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## Private sector-led urban development Characteristics, typologies and practices

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## 9

# Private sector-led urban development

## Characteristics, typologies, and practices

*Erwin Heurkens*

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### Abstract

The role of the private sector in shaping the built environment is historically evident and seemingly increasing in contemporary urban development practice. Traditionally, real estate developers and investors play a crucial role in realizing and financing urban development and real estate projects. In addition, other private sector actors such as owners, entrepreneurs, local citizens, and all sorts of corporations increasingly influence city-making, as redeveloping real estate and regenerating urban areas are becoming more common. At the same time, public organizations such as local planning authorities increasingly focus on facilitating such private development initiatives. Especially in developed (Anglo-Saxon) countries, a new phenomenon called private sector-led urban development is occurring, in which private actors perform a leading role in managing the delivery of urban areas and real estate. Nevertheless, this trend in urban development is not fully explored and understood in real estate and planning literature. Therefore, this chapter deals with private sector-led urban development by discussing various characteristics, typologies and practices. In particular, it discusses the contemporary and potential future role of private actors as a driving force behind developing urban areas and real estate. Thereby, it aims to contribute new concepts and empirical insights about the management and organization of urban and real estate development.

### Introduction

Worldwide, a trend towards more private sector influences in real estate development, urban development, and spatial planning can be noticed (Andersson and Moroni, 2014; Glasze et al., 2011; Heurkens et al., 2015; Van der Krabben and Heurkens, 2015). The trend of “neoliberalization” of space, planning, and development (Hackworth, 2007; Lovering, 2009; Olesen, 2013; Peck and Tickell, 2002) in the built environment can be partly attributed to the decreasing hierarchical role of government in planning and subsequent need for governance arrangements. For instance, in many Western countries, public-private development partnerships came into being aimed at combining public with private interests into urban and real estate development processes.

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As a result of these trends, state–market relationships are constantly being redefined and reshaped. More specifically, Heurkens (2012) illustrates that in the Netherlands the state to an increasing extent delegates planning and development powers to the market and civil society actors (Figure 9.1). This has created urban development practices that are characterized as “private sector-led” (Heurkens, 2010; 2012; Heurkens and Hobma, 2014), whereby private actors take a leading role and public actors adopt a facilitating role in managing the delivering of urban development projects. This phenomenon, however, can be noticed worldwide, especially in developed countries (Squires and Heurkens, 2015; 2016), which means that local planning authorities increasingly share or delegate responsibilities and powers to private sector actors such as developers, investors, and communities in shaping and governing the built environment. In this regard, it is remarkable that only a few other authors in the field of urban studies (Adams et al., 2012; Coiacetto, 2007; Henderson, 2010) emphasize the need to understand the role of private sector actors in urban development. Moreover, it seems that the diversity of possible private sector actors that engage in urban development is worthwhile exploring as their interests and goals might vary.

Therefore, this chapter aims to shed a light on the role of the private sector in contemporary urban development, with special attention being paid to developed countries. The chapter aims to answer the main question: to what extent do and can various private actors play a leading role in urban development projects? It does so by discussing the main characteristics of private sector-led urban development as a form of public–private partnership. In addition, a description is given about various types of private actors that can potentially take responsibility in managing private sector-led urban development projects. This is followed by empirical research findings from studies carried out under supervision of the author, comprising the roles private actors play in delivering urban development projects. The conclusion elaborates on the relevance of the findings for and future direction of research on urban and real estate development.

### Private sector-led urban development characteristics

This section elaborates on the institutional characteristics of private sector-led urban development. Private sector-led urban development can be considered as a form of public–private partnership (PPP). PPPs were first introduced in the 1980s (Osborne, 2000; Dubben and Williams, 2009) as an institutional instrument incorporating organizational, legal, and financial aspects for the cooperation between public and private organizations. The main reason for introducing PPPs was the need in the public sector for private sector investment to deliver public services. Within urban development PPPs also became an effective means for local planning authorities and real estate developers to deliver projects. In general, urban development PPPs with regard to the relationship between the public and private sector, share overarching principles including:

- working together, some sort of organizational collaboration (Holland, 1984);
- reaching mutual agreements through legal contracts (Harding, 1990);
- mobilising a coalition of interests (Bailey, 1994);
- achieving mutual benefits, common objectives (Klijn and Teisman, 2003);
- defining institutionalized arrangements (Bult-Spiering and DeWulf, 2006);
- combining organizational form with management strategies (Kort and Klijn, 2011).

Despite these universal characteristics of PPPs, several models exist in practice that do justice to context-specific conditions for and characteristics of projects (Chan and Cheung, 2014). In

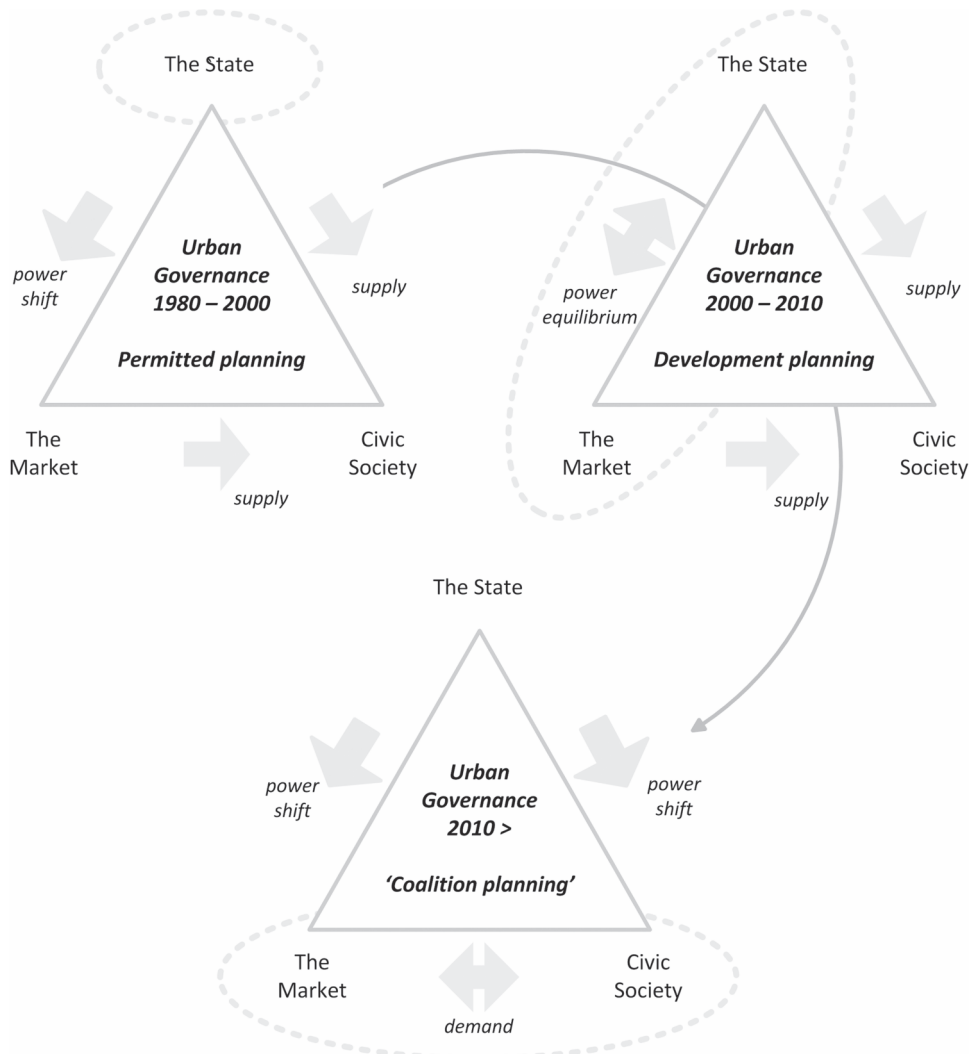


Figure 9.1 Dutch urban governance shifts since the 1980s

Source: Heurkens, 2012, p. 140

this regard, Dubben and Williams (2009, p. 228) argue that “the term [PPP] can cover a spectrum of models from relatively short-term management contracts involving limited capital expenditure, concession contracts involving the design and built of capital assets along with the provision of services and the financing of the project construction and operations, [as well as] joint ventures and partial privatisations with a sharing of ownership and responsibilities between the public and private sectors.” In order to understand what is meant by private sector-led urban development, it is therefore useful to relate it to PPP model classifications.

Table 9.1 illustrates the various roles public and private actors perform in different PPP models for consecutive development stages. Heurkens (2012, p. 56) defines roles as “a coherent

Heurkens

Table 9.1 PPP models, development stages, and public and private roles in urban development

| <i>Development stage</i> | <i>Sub-stage</i>              | <i>Public realization</i> | <i>Building rights</i> | <i>Joint ventures</i>     | <i>Concessions</i> | <i>Private realization</i> |
|--------------------------|-------------------------------|---------------------------|------------------------|---------------------------|--------------------|----------------------------|
| Initiative               | –                             | Public                    | Public or private      | Public or private         | Public             | Public or private          |
| Design and feasibility   | Vision and program            | Public                    | Public and private     | Public and private        | Public and private | Private                    |
|                          | Design plan                   | Public                    | Public and private     | Public and private        | Private            | Private                    |
| Realization              | Land development              | Public                    | Public                 | Public and private        | Private            | Private                    |
|                          | Real estate development       | Public or private         | Private                | Public and private        | Private            | Private                    |
|                          | Construction                  | Private                   | Private                | Private                   | Private            | Private                    |
| Operation                | Land (public space) operation | Public                    | Public                 | Public                    | Public or private  | Public or private          |
|                          | Real estate operation         | Public                    | Private                | Private                   | Private            | Private                    |
| Management               | All stages                    | Public sector-dominated   | Public sector-led      | Public/private sector-led | Private sector-led | Private sector-dominated   |

Source: author, based on Kenniscentrum PPS, 2004; Heurkens, 2012, p. 149)

set of organisational tasks and related management measures carried out by actors in urban development projects.” According to Heurkens, in private sector-led urban development projects “private actors take a leading role and public actors adopt a facilitating role to manage the development of an urban area, based on a formal public–private organisational role division” (57). Table 9.1 reveals that within each PPP model within different development stages, either the public or private sector can play a “leading role” or share roles in working on urban development projects. Heurkens points out that the term “led” or “leading” refers to “actively steering [or managing] and urban development process into a preferred direction” (2012, p. 58).

What also becomes apparent from Table 9.1 is that private sector-led urban developments are legally typified as “concessions”. In concession “partnerships” typically public authorities (e.g. local planning authorities, public land development bodies) commission private development companies (e.g. real estate developers, development investors, development consortia) to design, build, finance, (and sometimes) manage and operate urban development projects. Internationally, concessions are well known for their application in infrastructure projects and real estate development projects. In principle, according to Bult-Spiering and Dewulf (2006, p. 50) “concession contracting is known variously as private finance initiative (PFI), design–build–finance–maintain (DBFM), design–build–finance–operate (DBF), build–operate–transfer (BOT) and by many other names.”

Heurkens (2012) argues that development practices in Western countries witness an increased application of concessions at the urban development scale. This offers opportunities

## Private sector-led urban development

for public planning authorities to offset financial risks associated with large-scale land development while setting planning guidelines requirements. For private real estate developers and investors, urban development concessions create the possibility to lead projects thereby shaping and influencing project features such as financial feasibility and designs during various stages of the development process. The following legal definition concessions in urban development is applicable:

A concession in urban development is a contract form with clear preconditioned (financial) agreements between public and private parties, in which a conscious choice from public parties has been made to transfer risks, revenues, and responsibilities for plan development, land preparation, land and real estate development and possible operation for the entire development plan towards private parties, within a previously defined public brief in which the objective is to create an effective and efficient task division and a clear separation of public and private responsibilities.

*(Gijzen, 2009, p. 19)*

Bregman and De Win (2005) argue that at the outset of concession developments, private actors predominantly own land, or in some cases acquire land from local authorities. Other key concession characteristics are: fixed financial agreements, limited public risks, predefined public conditions for development that function as a framework for developers to design plans, and a combined private land and real estate development (Heurkens and Peek, 2010). Wolting (2006) emphasizes that local authorities in concessions deliberately choose to limit their influence by solely predefining conditions for development. As a result of the land and real estate development undertaken by private actors the risks and revenues are also attributed to private developers. After project delivery, developers often transfer the land to public actors on the basis of agreed conditions, so public actors own and maintain the public space.

Figure 9.2 shows the public and private roles in land and real estate development and land and real estate operation for the concession model (Heurkens, 2012). In addition, this illustration also shows that projects based on the concession model are characterized as “private sector-led,” as land and real estate development and real estate operation are in the hands of the private sector.

### Private sector-led urban development typologies

This section elaborates on four typologies of private sector-led urban development, as a variety of private sector actors such as developers, investors, communities, and corporations can be active in urban development. Therefore, the typologies are developed as sub-categories of private sector actors that could perform a leading role in urban development, and does justice to different institutional origins of private actors involved.

Figure 9.3 illustrates the four typologies of private sector-led urban development in relation to the degree of involvement of actors (horizontal axis) and type of development strategy (vertical axis). For instance, “short-term involvement” indicates a limited responsibility of private actors for the urban development project itself until delivery. “Long-term involvement” means being responsible for urban real estate operation after completion of a project (e.g. land and real estate ownership, providing services). In addition, actors deploying “integrated development strategies” focus on projects that are substantive in scale (e.g. urban development with various real estate functions coupled with public facilities and infrastructure development), and in risk (e.g. large share of debt finance and up-front investment). “Incremental development

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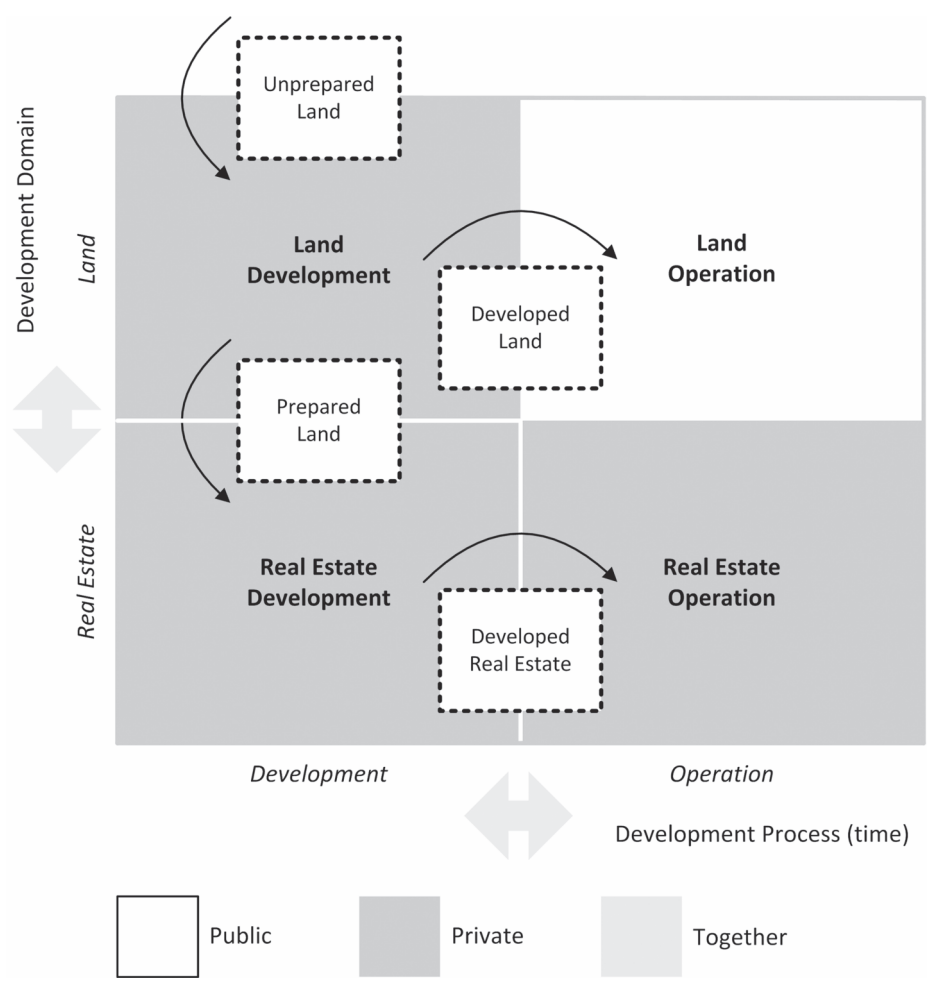


Figure 9.2 Public and private roles in the PPP concession model

Source: Heurkens, 2012, p. 154

strategies” are limited in scale (e.g. real estate development on a plot basis), and in risk (e.g. large share of equity finance, quicker investment returns).

Conceptually, the following descriptions indicate the basic characteristics of the various private actors and their (potential) role in developing urban projects.

*Developer-led urban development*

Developers are traditional real estate industry agencies. They typically buy land for real estate development with a combination of debt and private equity finance, and deliver projects for clients (either real estate investors or owners), upon which they normally complete and leave



## Private sector-led urban development



Figure 9.3 Typologies of private sector-led urban development

Source: Author

development projects with a decent profit, typifying them as trader-developers. Developers can be financial-organizationally linked to banks, investors, construction companies, or be independent companies. Potentially, their leadership role in urban development projects could increase by becoming active in real estate operation (e.g. by offering building services), and incorporating social-sustainable measures throughout the entire development process.

### *Investor-led urban development*

Investors are also traditional real estate industry agencies. They can either be institutional investors, investment banks, or development investors, and pursue real estate investment returns by purchasing real estate. Institutional investors typically buy real estate from developers, and often look for additional investors (e.g. investment banks, pension funds) to spread investment risk and share investment returns through cash flows during real estate operation. Development investors are actively involved in the development stages as well, as they specifically develop real estate for their own investment portfolio. Potentially, their leadership role in urban development projects could increase by becoming active in real estate (re)development by developing directly for their own investment portfolio.

### *Community-led urban development*

Communities are non-traditional real estate industry agencies as their core expertise often is not real estate. Communities are locally rooted actors such as property owners, entrepreneurs, or local citizens that engage in urban development. Property owners search for ways to (re)develop or (re)invest in their real estate, entrepreneurs look for business opportunities in urban redevelopment, and citizens aim to improve or protect their immediate living environment. Often they operate on a building scale and adopt incremental strategies to optimize real estate operation and building and public space and infrastructure use. Potentially, their leadership role in urban development projects could increase by linking organization with investment capacity in neighborhood regeneration.

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### *Corporation-led urban development*

Corporations are considered as non-traditional real estate industry agencies, as their core business is not real estate. However, corporations such as technology and energy companies can be influential in urban development. Often such companies focus on the operation stage of real estate and urban areas by offering services such as energy management or data monitoring amongst others. In addition, multi-national corporations can play an important role in shaping the built environment. Potentially, their leadership role in urban development projects could increase by extending their business models towards the real estate development stages.

### **Private sector-led urban development practices**

The typology descriptions above indicate the variety of private actors that could take the lead in urban development projects. They offer conceptual insight into the potential role of various private actors in urban development practice. Hereafter, a collection of empirical findings from graduation projects conducted from 2010–2015 under supervision of the author are presented. The studies are set against the background of an increased role of private sector actors in Dutch urban development practice, and consequently investigate the phenomenon in Dutch practice and other foreign private sector-led urban development practices. The aim of these studies is to examine empirical characteristics of different private sector-led urban development typologies, and to identify to what extent the various private actors are able to play a leading role in contemporary urban development.

### *Developer-led urban development practices*

Real estate developers in most developed countries around the globe face the challenge of becoming innovative businesses that develop sustainable real estate and urban areas (Squires and Heurkens, 2015). For example, since the start of the economic crisis in 2008, the Dutch development industry has been subject to some societal trends and market changes that have forced them to change roles and strategies. The decreased demand for office and retail space, limited debt funding opportunities, increased user involvement, stalling government investments, and the entrance of new competitive companies to the market, forced Dutch real estate developers to change. However, this change is obstructed by difficulties for developers to finance development and to make projects feasible in post-crisis times (Schiltmans, 2013; Veseli, 2014; Van der Bent, 2016). As a result their role as an indispensable player within the urban development process is being redefined and questioned (Putman, 2010; Heurkens, 2013).

Putman (2010) argues that for Dutch developers a strategic shift towards supplementing traditional real estate development tasks with investment activities could be a preferable path. This would involve a financial model similar to that of development investors, which focus on generating long-term yields instead of short-term profits upon project completion. More specifically, investing in innovations, applying new business models, and adopting sustainability principles are among the strategies that seem necessary for Dutch developers to remain a leading player within urban development. However, Panteia (2013) reveals that the Dutch real estate industry ranks among the least innovative sectors nationwide. At the same time, with the rise of private sector-led projects, developers are expected to take a leading role in various stages of the development process. This section highlights findings from various research projects conducted in the last two years specifically focused on the changing role of Dutch real estate developers in urban development in relation to innovation, business models, and sustainability.

A survey amongst the Dutch real estate development industry conducted by Haak (2015) reveals that 84% of developers currently adopt some form of innovation. Innovations can be found mainly in operations (57%) such as increased user involvement (cf. Geesing, 2015), products/services (45%) such as introducing sustainable real estate concepts, and business models (24%) such as vertical supply chain integration, but scarcely within Dutch developer business strategies. As such, innovations are rarely linked to management innovations, which raises the question whether innovations have become structurally embedded within organizations. On top of that, Haak and Heurkens (2015) argue that most innovations can hardly be considered innovative, as a number of developers list similar innovations. In addition, developers state that 88% of innovations are successful in terms of contributing to the company's business goals. This finding seems questionable, as other sectors typically show success rates of 6–35%. Overall, Haak (2015) concludes that Dutch real estate developers show some signs of becoming innovative albeit with some caution, which indicates a slightly changing role.

This observation resonates with survey findings from Bogers (2015) on Dutch real estate developer business model changes. Dutch developers have made changes to their business model component's networks such as collaboration with other stakeholders, value propositions such as development concepts, and client relationships such as increased participation of clients. Bogers argues that difficulties in securing development financing has been the main reason for accelerating these business model changes. Although Dutch developers state that sustainability has become increasingly included in concepts, products, and value propositions for clients, it remains unclear whether these changes are structural or temporal. In this regard, he argues that once the market demand for real estate picks up development could be "business as usual," as most indicated changes are hardly backed up by fundamental business strategy changes. Overall Bogers (2015) therefore concludes that Dutch real estate developers just gradually adjusting their business models to appearing social-economic trends, but that a fundamental changing role is not notable yet.

In addition, Buskens (2015) raises the question whether Dutch real estate developers are able to commit themselves to deliver more sustainable urban development projects. He indicates that the main reasons for commitment to sustainability are: company marketing (70%), social responsibility (70%), regulatory requirements (57%), competitive advantage (50%), and client support (45%). Buskens observes that Dutch developers, to a large extent, equalize sustainability to ecological environment-friendly aspects, leaving out economic, social, and spatial components in the equation. Moreover, sustainable solutions are often limited to the scale of buildings instead of urban areas, and are rather considered as an end product than being an integrated part of development processes. This has generated a common-spread conception within the Dutch development industry that sustainability is something that is dealt with only when requested by governments or clients, rather than being the central focal point of real estate development and investment activity. In conclusion, Buskens and Heurkens (2016) argue that Dutch developers are hardly aware of the multi-faceted aspects of sustainable urban development, and do not pro-actively implement sustainability in their company culture and development strategies.

### *Investor-led urban development practices*

Another witnessed global phenomenon is the increased involvement of development investors in urban development. They are expected to recoup the costs of real estate development through their investment returns. Thus, they can be long-term committed private actors with an ability to deploy integrated development and investment strategies (Sturm et al., 2014).

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Examples of such mostly Anglo-Saxon development investment companies, include: Argent, Grosvenor (United Kingdom); Forest City, Vulcan Real Estate, CIM Group (United States of America); Lendlease (Australia); Wheelock Properties (Hong Kong); and Amvest (The Netherlands). Contrary to these, institutional investors such as pension funds or insurance companies typically only buy real estate from developers or owners for their own investment portfolio and do not take on a leading role in development itself (Steigenga, 2015; Stumpel, 2014; Stumpel and Heurkens, 2014). Therefore, above all, it seems fruitful to explore to what extent development investors can play a leading role in urban projects.

Recent studies (Buskens, 2015; Sturm, 2014; Sturm et al., 2014) indicate that real estate development investors show an increased attention towards community involvement, new development coalitions, corporate social responsible investments, place-making, and sustainable urban and real estate development. Such development investors are taking a leading role throughout each phase of the development process, from development initiative to land and real estate operation and management. Moreover, this seems to be profoundly incorporated in the development/investors' business and management principles. According to Sturm et al. (2014) development investors are deemed to take a leading role in development processes due to their multi-sectoral area-focused development and investment approach. The way investment and finance is arranged within real estate development investors can be through institutional capital (real estate funds or bank loans) and/or private equity. Carrying out urban development themselves then becomes a strategic means to secure investment returns for the company and its shareholders.

### *Community-led urban development practices*

Communities are said to become more involved in urban development as the focus of developing has shifted towards transforming, redeveloping, and regenerating existing real estate and urban areas. In this typology of private sector-led urban development, (local) communities can consist of property owners, entrepreneurs, and citizen(s) groups. This category thus excludes investors who own real estate, but could include entrepreneurs who aim to redevelop their owned property. It also involves local communities that collectively organize themselves to regenerate neighborhoods, for instance by using crowdsourcing and subsequent crowdfunding. In terms of their role in urban development not much is known. However, what can be noticed in practice is that real estate owners increasingly form private-private partnerships (Van der Krabben, 2014) with developers and investors with knowledge about real estate development, aimed at bringing about change in their immediate environment.

For instance, Van den Berg identifies that real estate owners form collective "development coalitions" with other owners in the area. "Development coalitions are a form of private-private collaboration aimed at bringing about change in the environment, by strategically steering on network relations and/or directly by signing formal contractual agreements" (Van den Berg, 2014, p. 7). Based on empirical research, Van den Berg (2014) concludes that private-private cooperation requires leaders that connect the interests of all actors involved, and builds external relations with public and private organizations. Also, he concludes that in addition to collective networking and vision-making, it is an absolute necessity to formalize private-private cooperation in order to be able to collectively plan, finance, and redevelop urban real estate and areas.

The co-creation of real estate and urban areas is dependent on close cooperation between local communities and established actors such as local planning authorities and real estate developers and investors (Straub, 2012). The relationships between these actors are changing

constantly, and require traditional planning and real estate actors to search for new ways of collaboration. Labruyere (2015) argues that it is of utmost importance that public authorities consciously facilitate private–private partnerships in their initiatives to redevelop areas and real estate. For instance, when owners collectively aim to reduce vacancies, it can be an effective strategy to extent the scope of a project towards investment in public space, which results in an attractive urban area and not just redeveloped real estate.

### *Corporation-led urban development practices*

Finally, corporations are seen as a sub-type of actors of private sector-led urban development. Vande Putte and De Jonge (2008) indicate that corporations have played and continue to play an important role in city-making. For example, throughout history, multinational corporations not only developed office work environments but also invested in developing housing for employees. More recently, it seems that technological corporations such as Siemens, IBM, and Cisco amongst others are becoming interested and engaged in urban development, which can be partly attributed to the movement of smart cities. Also, non-traditional real estate companies such as IKEA and Tata Steel are developing real estate and urban areas, which can be seen as an addition to or extension of corporate strategies. Moreover, energy companies seem to become more active in urban real estate projects by decentralizing their operations and activities. In a broader perspective, Potters (2015) argues that corporations can be seen as new international (land and real estate) market entrants. They finance development projects with private equity, which forms an answer to stalling real estate development and investment activity in the post-GFC period in many developed countries. Also, “several mega trends, growing competition and an increased emphasis on the societal responsibilities of corporations demand them to continuously reassess their strategic focus” (Potters, 2015, p. ix).

Based on international comparative research, Potters and Heurkens (2015) conclude that two different types of corporations emerge in real estate practice: the “developing multinational,” and the “technological partner.” The first category of corporations can be seen as developers that are part of a mother company that is a non-traditional real estate company (such as InterIkea or Tata Steel). They perform activities throughout all phases of urban development processes, adopt a role as holistic developer, have their activities organized in an independent subsidiary, and contribute to their corporate strategy by creating economic value and long-term return on investment and improving communities (Potters and Heurkens, 2015). Contrary to this, technological partners (such as Siemens, Arcadis, and Cisco) have a technological core business and perform advising activities in urban development, offer (technological) services, and are only marginally involved in shaping actual urban development processes. Van der Post (2011) found similar results for energy-service companies, which do not take on urban development themselves but offer advice and technological services, resulting in an active involvement in the operation phases of real estate and urban areas.

## **Discussion**

The previous sections explored various typologies of private sector-led urban development by studying the contemporary phenomenon within practice. These studies reveal the diversity of private sector actors involved in urban development, and current trends and issues associated with their role in the built environment. This section discusses some of the findings, by answering the central question of this chapter: To what extent do and can various private actors play a leading role in urban development projects?. Table 9.2 illustrates the main exploratory

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Table 9.2 Empirical findings from private sector-led urban development practices

| <i>Private sector-led urban development</i> | <i>Integrated vs. incremental development strategies</i> | <i>Short-term vs. long-term actor involvement</i> | <i>Contemporary leading role</i> | <i>Potential leading role</i> |
|---|--|---|----------------------------------|-------------------------------|
| <i>Developer-led</i>                        | Both   | Short-term  | Scarcely                         | Possibly                      |
| <i>Investor-led</i>                         | Both   | Long-term   | Yes                              | Certainly                     |
| <i>Community-led</i>                        | Incremental  | Short-term  | Scarcely                         | Possibly                      |
| <i>Corporation-led</i>                      | Both   | Both  | Yes                              | Certainly                     |

empirical findings for the various private sector-led urban development typologies in terms of development strategies, actor involvement, and contemporary and potential leading roles.

In brief, the studies of developer-led urban development practices show that real estate developers seem rarely capable of adjusting their traditional development role with short-term focus towards a more leading role. There is no sign of a fundamental extension of the role towards land and real estate operation, at least in the Netherlands. Nonetheless, earlier studies (Heurkens, 2012; Heurkens and Peek, 2010; Gijzen, 2009) reveal that development concessions are becoming more commonly used in Dutch practice. At the same time, innovations, changes in business models, and approaches to sustainability, point towards a sector that is following trends rather than being a frontrunner.

Quite contrary to this, investor-led urban development practices show that development investors in particular already take a leading role in urban development projects. Their long-term focus on real estate operation and investment returns necessitates a close involvement in the earlier stages of development and managing design and place quality. However, development investors are not widely represented in the real estate development industry when compared to the share of traditional real estate developers. Despite this it seems to be interesting to monitor how development investors play out their role in urban real estate development and to see whether their values and objectives influence the real estate sector.

In addition, within community-led urban development practices, property owners and entrepreneurs seldom solely take on a leading role in redevelopment. The studies illustrate that they often use incremental development strategies to make improvements to their own properties, or seek for business opportunities at building scale. Additionally, owners often are committed to short-term redeveloping real estate, with interventions that don't require large amount of investment. Nonetheless, there seems to be potential for a more leading role, once private-private partnerships are effectuated and cooperation is sought with stakeholders beyond project boundaries.

Finally, within corporation-led urban development practices it became clear that in essence only multinational corporations currently and potentially play a leading role in such projects. In terms of commitment of corporations, it can be said that only developing multinationals show an interest in being involved in land and real estate development and its operation, while technological partners only play a role in real estate operation. However, no conclusion can be drawn on the corporations' use of integrated or incremental development strategies. Moreover, for traditional private real estate companies it might be fruitful to partner with technological corporations in order to introduce (technological) innovations within real estate and urban projects.

## Conclusions

This chapter dealt with the phenomenon of private sector-led urban development by discussing various characteristics, typologies and practices. In terms of characteristics, private sector-led urban developments are classified as PPP concessions. Such formalized partnerships are based on contracts between public and private actors, which resolve in private actors bearing responsibility for land development, real estate development and (often) real estate operation, and performing a leading role throughout various stages of the development process. A closer conceptual examination of the subject suggests that four typologies of private sector-led urban development exist, namely, developer-led, investor-led, community-led, and corporation-led urban development. Practices of each of these typologies indicate the wide variety of development strategies, actor commitment to urban development, and actor abilities to play a leading role in development processes. Thereby, this chapter attempted to show the great diversity of private sector actors currently involved in shaping and delivering urban areas and real estate.

Future research on private sector-led urban development envisages a focus on the relationship with sustainability. As neoliberalism and sustainability seem two structural trends influencing changes in the built environment (Crouch, 2012), it seems plausible and worthwhile to study if and how private actors can develop sustainable urban areas that are economically viable, socially responsible, and environmentally friendly (Heurkens, 2016). In addition, future research in this field foresees studying how public actors can facilitate and incentivize private actors to develop sustainably, and to understand which institutional conditions can overcome market barriers to do so. It would be interesting for both real estate development and planning practice and theory to move beyond general perceptions of the role of the private sector in sustainable urban development. In a time of government retrenchments in urban development and privatization of planning powers (Hobma and Heurkens, 2015), such a research focus might provide ground for a well-informed discussion about the balancing of private with public interests in contemporary sustainable urban development.

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