and regional development for the OECD.

He speaks at, and chairs, conferences regularly across the world. He lives in North London with his wife and two sons.

Foreword

I am honoured to be asked to introduce this remarkable *tour de force*. I look back to 1990 when it had become clear to the London Planning Advisory Committee (for reasons Greg Clark describes in Chapter 2) that London was badly in need of a forward-looking vision and evidence-based policies if it was to realise its strengths and remedy its weaknesses ‘moving into the 21st century’. The challenges were considerable, not least convincing a *laissez-faire* minded government, complacent about the deregulation it had provided to London’s financial services, that public policy interventions were essential to address growing dissatisfaction with the state of its infrastructure and living environment.

LPAC, one of the ‘statutory advisory’ bodies established in the wake of the Greater London Council to provide a modicum of pan-London coordination – in our case strategic planning – was able to assemble a budget, agree a brief with co-sponsors, and commission a strong team of consultants to research the situation and report. The outcome, *London: World City*, was launched in November 1991 at the City of London Guildhall and published in book form by Her Majesty’s Stationery Office. Its impact was immediate and gratifying, seen as ‘ground-breaking’ and ‘a wake-up call’. Not only did it influence the Conservative Party to include explicit policies for London in its manifesto for the 1992 general election, but it energised key players in the business community to establish a powerful group, London First, to lobby for necessary infrastructure and other investment to support London’s strategic economic sectors and create an executive inward investment arm. Honor Chapman played a leading role in this.

At the heart of *London: World City* was the iconic conceptual diagram of three policy triangles: wealth creation, jobs and income, quality of life – linked together by enabling infrastructure, the whole essential to London’s sustainable future (see p. 22). The focus on improving life chances and the living environment was as equally important as that on economic success – indeed the two were symbiotic. This was widely welcomed then and has stood the test of time. *London: World City* also made Government aware that London needed an effective planning and development strategy, for which LPAC was asked to produce advice, leading to publication by Government of Regional Planning Guidance for London in 1995. One aspect of this was LPAC setting up an advisory panel on office policy, to ensure London’s development pipeline provided for the growth of key sectors; we were delighted that our good friend Honor was able to chair the panel and bring in key players from the property world.

It is particularly gratifying that Greg sees *London: World City* with a legacy that persists, leading to a fresh agenda for 2021: updated challenges to be addressed if London, a quarter of a century on, is to retain and enhance its global

leader status in the face of today's competitor cities – the same intention and some familiar themes, although some of the challenges are new.

Chapter 13 sets out eight 'imperatives' – critical policy priorities. They include a worsening housing crisis, seen as 'perhaps the single major concern': a worsening imbalance between need and supply, with issues of affordability, tenure and quality, in danger of becoming a serious drag on London's future success. Related to this is the lack of any mechanism for relating London within its administrative boundary to its wider functional (in housing, labour market and transport terms) region in south-east England, requiring the creation of a fit-for-purpose governance structure: a challenge for the next Government.

Greg has provided a masterly, insightful compendium of how London has advanced since *London: World City* was published, and what needs to be done as we move forward. The book deserves to be widely read, its many messages understood, reflected on and advanced.

Martin Simmons
Chief Planner, LPAC, 1989–2000; and
Director, London World City 1991

Preface

London, a city with 8.4 million people and over 100 languages spoken, is the most successful world city of modern times. It is a city that demands attention, it is an edgy city, it is inspiring and tolerant, chaotic and dynamic, frustrating and endlessly attractive. It was not always so.

Back in the late 1980s London's status as a world city was under threat, lacking as it did any city-wide management. Investment in the capital's infrastructure was limited, its population was declining and other cities in Europe were succeeding in drawing business away. The reality of London's situation was first clearly highlighted in the 1991 report *London: World City*; the publication of which was a defining moment in London's recent history. Greg Clark was one of the younger contributors to that report, while Martin Simmons, who has written the foreword here, was a central figure in drawing that report together. Martin, as head of the London Planning Advisory Committee, a body which spanned the period between the abolition of the GLC in 1986 and the arrival of the GLA in 2000, was a key figure in London's subsequent progress.

Also crucial to this story was Honor Chapman; this book in fact began its life as The Honor Chapman Report. A contributor to the 1991 report in her role as head of research at Jones Lang Wootton, Honor went on to lead the business community's response to it; a vital outcome of which was her leadership in creating London First Centre in 1994. This was the city's inward investment agency which now, 20 years on, forms part of London & Partners.

Honor Chapman was a remarkable light in what was then the dimly illuminated field of cities and urbanism. She knew that London's self-satisfaction was unjustified and about to be shattered by the onset of the Asia Pacific Century, by the fast approaching and vast technological breakthroughs and by the coming revolutions in the financial and professional services industries. It was clear that London's slightly dusty image as a world city would need work if it was to capture the growing value of a city's brand, and to deal with the changes in pace and competitiveness that were gathering around the world. Honor's work for London between 1992 and her untimely death in 2009 was a significant factor in countering these challenges and in London's success today. Her obituary in *The Times* (see the Appendix of this book), captures her contribution admirably.

Greg Clark has since become one of the world's leading urban advisers and thinkers on the future of cities; an expansive expertise which he has corralled into writing this unrivalled journey through London past, present and future. In this book, Greg not only gives us a sequel to the 1991 study, but picks up the story and uncovers for us the personalities, the intrigue, the commerce and the ambition that in the next quarter of a century propelled London to its position today.

And today London does have a strong platform. It is consistently a chosen location for the world's leading companies and tops the charts in terms of direct real estate investment. In Greg's current work on city competitiveness, London qualifies as one of the world's most globally fluent cities and is a natural destination for the massive increase in volumes and sources of international capital investment. But still, in this new world of cities, the competition never rests; countless mayors' offices and urban strategists are searching for best practices, for innovative ideas and for the funding that will help them compete against today's and tomorrow's global cities.

The real treasure of this book, then, lies in its success at combining the raw facts about London and its competitor cities with lessons, insights and inspirations about how London, now facing a new wave of issues, could future-proof itself more successfully. Greg invites the city to examine its long-standing concerns such as infrastructure, economic balance and social inclusion, as well as its international image and relations.

With a raft of new cities seeking to become the next generation of 'world cities' this book is a timely reminder that the success of a city revolves around much more than infrastructure, capital intensity, and agglomeration of leading firms, as vital as these are. London's story reveals that success is also something to do with culture, values, openness, identity and the ability to confidently embrace change and difference, to become both more cosmopolitan and more flexible.

For anyone seeking an understanding of today's London and its potential future, this book has answers; for those cities facing the current and future challenges of evolution and development, of reinvention and repositioning and of how to create resilient economic and social strategies, it is an invaluable source of inspiration and guidance. For the many that face thorny issues around the effectiveness of their governance and the efficiency of systems intended to pull together the disparate interests of complex cities, Greg's perspectives and analyses offer a master class on the emerging agenda for successful 21st century urbanism.

If Honor Chapman was still with us today she would doubtless want to contribute a torrent of ideas and opinions. The irony is that it was her untimely passing that was the inspiration for the original Honor Chapman report and then for this important and timely book. She would have read this with satisfaction to see many of her recommendations even now retaining their sense and impact, with frustration at the lack of progress in some areas, and with gratitude that Greg Clark has reset the benchmark on helping the world's leaders understand what it takes to be a successful city.

Rosemary Feenan
Jones Lang LaSalle

Robert Gordon Clark
London Communications Agency

Acknowledgements

In 2012, London announced itself as the capital of the 21st century world of cities. The phenomenal success of its Olympic Games marked a high watermark after two decades of evolution and transformation during which London had become one of the most open and cosmopolitan cities in the world, whilst increasing its formal influence and soft power in the global systems of capital, culture, knowledge, and communications.

A few months earlier, London's policy community marked the 20th anniversary of the publication by HMSO of *London: World City Moving into the 21st Century* (hereafter *London: World City*). This seminal report by the London Planning Advisory Committee (LPAC) called London a 'world city' for the first time in a governmental report and benchmarked it against its perceived main international competitors. One of its main recommendations was the need for London to promote itself more effectively.

This book follows in the footsteps of *London: World City*, nearly a quarter of a century on. It draws on over 25 years of experience working on behalf of London policy and economic development organisations, and on interviews with around 100 leading thinkers about the past, present and future of London, including commentators and leaders in New York, Tokyo, Hong Kong, Paris, Singapore, and São Paulo. The book was prepared between Autumn 2011 and Autumn 2014.

I thank Martin Simmons and all of the authors of the 1991 *London: World City* report from the London Planning Advisory Committee. I also thank the sponsors of the Honor Chapman Report: Jones Lang La Salle, Land Securities, Grosvenor, Great Portland Estates plc, and London Communications Agency. I am very thankful as well to Madeleine Metcalfe and her team at Wiley.

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I am especially indebted to two people who played major parts in the creation of this book. First, Rosemary Feenan at JLL whose enthusiasm for, and commitment to, the Honor Chapman Report led us to undertake the work and prepare it for publication. Second, Tim Moonen, whose superb research and drafting played the major role in assembling the text. Thank you both.

As the preparation of this book was nearing completion, Professor Sir Peter Hall passed away. Peter gave exceptional insight to the preparation of the book. He will be sorely missed.

Tribute to Honor Chapman

This book was originally prepared to honour the legacy of Honor Chapman, who died in 2009 and who left a huge mark on the evolution of London since 1991. It is dedicated to her.

Honor Chapman was a pioneer in the application of the tools of competitive business analysis to the world of commercial real estate. In the 1980s, while a Sloane Fellow at the London Business School, Honor developed a broad understanding of competitiveness that exceeded the parameters of existing ideas of the time, incorporating factors of customer behaviour, technical needs and sustainability. In the new era of telecommunication, her richly empirical research pushed the property industry to pay more attention to building technology, quality and adaptability. Her methodological insights greatly improved the sector's understanding of market dynamics, and made her one of the major contributors to the emergence of a popular and accessible analysis of the supply and demand of office space in the capital.

Following the publication of the *London: World City* report, Honor applied her approach to London's competitive position, having long recognised that London was in competition for investment with other world cities rather than with other parts of the UK. In 1992 – the year the Single European Market was launched – she led a detailed study at Jones Lang Wootton into how London could respond to the challenges identified in *London: World City*. In 1993, her recommendations were adopted by the newly-formed business leadership organisation London First. Her work enabled the undertaking of the London Office Property Review, which became an annual property assessment that continues to this day. As Dame Judith Mayhew Jonas has observed, her insight also helped make

the case to central government that support for London's global competitiveness would be key to the British economy (personal communication, 25 November 2011).

In 1994, London First, with support from the UK government, and with backing from the City of London, the City of Westminster, London Docklands Development Corporation and others, created the London First Centre. Honor was appointed its first Chief Executive. She served in this role for three years before joining its Board as a non-Executive Director. Her unique grasp of London's commercial networks was key to the Centre's success, in the view of London First's director of property and planning Judith Salomon, who acknowledged that Honor's unique "contribution to the understanding of London's competitiveness and challenges was vital at a critical period" (personal communication, 8 February 2012).

In 2000, when the Greater London Authority and new Executive Mayor were established, the Mayor was given responsibility for leading the promotion of London. Honor joined the Board of the newly-created London Development Agency and chaired first its Development Committee and, later, its main Board. She then progressed to lead and chair Future London, a unit dedicated to thinking about London's success in the years to come. Her commitment to the cause of London's competitiveness was as long as it was unwavering, and helped bring into view a much more comprehensive concept of competitiveness (Peter Vernon, personal communication, 15 December 2011).

Honor worked with many of London's business and institutional leaders over the period from 1991 to 2008. She also skillfully chaired The London Office Review Panel which gave advice to planners on London's office market and space requirements, as the city's real estate became much more of a financial product attractive to external investors (Sir Peter Hobbs, personal communication, 18 December 2013). Sir Stephen O'Brien CBE, former CEO and Chairman of London First, has hailed her role in encouraging London's business community to "engage with a strong and confident vision for the future of the city" (personal communication, 26 December 2013). Remembered for her optimism, creativity, rigour and ambition, her abiding professional contribution was to provide leadership of real citywide agendas using her analytic and strategic skills in the real estate sector. Adrian Wyatt OBE, former CEO of Quintain, captured the sense of affection in which she is held by other London advocates: "Honor was a luminary, she cared passionately about London. It is difficult to over-emphasise her contribution" (personal communication, 8 February 2012).

Section I London in 1991 – Setting the scene

1

Introduction: Honor Chapman and *London: World City*

In 1991, the London Planning Advisory Committee published *London: World City Moving into the 21st Century* (hereafter *London: World City*). The content of this report was groundbreaking, and its impact on London's business and policy community considerable. It is no exaggeration to describe it as helping to usher in a new chapter in London's 2000-year history.

Published at the beginning of a new era for an enlarged global economy, *London: World City* recognised London's evolving role as an international urban centre. Its authors identified growing competitive pressures as other European, North American and East Asian cities proactively pursued internationalisation, and sought hub status among firms in financial services and other sectors of strategic significance. The report, researched and prepared through dialogue with a wide range of experts and overseen by London's local government and business leaders, argued strongly for London to adopt purposeful measures to promote itself internationally.

Honor Chapman, a towering figure in the city's real estate industry and a pioneer in applying the tools of competitive business analysis to the world of commercial real estate, applied this approach to thinking about London's competitive position. During 1992, she led a detailed study at Jones Lang Wootton on how London could respond to the new global challenge. A year later, this work was adopted by the newly-formed business leadership organisation London

4 London in 1991 – Setting the scene

First, and detailed work began to be undertaken to prepare London's response. With support from central government, and with backing from the City of London, the City of Westminster, London Docklands Development Corporation and others, London First created London First Centre, a new inward investment centre (now integrated with London's tourism and higher education promotion and known as London & Partners). Honor Chapman was appointed its first Chief Executive, serving for three years before joining its Board as a non-Executive Director.

The premise of this book is that the activity and vision of Honor Chapman and London's business and real estate community helped steer London into a new cycle of internationalisation which was crowned by the 2012 Olympic Games, and whose effects will see London's population likely reach a landmark nine million for the first time in 2021. In the intervening period, the city became a place of unique appeal. It experienced exceptional demand for investment opportunities and corporate locations, for its labour market and higher education institutions, and as a destination of entertainment and culture. London's civil society, political leadership and commercial stakeholders all fostered an unprecedented global reach and cosmopolitan identity. In doing so, they have reaffirmed the city's open and organic character, in which change occurs in incremental, unexpected and exciting ways.

In 2015, with the Olympics now a fond memory and a new global business cycle well under way, there is a consensus that London is once again moving full steam ahead. But with a new cycle comes new challenges. London's historic strengths, and its progress since *London: World City*, will not, on their own, be sufficient to guarantee success in the medium-term future. Success has brought with it a new set of tasks, the unintended consequences of getting other things right. The nature of the challenges has changed, the emerging global system of cities is different to that of 1991 and many more cities are empowered to compete. The city development tools of the late 20th and early 21st centuries have proved to be effective only for certain problems. As such, London's model of success is incomplete, because it has not yet shown the capacity to manage and accommodate the growth that accompanies the additional demand stimulated for a thriving world city. The research and interviews conducted for this book have revealed an imperative for the activation of a new phase of innovation and ambition, especially (but not only) in the areas of governance, investment, housing and structural disadvantage.

The impulse for a new and positive direction for London is driven by competitive challenges: challenges to practically every role that the city plays, and from a larger number of competent urban service providers than ever before. In this book, three dimensions to this external landscape of competition are highlighted. First, other leading cities are addressing their own development challenges with new verve. New York, Paris, Hong Kong, Tokyo and Singapore are all formulating new niches, metropolitan solutions and development paths. Second, the principal cities in the fastest-growing markets now offer provision that overlaps with London in ways not previously anticipated. Dubai is now a world-class hub for aviation and Islamic finance, Shanghai a new banking and trading powerhouse, and Mumbai a capital of creative industries. Third,