Sustainability and the anchoring of capital: negotiations surrounding two major urban projects in Switzerland

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Abstract

By putting into perspective sustainability and financialisation as they exist in the urban environment, we develop the theory that new forms of negotiation are appearing, and are driven by the promoters of the urban project who - depending on context - form coalitions with other public or private actors. Directly involved in the negotiations with financiers and local urban actors, they become anchoring actors who are capable of evaluating and translating the multiple dimensions of a project and certain sustainability challenges into financial terms, in a way that permits the anchoring of capital in the city. In parallel, the problematisation of sustainability depends, to a large extent, on the capacity of the local actors - both private and public - to become mobilised and to negotiate with the promoters of urban projects. This theory is illustrated by comparing two major, emblematic real estate projects in Switzerland that were purchased by financial institutions.

Key words : financialization, urban sustainability, anchoring, anchoring actors, negotiations

Credits

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INTRODUCTION

Since the built environment is today a category of financial assets among others (company securities, State bonds, derivatives, etc.) that permit investors to diversify their portfolios, the impact of financialisation on the urban landscape has not been extensively studied within urban geography (Clark, 2006). This issue has received even less attention from the sustainable development angle. Despite some work in the US context (Hagerman, et al., 2006 and 2007), we do not know how the cities reconcile two seemingly contradictory components within the transformation of their landscape.

Based on uniting two fields of literature on urban geography, this article develops a territorial approach (Crevoisier, 2010) to urban governance and negotiations, which are the basis of both the anchoring of capital in the city and urban sustainability. The first field is that of emerging literature on "actually existing sustainabilities" (Krueger and Aegyman, 2005). By focusing on the institutional and political character of sustainability, this approach seeks to examine it as it exists within urban reality. At the heart of urban policies and governance, sustainability is seen as an unavoidable challenge and the subject of negotiations and institutional arrangements that reflect the tensions and conflicts of interest between the various actors involved. The second field of literature refers to what we term the financialisation of the city. Defined as the construction of the mobility / liquidity of capital (Corpataux and Crevoisier, 2005), financialisation applies the logic of financial investors to urban production and creates a new role for the promoters / builders of urban projects. Since these latter possess the knowledge and information that are essential for investment, they are at the centre of evaluating urban projects and translating them into financial terms.

By putting into perspective sustainability and financialisation as they exist in the urban environment, we develop the theory that new forms of negotiation are appearing, and are driven by the promoters of the urban project who - depending on context - form coalitions with other public or private actors. Directly involved in the negotiations with financiers and local urban actors, they become anchoring actors who are capable of evaluating and translating the multiple dimensions of a project and certain sustainability challenges into financial terms, in a way that permits the anchoring of capital in the city. In parallel, the problematisation of sustainability depends, to a large extent, on the capacity of the local actors - both private and public - to become mobilised and to negotiate with the promoters of urban projects. This theory is illustrated by comparing two major, emblematic real estate projects in Switzerland that were purchased by financial institutions.

The article is in two sections. The first presents the two fields of literature from which we develop an approach that permits us to consider the relations between "finance, city and sustainability" as negotiated translations. The second section describes the forms taken by these negotiated translations in the case of two urban projects.

1 THE SUSTAINABILITY OF THE FINANCIALISED CITY

This section develops a territorial approach (Crevoisier, 2010) to the production of sustainability within the financialised city, based on two fields of literature on urban geography. On the one hand, the work centred around urban policies and governance stresses the institutional and political character of sustainability and consequently the diversity of forms that it can take, depending on the urban context. On the other hand, recent work centred on the financial actors and their investments in major urban projects in metropolises
demonstrates the functional and spatial changes brought about by strengthening the links between finance and real estate markets. In this way, uniting these two fields of literature makes it possible to demonstrate the new role played by the promoters of urban projects and to define them as **anchoring actors** and, in parallel, to address both the anchoring of capital in the city and urban sustainability as a **subject of negotiation**.

### 1.1 Urban Durability as an Institutional and Political Challenge

Falling within the field of urban political geography, the emerging literature on "actually existing sustainabilities" (Evans and Jones, 2008; Krueger and Gibbs, 2008; Krueger and Agyeman, 2005) is based on the principle that sustainability is at present a part of urban policies and governance. This approach contradicts, in particular, literature based on the theory by Harvey (1989) that stresses the move from managerial urban government to entrepreneurial urban governance. For Harvey, the new forms of urban policy are characterised by the priority given to economic growth within the framework of strengthening interurban competition following the increased mobility of capital. Literature on the entrepreneurial city has increased since the 1990s (Peck et al., 2009; Hackworth, 2007; Swyngedouw et al., 2002; Hall et Hubbard, 1998). Since cities play a strategic role in the accumulation of capital, they thus appear as privileged laboratories for analysing the diversity of forms of "actually existing neoliberalism" (Brenner and Theodore, 2002) which has developed gradually since the 1980s and has spread to all European countries and also to other continents (Peck and Tickell, 2002).

An opposing theory, that of "actually existing sustainabilities" examines empirically the way in which sustainability occurs in the cities and forms part of the governance and institutional arrangements in different social, political and economic contexts (Krueger and Gibbs, 2008). No cities, in fact, and even those that are emblematic neoliberal cities in Europe such as Manchester and Leeds, have growth and economic competitiveness as their sole priority: they must also respond to social and environmental demands (While et al., 2004). According to Jonas and While (2007), it is a question of analysing the "new spaces within urban governance", the institutional tensions and compromises between economic competitiveness, protection of the environment, and social justice. Today, some actors such as the environmental NGOs and other institutions from civil society can be active stakeholders in the governance of cities and in the thematisation of the environment or sustainable development (Gerber et al., 2011; Bulkeley, 2005).

For While et al. (2004), sustainable development represents an opportunity for the urban elites, and leads to the emergence of a new form of urban regulation that they term a "sustainability fix". This concept, based on Harvey (1982), is derived from the fact that the geographical reproduction of the capitalist mode of production “depends on uniting territorially-based class interests and factions behind a coherent line of action (or state strategy) in the form of a spatial fix, which is capable of holding for a time, though not necessarily resolving, tensions between capital and labour, and economic development and collective consumption” (Harvey, in While et al., 2004: 551). For others, even if sustainable development is more than a simple "greening", its influence on urban policies and governance varies, and gives rise to different interpretations. Krueger and Gibbs (2008 and 2007) call "smart growth" the institutional compromises surrounding the sustainable city in the USA. It is seen as a compromise between those seeking a new paradigm for more compact urban development and those who prefer a market for the built environment without governmental intervention. Raco (2005) supports the theory that the debates and practices relating to contemporary urban development are hybrid. They can refer to both the implementation of neoliberalism and of sustainable development.
Ultimately, this approach lays the foundations for a new way of understanding the question of sustainability in various territorial contexts within urban political geography. *A priori* not yet defined, *urban sustainability takes on various forms that are not exempt from contradictions between sustainable development and neoliberalism, since it is the result of negotiations and arrangements among the various actors involved in urban policies and governance.*

### 1.2 The Financialisation of the City

Although Harvey (1982 and 1985) was one of the first to highlight the central role of the banking system in the creation of mobility and the urbanisation of capital, the concept of financialisation is relatively recent in literature on real estate or the city. The origin of the links between real estate markets and financial markets began with the creation of secondary markets in the USA (Weber, 2002). First, during the 1960s came the securitisation of mortgage loans granted to the middle classes and the creation of semi-public institutions (Fannie Mae and Freddie Mac). Then, at the beginning of the 1980s, came the securitisation of real estate and the emergence of a new type of financial institution: Real Estate Investment Trusts (REITs). During the 1980s, REITs in the US inspired their creation and development in various European countries, in Australia and in Japan (Aveline-Dubach, 2008), bringing with it the modernisation of real estate funds and the creation of new ones (Le Fur, 2006; Marty, 2005). The demand for investment in "bricks and mortar", notably for company buildings (offices or commercial premises) on the part of financial institutions thus grew.

The links between the built environment and financial markets strengthened further as a result of the stock exchange crisis of 2000-2001 for company share markets. In parallel, but linked thereto, urban megaprojects (Fainstein, 2009) developed. Certain financial investments were made in large complexes (airports, stadiums, university buildings, hospitals, prisons, etc.) and in utilities (telecommunications, power, transportation, etc.), whose financing and ownership were traditionally in the hands of the public authorities. Other investments concerned major private objects (large shopping centres, business centres, etc.). With the growing involvement of financial actors in urban property, certain authors suggest that financialisation shapes the urban landscape, which is increasingly being evaluated according to financial criteria (Clark et al., 2009; Renard, 2008). In our opinion, however, the financialisation of the city takes two major forms (Fig. 1).
1.2.1 Financial intermediation and the evaluation of the city on the financial markets

Firstly, the financialisation of the city signifies the development of a particular investment circuit that makes it possible to evaluate the city on the financial markets based on a logic of investment portfolios typical of financial operators and that favours exit behaviour based on liquidity. This was made possible by strengthening an intermediated, securitised circuit, as opposed to a direct, non-securitised circuit. It unites the institutional investors that we shall call 2nd or even 3rd degree institutional investors, such as real estate investment companies (REITs) or real estate investment funds or infrastructures, which frequently belong to banking groups. These have multiplied over recent years.

By permitting what we term a 1st degree investor (e.g. an individual or institution such as a pension fund or insurance company) to avoid investing directly in the real built environment market and thus to avoid owning physical objects, the 2nd degree investors can transform a real, immobile asset such as a residential building or an infrastructure into a financial asset that is negotiable on the financial markets, whether they are organised or over-the-counter markets. By means of securitisation, urban property then becomes liquid and mobile in space (Corpataux and Crevoisier, 2005).

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1 The over-the-counter market has developed considerably over recent years. The real estate funds not quoted on the stock exchanges (often with a small number of investors or as private equity) today account for the majority of overall investment in non-residential real estate. Most of these funds are created and held by pension funds, other institutional investors or investment banks (Nappi-Choulet, 2009).
The intermediated and securitised circuit leads 1st degree institutional investors to behave according to a logic of portfolio management on the financial markets. The built environment represents a category of assets that permits the diversification of investments. Within the framework of an exercise involving financial engineering and allocation, the financial risks and yields from buildings can be compared with one another (the risks and the yields from one investment fund with those from another fund, for example), but above all with those of other categories of financial assets, by sector (company securities, derivatives, raw materials, for example) and by territory (European countries, emerging countries, etc.).

Thus, by permitting the ongoing evaluation of investments on the financial markets (Orléan, 1999), the financialisation of the economy, in taking on new sectors and territories – and consequently the city – can be interpreted as a process of constructing the liquidity / mobility of capital (Corpataux et al., 2009). In this way the investors – and more precisely portfolio managers – can invest in a "financialised space" from a distance and using a financial logic that consists of bringing together territories and sectors. The portfolio logic on the financial markets raises the question of the degree to which the financial institutions of the intermediated circuit are exposed to the liquidity / mobility of capital. These institutions are in fact sensitive to their value on the financial markets and take the - at times mimetic - behaviour (Orléan, 1999) of their shareholders into account as well as, more globally, the systemic fluctuations on the various financial markets.

1.2.2 Specialised intermediation and the financial evaluation of the city on the real markets

Some major financial institutions have the competence to hold large real estate objects or infrastructures (Theurillat et al., 2010; Torrance, 2009). The various professions that we shall call those of specialised intermediation such as the promoters, the building companies and the real estate companies (real estate services, brokers) play a key role in the financial calculations and in obtaining investments on the part of financial institutions (purchase of existing objects or the development thereof) since they have the necessary knowledge of the local markets (Guy et al., 2002). Consequently, these professions had to adapt to the demands of their "new" financial clientele.

In the case of developing large urban projects, this adaptation supposes the acquisition of new competences in terms of legal and financial structuring. In a sliding movement from real estate towards urban networking structures with a view to diversifying risks, Lorrain (2002) observes that since the 1990s, groups have emerged in several countries that are capable of designing, building, marketing and managing larger, more integrated objects. In Spain, for instance, where real estate and construction have been one of the pillars of the economy since the 2000s, large promotion / construction groups have developed and have diversified their activities and products (Pollard, 2007). On the infrastructures market, Torrance (2009) shows how the chain of actors has become more complex, and describes the essential role played by the various specialised professions. By creating consortiums, financial institutions are using assistance provided by specialists in technical aspects, legal issues, management and finance in order to analyse the local investment environment.

Moreover, certain professions involving real estate analysis and expertise also play an essential role in enhancing the transparency of the market for the built environment and the comparative financial evaluation of cities. In the case of the business real estate sector in Paris, Auvray et al. (2008) show that information is primarily provided by real estate services companies and brokers which, in the course of their transactions, contribute to the databases created by the various institutions specialising in the analysis of the real estate markets (real
estate study institutes or marketing agencies). The information thus produced (by object, market segment, region and district) then undergoes a series of phases that are financial abstraction and translation operations regarding the object, intended for the financial institutions, which ultimately leads to a focus on the risk and yield criteria. The sophistication of the models used may however give rise to drastic simplification in reality, with the decisions involving a considerable degree of subjectivity (Roberts and Henneberry, 2007).

1.3 FINANCIALISED URBAN SPACES

The use of financial logic on the markets for the built environment produces a certain number of spatial effects. Firstly, we note a hierarchisation of the space, since the investments on the part of the financial institutions are closely correlated to the urban hierarchy. It is above all the main metropolises, in fact, that are preferred and within them, the investments target certain districts (Theurillat et al. 2010; Halbert, 2004). Secondly, financialisation is an important factor within the spatial expansion of the built environment markets, since to an increasing extent they function on a global scale and organise themselves globally (Torrance, 2009; Aveline-Dubach, 2008). This spatial orientation of financial capital can be explained in several ways.

First of all, it can be explained by the role of specialised intermediation and more particularly that of real estate services companies. Fuchs and Scharmanski (2009) observe that some of them have become genuine trans-national concerns, capable of providing data on the markets of the main metropolises in different countries\(^2\). On the one hand, the local information collected is at the basis of the investment models used by the financiers, and makes it possible to rationalise their decision thanks to enhanced comparability. On the other, the databases created tend in return to orient and structure investments in the direction of certain objects and certain places. This leads to a "place dependency" effect, focusing on the main metropolises and certain objects because of growing yields once the local markets have become "transparent", the creation of partnerships, or the construction of dominant, mimetic opinions within the community of investors.

Next, the metropolises also represent spaces that are close to the real estate financial institutions because – mainly the largest of them – they are also are major financial centres (Lizieri, 2009). This proximity broadens, to an even greater extent, the knowledge of the local real estate markets and of the need for business premises by the main potential occupants such as multinationals: notably financial companies or major retailing groups.

Finally, the transformation of the urban landscape, as seen virtually throughout the world in recent years, is contributing towards the dynamism of the real estate markets. In the European metropolises, this often takes place within the framework of urban regeneration in which the municipal authorities play an active role, notably as partners to PPP projects. Despite the fact that in England, PPPs are considered to be relatively risky by institutional investors (Adair et al., 2003), those implemented in France, and particularly in the Paris region between 1997 and 2002, were extremely lucrative for certain financial institutions (Nappi-Choulet, 2006). On the one hand, the State played an essential facilitating role regarding the investments by planning the development of new districts and by providing infrastructure equipment. On the other, the investments mainly involved both high entrepreneurial risks (since the premises were not fully leased), and considerable leverage. In the US context, Weber (2010)

\(^2\) For example Richard Ellis, Jones Lang LaSalle or Cushman&Wakefield.
demonstrates that the municipal authorities of Chicago constituted one of the driving forces behind financialisation and the transformation of the urban landscape, by means of a specific fiscal instrument consisting of the securitisation of land and real estate income expected within the framework of urban projects. This type of product is among the alternative financial products that permit the diversification of institutional investors' portfolios.

The financialisation of the city thus leads to a highly selective, partial appropriation of the urban space, with the central districts of the large metropolises as a priority: this means that "de-contextualised" comparability is emerging among cities, based on yield and risk criteria alone. This draining of capital into the metropolises changes the modalities of urban production, and leads to questions regarding the way in which financial capital – today more mobile as a result of financialisation – is invested in the city in concrete terms, and also the type of territorial challenges related to urban development and urban sustainability (Figure 2). In this framework, the role of the specialised intermediaries is fundamental, since their function is to transmit and translate the multiple, concrete and territorialised characteristics of the object and markets into centralised financial information that can be compared and hierarchised by global investors. This "overarching" geography also gives rise to questions regarding the role, capacity and circle of the local urban actors such as the municipal authorities, the political parties, the environmental associations or more broadly the inhabitants, who intervene within the governance of urban projects.

We define anchoring as a negotiation process related to both the financial capital and the durability of the urban projects. In general, these relations between financialisation and sustainability take on different forms depending on the urban context concerned. These forms are institutional arrangements negotiated by the actors involved and that lead to (or do not lead to) concrete objects being created and purchased by financiers.

The anchoring actors are coalitions with a direct interest in seeing the project becoming a reality. There are various types of them (private and/or public actors, promoters, future users, investors quoted on the stock exchange or not, etc.), depending on the project and the urban context. Among the professionals in the construction sector, development/construction companies play a central role because they are involved in co-ordination with the landowners and the various specialised professions within the built environment sector (architects/engineers for the design, real estate services companies and brokers, etc.). In order for the project to take on concrete form, the private financial actors must also obtain support from, or negotiate with, the other local urban actors, both public (municipal authorities\(^3\); political parties) and private (NGOs, inhabitants).

The negotiations particularly focus on evaluating and translating the projects and sustainability into financial information, and also on cost allocation. These financial translations concern the technical, economic and legal aspects (type of use, quality of the construction, access infrastructures, ownership and financing, commercial use or operation, etc.) and also correspond to political and institutional exercises. Urban policies linked to the transformation of the landscape (urban planning, mobility, protection of the environment and heritage, etc.) and the local "attitudes" towards environmental or sustainability questions (e.g. Agenda21) represent crucial elements within "sustainable" urban governance.

\(^3\) with sometimes a multiscalar public governance in some countries, comprising regional, national or even European authorities for instance.
2 FINANCIAL NEGOTIATIONS REGARDING SUSTAINABILITY IN SWITZERLAND

This section begins by addressing the way in which the sustainability of two real estate projects, located in two different urban contexts in Switzerland, was negotiated and translated into financial terms, and ultimately led to institutional arrangements for them to be financed and owned by financial institutions. These arrangements fall within the framework of urban governance in which the local level has all the prerogatives in terms of construction and spatial planning (Rérat et al., 2009). Moreover, legislation relating to environmental protection and land development guarantees environmental organisations and inhabitants the right to intervene. The practice in Switzerland is to publish planned building projects in order to grant the public the right to oppose them.

The two chosen urban projects are emblematic because they served as examples for other major projects in Switzerland. Located in the financial metropolis of Zurich, the "Sihlcity" project was the country's first urban entertainment centre (UEC). It was acquired for a cost estimated at CHF 615 million by a pool comprising financial institutions managed by Crédit Suisse Asset Management Real Estate (CSAM-RE). The institutions are all among the main real estate investment entities in Switzerland: 4 real estate funds (2 quoted on the stock exchange, 2 that are not quoted thereon and intended specifically for institutional investors),
the CS investment foundation (not quoted on the stock exchange and only intended for pension funds), and the real estate company Swiss Prime Site, quoted on the stock exchange. The second project, La Maladière, is located in a medium-sized conurbation (Neuchâtel, 80,000 inhabitants), and was considered to be the first project on the PPP model in the country. It is both a shopping centre and a public facility (football stadium with sports halls, and fire and emergency services), and was purchased for the sum of CHF 200 million by two institutions not quoted on the stock exchange: the country's largest public pension fund (Publica) and one its largest investment foundations, belonging to the Cantonal banks (Swisscanto), whose shareholders are exclusively pension funds.

Based on research carried out within the framework of a national programme on the built environment and sustainability in Switzerland (PNR 54), the results presented are based on in-depth interviews with all the actors involved in the project (investors; users, promoters / constructors; local municipal authorities and urban services; architects; managers; environmental protection associations, etc.). In addition, a case study on La Maladière was carried out in parallel by another research team within the framework of the same research programme (Csikos, 2009). This complementary vision permitted us to refine our own research.

2.1 LA MALADIÈRE: AN OPPORTUNITY TO FINANCE PUBLIC NEEDS

The way in which the negotiations regarding the financing and sustainability of the La Maladière project took place was, from the outset, based on converging interests whereby the aspect of interpersonal relations was extremely important: between the two initiating anchoring actors, i.e. the Neuchâtel municipal authorities and in particular the role played by the municipal councillor driving the project on the one hand, and the main commercial operator (Coop, the country's second largest retail group) on the other.

Since the end of the 1990s, the municipal authorities had needed to respond to a certain number of needs regarding real estate. The town's dilapidated football stadium no longer met security standards, and constituted the main investment (CHF 20-25 million) to be decided upon. In parallel, Coop, was looking for land on which to build a large shopping centre in the region with a view to revitalising its services and in response to its major competitor (Migros), which also intended to modernise its existing complex on the outskirts of the town.

Following the first contacts (early in 2002), the two partners rapidly reached agreement regarding the concept of a mixed construction including public facilities – mainly a football stadium that complied with international standards – plus a shopping centre with an underground car park. The location for the stadium was excellent: it was close to an exit from the highway that traverses the town below ground, and close to the centre. In November 2002, the partners concluded a written agreement that committed them to creating the region's largest urban complex rapidly and in a flexible way: a departure from the normal procedure of public markets and the lengthy establishment of formal, precise specifications. Coop and its partner HRS, one of the country's major promotion / construction groups and one that was behind several other commercial projects, had previously confirmed their respective interest and roles in a written agreement. Coop reserved the right to act as the owner of the building (except for the stadium) or overall tenant of the commercial section (shopping centre and car park), and HRS would act as the initial investor and builder. The Neuchâtel municipal authorities, with the support of a local firm of architects, would act as a future tenant (sports
halls, fire and emergency services) and as owner (of the football stadium). The agreement also stated that the contracting parties wished to carry out the project based on a Minergie\textsuperscript{4} concept and use the existing heating system in the district.

Structuring the project and translating it into financial and sustainability terms was based on the allocation of tasks, reflecting the various legal and functional aspects of the complex. For this project, which required the approval of the municipal parliament because it called for a modification of the district zoning plan (non-commercial use) and the sale of public land, the municipal authorities played a double role. On the one hand, it lobbied political entities, local associations and public opinion, and on the other, it was in charge of the control and regulation (for the building and the urban planning). The private partners, for their part, handled the technical structuring of the project, its commercial operation, and its financing.

First of all, and in order to guarantee the rapidity promised to the private partners, an internal steering group was set up within the municipal authorities. The group was, at the time, led by the department of the municipal councillor who had initiated the project (public works department) rather than the competent department (urban planning), which had expressed the opinion, at the time, that the procedural deadlines were unrealistic. Strangely, the group in question did not include a representative of the finance department. Subsequently, with the objective of anticipating opposition, the project was the subject of a large public communication initiative, carried out in conjunction with the environmental sector (ecologist party, local branch of the Transport and Environment Association, one of the country's largest environmental associations) and with local retailers (liberal / radical party, independent retailers).

The project was thus presented as an opportunity not to be missed. The town would be "given" a stadium by private investors, through the sale of land (at a price negotiated at CHF 36 million) and renting premises that would make it possible to provide public services. This aspect of being a facility of public interest was highlighted, since it was of benefit to the population and to young people. In parallel, environmental impact studies demonstrated that the project complied with legal standards regarding the protection of the environment and traffic. The three promoters also stressed the fact that the project also constituted the rehabilitation of urban wasteland, and thus contributed towards the densification of the urban fabric, notably with the creation of a shopping centre within the urban space. In parallel, the promoters stated that the project included sustainability measures such as the creation of a new bus route from the town centre and a quite large car park (paid parking) with 930 spaces\textsuperscript{5}. Moreover, the economic impact study commissioned by the municipal authorities and paid for by the two private partners demonstrated that the public authorities would benefit from the creation of 400 jobs and an improvement to regional centrality in the form of a new, attractive urban centre. Market analysis showed, in fact, that the effects would be positive and complementary for all the commercial areas of the town and in particular for the nearby town centre, which had been a cause for concern.

Once the project was accepted by the legislature (June 2003), the phase of publishing the plans for public reactions, mainly in connection with the modification of the district zoning plan and secondly in order to obtain the construction permit, took place extremely rapidly (less than one year instead of the usual duration of several years) and the four cases of opposition led to agreements with the municipal authorities. Among the said agreements was

\textsuperscript{4} Minergie is the Swiss certification for High Environmental Quality related to sustainable construction.

\textsuperscript{5} According to the agreement between the municipal authorities and the Coop, the Coop benefited from the transfer of the 165 spaces planned for the needs of the district.
the official agreement between the municipal authorities and the Transport and Environment Association. The agreement specified a certain number of elements that were included in the project dossier, notably regarding the use of public transport (creation of a bus line, whose operation costs for the first two years were eventually borne by the private partners), the creation of a car park (paid parking after the first hour), and the reduction of noise in the district. It also recommended a study regarding the installation of solar panels on the complex.

The construction permit (February 2004) confirmed the elements in the environmental impact studies drawn up for the district zoning plan. All the technical details regarding the quality of the project were in line with the usual legal standards. The permit also confirmed that solar panels would be erected on the roof of the stadium, for which the cost was eventually borne by the State (municipality and Canton). The Minergie construction, however, disappeared completely, permitting the private actors to have a free hand in choosing the heating / cooling system.

The two private partners were thus in a favourable position to ensure the economic and financial profitability of the project on the one hand, and on the other to take on the management and technical control of the project. By its alliance with the municipal authorities, Coop found it easier to impose the construction of a new, well-located regional shopping centre. Since it considered the legal structure of co-ownership complicated, Coop rapidly decided to find an investor / owner. It thus assured the economic profitability of the project while maintaining control over its commercial partners (choice, price, duration of the lease), the design and volumes of the retail outlets, and the car park. Since sustainability was not at the economic heart of the project, and the price of the land had been agreed upon with the municipal authorities, Coop and HRS were free to approach commercial operators and investors, and to define their respective profitability margins.

In order to absorb the amount of this major investment (CHF 200 million), contacts were rapidly established with the two investors and financial owners on the basis of personal contacts, and a co-ownership company was constituted (Publicanto). The two investors became equal co-owners (February 2007), with a 20-year lease signed with Coop (CHF 10 million per year), and the public areas with a 30-year lease signed with the municipal authorities (CHF 1.3 million per year). This project, which was also a first within their real estate portfolio, corresponded to the investment needs on the part of the two financial institutions not quoted on the stock exchange, whose strategy was to increase their direct investments in order to avoid the volatility of the financial markets. Their intervention took place once the financial parameters of the projects had been defined. Thus, by remaining at a distance and by not being involved in the negotiations surrounding the structuring of the project, they were able to purchase a turnkey project, including public and private tenants who could be counted on for the long term.

### 2.2 Sihlcity: Sustainability as a Financial Risk

The Sihlcity project began based on conflicts between the Zurich municipal authorities and the local concern Karl Steiner (KS), which is one of the largest promotion / construction groups in Switzerland. This situation at the outset to a large extent structured the relations between the anchoring actor (KS) and the authorities during the development of this private project.

Following the failure of a first project for an office space complex, designed during the 1980s and for which a construction permit had been issued after 15 years of obstacles, negotiations were held between the two parties in the spring of 1999. On the one hand, KS wished to avoid
losing any more time over a large plot of land (41,991 m²) for which it had an exclusivity contract with the owner. This land had a number of advantages: an excellent location close to the highway and near to the city centre of a conurbation with over a million inhabitants, and was moreover well linked to the public transport network (train, bus and tram), and required no changes to the zoning plan. On the other hand, the municipal authorities had adopted a "collaborative planning" approach with private partners (Rérat et al., 2010).

During the said negotiations, the authorities held the upper hand in order to establish the conditions regarding the structuring of the project. First of all, the rehabilitation of this urban wasteland was to be based on a mixed use concept. Moreover, the project should also be based on a new mobility model that consisted of reducing motorised traffic by half, which meant resizing the car park. These two demands were in line with the new urban densification and development strategy based on coherency between urban development and mobility policies, made possible thanks to massive investments in public transport – either completed or planned – in the Zurich conurbation.

A multi-purpose urban entertainment concept, also including office spare and a surface level car park was rapidly drawn up, and KS was able to reach compromises with the city authorities. As the sole promoter, it handled the technical and political negotiations with a view to obtaining the construction permit and in parallel, the economic and financial negotiations with a view to finding operators and investor / owners. Its purpose was to avoid the model traffic reduction concept placing the economic viability of the project at risk, or rendering the costs of it higher.

During the negotiations with the authorities, the promoter was a prisoner to the excellent connection of the land to the public transport networks, since the first market study demonstrated a considerable potential for clients (>20,000 visitor per day), of whom over 60% could use "soft" means of transport (public transport or on foot / by bicycle). Since the new traffic concept was economically sound, the promoter then sought to negotiate the acceleration of the planned work of linking the complex to the various forms of public transport. Since the authorities refused to accept the proposed deadlines, KS eventually bore the costs of operating a bus line for the first two years in order for the construction permit to be issued as rapidly as possible. Despite the said permit being granted, KS was nevertheless forced to negotiate with the local branch of the Transport and Environment Association, which exercised its right of appeal. A game for three actors developed during 2002, with the city authorities intervening as a mediator with the association and the promoter, while the latter had established preliminary agreements with the main tenants and investors. In compliance with the association's demands, the methods for calculating the number of parking spaces, the limits to traffic flows and the financial sanctions to be applied if they were exceeded were specified in a written agreement, and later in a second construction permit, issued shortly afterwards.

It was necessary for KS to demonstrate, to the potential operators and investors, that the form to be taken for the project's sustainability – linked to a reduction in individual traffic – did not penalise the catchment area for Sihlcity. The other argument, specifically intended for the investors, was the innovative aspect of the "city in the city" concept, with a blend of commercial and leisure areas of such a size and intended to respond to a demand by its clientele. Following several market studies that confirmed the economic potential of Switzerland's first urban entertainment centre, the Crédit Suisse (CS) bank purchased the project in June 2003, when only half of the surfaces had been leased, by four major operators (Coop and Ochsner, its specialised sports equipment chain; and the Sheraton hotels and Arena cinema chains).
Although KS had launched a call for offers abroad, believing that the project was too large for most Swiss investors, CS very rapidly expressed interest in the project, for many reasons. First of all, its various real estate investment funds – among the largest in the country – had liquid assets to invest. In addition, the concept of an urban entertainment centre was considered profitable and would make it possible to diversify the various means of investment. For Sihlcity, the CS set up an original operation by constituting a company (Sihlcity SA), held by its six financial institutions and managed by its affiliate company (Wincasa), which had become specialised in the management of shopping and leisure centres for institutional investors. This first case of pooling thus made it possible to absorb the CHF 600 million paid for the project and to dilute the risk. Finally, and in parallel to this financial operation, CS – based in Zurich and with offices facing Sihlcity – needed new premises. Knowledge of the district and the economic potential of Sihlcity played a crucial role for accepting the risks of the traffic model and the agreement with the Transport and Environment Association.

As soon as it had purchased the project, for which it believed higher profitability could be obtained by finding operators for the remaining commercial surfaces and ultimately achieving full occupation of the space and leases, representing CHF 46 million per year as of the opening of the complex (March 2007), CS again took over the role of promoter, and not only that of financial intermediary. In parallel, it sought to optimise the economic profitability of Sihlcity in three ways. First, the connection to the public transport network was improved by financing the extension of a tram route and other "soft mobility" measures (providing bicycles, home delivery service, etc.). Secondly, a new plan for surface allocation was rapidly drawn up in order to increase the overall surface area. Thirdly, through calling upon a specialised company, the construction work was supervised with the intention of minimising costs and guaranteeing the profitability of the investment.

2.3 COMPARISON OF THE CASES

What have we learned from these case studies regarding the way in which capital is currently becoming anchored in cities, in contexts characterised by sustainability concerns? (Figure 3).

The first case – that of La Maladière in Neuchâtel, a medium-sized town with no international financial activity – is interesting because it shows that towns of this size can, today, obtain investments from institutional investors, who over the last 20 years had systematically preferred the financial markets. In Neuchâtel, it must be stressed that sustainability was particularly addressed during the launch phase of the project, as a mandatory theme within political communication. The municipal authorities, with the specific role played by the (right-wing) municipal councillor driving the project, were included in the coalition of anchoring actors that was created, together with the two private partners. The PPP project was presented as an opportunity to be seized and handled rapidly. This meant, notably and from the outset, the absence of alternative projects, circumventing the public markets, and bypassing the expertise of two key municipal departments (urban planning and finance). After the approval by the legislature, the central commitment regarding sustainability that had been announced (Minergie construction) was left aside. This project was of great importance for the town since it resolved the issue of real estate need. It was built in accordance with the modalities of private financing, yet with numerous financial guarantees on the part of the municipal authorities, notably long-term leases. Subsequently, initiatives such as covering the roof with solar panels emerged, and the costs were ultimately borne by the State. Debate regarding sustainability was at no point at the heart of the project, however, i.e. a shopping centre that was extremely easy to reach by car, and public guarantees regarding leases.
From a financial point of view, this complex is directly held by Publica, the country's large public pension fund, and by Swisscanto, a structure created by the Cantonal banks: private entities but guaranteed by the Cantons. These institutions invested their funds in the project, mainly as a precaution against the volatility of the financial markets. It was above all a case of investing in real estate (which at the beginning of the 2000s was considered to be less volatile than other financial assets) and also one of having a direct link to the ownership and management of the complex (without needing to act via the markets). These institutions had – and still have – the objective of profitability from their investment by operating the complex on the long term. Neuchâtel is not a town that is known by financial investors. Urban income is above all obtained from commerce, which competes within the catchment area. Despite the co-ownership structure that was created, the possibility of obtaining added value by reselling the complex is low. It is above the long-term profitability of the complex that is targeted, and this was consolidated before selling the project to the investors.

The second case – that of Sihlcity – benefits from an excellent location close to the centre of Zurich: the largest city in the country and a world-scale financial centre. Here, however, the authorities adopted a completely different logic. They had, from the outset, an existing policy characterised by left-wing / green values: a vision of long-term development explicitly based on sustainable development and benefiting from their familiarity with managing major projects.

Regarding sustainability, the municipal authorities and subsequently an environmental organization intervened in turn in order to obtain improvements to a second, private project developed by the sole anchoring actor, the development / construction concern Karl Steiner. During the process, the tension reached a point where it was necessary to explore new options, and in particular the possibility of having a large-scale commercial centre accessible mainly by public transport. Expert evaluation revealed that such a choice was viable, so only a reduction to the parking surface area and the issue of financing the link to the public transport networks remained to be negotiated. Sustainability, in this case, was a means for the municipal authorities and the environmental organisations to turn the potential urban income from this project into a complex that designed according to their vision of sustainability.

The bank Crédit Suisse, a worldwide financial actor, had offices facing the site. The district is clearly seen as an investment area for international investors, with excellent opportunities for financial added value regarding the value of the complex. In order for this potential to be realised, however, it was necessary for the complex to be integrated within the real estate companies or investment funds quoted on the financial markets. This was the role of some of the investment companies to which Crédit Suisse sold the shares in the project. Ultimately, it was the cash funds from the final investors who purchased shares on the markets that made it possible to finance the complex while preserving the operational control over the site. The negotiations in fact made it possible to allocate part of the income to sustainability. It was the investors, under the aegis of Crédit Suisse, who – by subscribing to the project – made it possible to turn the municipal authorities' innovative mobility concept into reality, thanks to massive investment in the public transport networks on the part of the State (city, Canton and Confederation).

The anchoring of capital, in the Sihlcity project, made it possible to reconcile an investment of mobile capital at an international scale with a firm urban sustainability policy. Thus, the pressure exerted over recent years by international investors in the area of large urban objects made it possible, in this case, to turn ambitious sustainability objectives into reality. This is something of a paradox, however, since one could think that increasingly mobile capital, which leads cities to compete with one another, would tend to lower the demands regarding
The completely unique conditions here, however, should not be forgotten. The presence of the Crédit Suisse, an actor both global and extremely local, was decisive. It played the role of entrepreneur by purchasing the project before it was finished, and also that of operator and of reseller to the various real estate companies affiliated to it.

Would Crédit Suisse provide such firm support for a project in a city that was not as sought after by international investors, even if the long-term operation of the complex guaranteed good profitability? This question remains open.

Figure 3: Sustainability and the actors of the two urban projects

<table>
<thead>
<tr>
<th>La Maladière</th>
<th>Sihlcity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initial situation</strong></td>
<td></td>
</tr>
<tr>
<td>Economic profile of the city</td>
<td>Medium-sized, non-financial town</td>
</tr>
<tr>
<td>Urban project</td>
<td>Converging of interests</td>
</tr>
<tr>
<td>Public / private interests</td>
<td>Liberal State as partner (PPP)</td>
</tr>
<tr>
<td><strong>Relations between financialisation and sustainability</strong></td>
<td></td>
</tr>
<tr>
<td>Status of sustainability</td>
<td>Non-structuring sustainability: political communication exercise</td>
</tr>
<tr>
<td>Relation between economic and financial profitability and sustainability</td>
<td>Does not strike at the economic heart of the project, and choice left to the private actors</td>
</tr>
<tr>
<td>Type of use</td>
<td>Private (shopping centre) and public (football stadium, sports halls and fire / emergency services)</td>
</tr>
<tr>
<td><strong>Governance of the project</strong></td>
<td></td>
</tr>
<tr>
<td>Financial actors</td>
<td>Known at the outset (Coop), but change during the course of the project</td>
</tr>
<tr>
<td>Anchoring actors</td>
<td>Final investors not quoted on the stock exchange (Confederation's pension fund and Swisscanto investment foundation)</td>
</tr>
<tr>
<td>Political urban actors</td>
<td>Trio: public authorities and tenant (Municipality of Neuchâtel), private operator (Coop) and construction company (HRS)</td>
</tr>
<tr>
<td>Urban actors (civil society)</td>
<td>Role very much as a partnership, interpersonal relations</td>
</tr>
</tbody>
</table>

Own elaboration

**CONCLUSION**

The objective of this article is to demonstrate how two apparently contradictory phenomena – financialisation and sustainability – which characterise the production of today's cities can be linked in a concrete way. The two projects analysed are emblematic of the major urban objects that have emerged in Switzerland in recent years, and that have been purchased by financial actors seeking alternative investments that permit them to diversify their portfolio.
On a theoretical level, this article develops an analytical framework based on the concept of anchoring, related both to financial capital and to sustainability. Anchoring is seen as a social and institutional process that gives rise to new forms of negotiations and a new role for the promoters of projects, that of anchoring actors. Within their concrete investments, which mainly take place in central areas of large cities, the financial actors call upon construction professionals, with the central role played by the major projects industry (development / construction companies). These latter do not act in a social "void" and must negotiate with the local urban actors: primarily the public sector (municipal authority, elected officials, and with those from the private sector and associations (NGOs, inhabitants).

The two case studies provide some responses regarding the way in which the negotiations take place and the financiers' position towards the actors involved in the projects. It would appear, first of all, that the negotiations surrounding sustainability are to a large extent dependent on the urban actors and their capacity to become mobilised, and that in parallel, the financiers play a passive role, whether in the direct circuit (La Maladière) or the securitised one (Sihlcity). We then observe a temporal dissociation. Firstly, the negotiations concern numerous qualitative dimensions and the sustainability of the projects. Secondly, they concern the anchoring of capital once the characteristics of the project have been translated in terms of risks and financial yield. Sustainability is, in fact, essentially defined and negotiated in the development phase of the project, in a sequential and bilateral way between the anchoring actors and local actors on the one hand, and the financiers on the others. During a second phase, the numerous dimensions of the projects, plus "urban sustainability" – which depending on the context can be a genuine challenge – are brought in and translated into financial data.

Today, the way in which the cities negotiate both the anchoring of financial capital and sustainability represents a very concrete challenge regarding its analysis in terms of urban geography. It would be of interest to examine, in other cities and with regard to their size but also their economic specialisation (financial centres or not), whether the local actors – notably those from the public sector – are in a position to negotiate the urban income with the financiers, taking the cultural and institutional contexts into account.

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