

The seed in the cityscape: the property development mechanism and its influence on the growth of cities

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The Seed in the Cityscape

**The property development mechanism and its influence on the growth
of cities**

Jonathan Drane



A thesis in fulfilment of the requirements for the degree of
Doctor of Philosophy



Faculty of the Built Environment

December 2014

The Seed in The Cityscape - Jonathan Drane

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<p>Despite extensive studies by urban theorists into the growth and development of cities, little within these accounts explains the role and influence of property development as a catalyst for such growth. The most recent accounts of property development in this context were made in the early 1990s by Healey, Gore and Nicholson, and such accounts not only focussed on a process-based view but were made predominantly through the eyes of economists, political economists, planners and social theorists with few property developer protagonists.</p> <p>Looking through the eyes of the property developer, and assisted by the author's related history as a builder and developer, a new model emerges which is based on: a theoretical analysis; three case studies of cityscapes in Australia- in Townsville, the Palmer and Railway Precincts (Queensland) and in Newcastle, the Honeysuckle Precinct (New South Wales); further case examples and auto-ethnographic reflection.</p> <p>A model is built which articulates the nature of constituent land parcels within cityscapes, the conditions for their transition and resultant creation of new developments, which impact on the growth of cityscapes. The mercurial and transient nature of the property developer and the mechanistic nature of property development are revealed, which goes beyond traditional process-based views. Developer protagonists which are often seen to be the root cause of unwanted growth are revealed to be subject to a greater mechanistic force that relies on alignments and windows of operation.</p> <p>A new and missing lens is provided to the existent body of research into the growth of cities through the eyes of the property developer which informs researchers, planners and policy- makers. The often high level, morphological view of planners and policy makers is balanced by a model which is built from the ground up, revealing the mechanism of property development and its key forces and protagonists.</p>	
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Abstract

Despite extensive studies by urban theorists into the growth and development of cities, little within these accounts explains the role and influence of property development as a catalyst for such growth. The most recent accounts of property development in this context were made in the early 1990s by Healey, Gore and Nicholson, and such accounts not only focussed on a process-based view but were made predominantly through the eyes of economists, political economists, planners and social theorists with few property developer protagonists.

Looking through the eyes of the property developer, and assisted by the author's related history as a builder and developer, a new model emerges which is based on: a theoretical analysis; three case studies of cityscapes in Australia- in Townsville, the Palmer and Railway Precincts (Queensland) and in Newcastle, the Honeysuckle Precinct (New South Wales); further case examples and auto-ethnographic reflection.

A model is built which articulates the nature of constituent land parcels within cityscapes, the conditions for their transition and resultant creation of new developments, which impact on the growth of cityscapes. The mercurial and transient nature of the property developer and the mechanistic nature of property development are revealed, which goes beyond traditional process-based views. Developer protagonists which are often seen to be the root cause of unwanted growth are revealed to be subject to a greater mechanistic force that relies on alignments and windows of operation.

A new and missing lens is provided to the existent body of research into the growth of cities through the eyes of the property developer which informs researchers, planners and policy- makers. The often high level, morphological view of planners and policy makers is balanced by a model which is built from the ground up, revealing the mechanism of property development and its key forces and protagonists.

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Dedication

To my beautiful wife Penny for her love and patience.

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List of Abbreviations

BBC	Building Better Cities Programme
BLF	Builders Labourers' Federation
BHP	Broken Hill Proprietary Limited
CAD	Computer Aided Drafting
CRI	Custom Resources International
CWDC	City West Development Corporation
GFC	Global Financial Crisis
GPT	General Property Trust
HDAB	Honeysuckle Development Advisory Board
HDC	Honeysuckle Development Corporation
PDS	Product Disclosure Statement
PSG	Property Services Group
SAC	Sydney Airport Centre Precinct
TCC	Townsville City Council

Introduction

Little explanation is found for the role, nature and influence of property development as a catalyst for the growth and development of cities, despite extensive studies by urban theorists. Nor is there any clear contemporary explanation from the point of view of the property developer.

From the perspective of the property developer in the Australian context, and informed by the author's own history of involvement in commercial property development in a range of high growth cityscapes over four decades, a model emerges of the influence of property development on the growth of cities, based initially upon a theoretical analysis and an autoethnographic reflection which includes case examples. It is exemplified further through interview of expert informants and historical analysis in three case studies of high growth cityscapes - Townsville's Palmer and Railway Precincts and Newcastle's Honeysuckle Precinct.

This chapter introduces the thesis topic and the context of the research, then provides a plan for the articulation of the model based on a graphical depiction of its key elements. A brief contextual overview describes the state of property development and urban growth theory, and the gap in the literature which indicates the need for a more mechanistic and phenomenological view.

The thesis statement and central research question are outlined, terminologies defined, and the problem related to the study explained. The model framework and methodology applied to the study are described and the significance of the research is outlined. Finally, a summary of the contents of each chapter in the thesis is presented.

A. Research Context

The city is seen through many eyes, and each view is informed by what we see, the way we see it and the lens through which it is viewed. An economist will see the commodity system, the social theorist the human interactions, the morphologist the city patterns. The adolescent may notice the skate park, the octogenarian the safe pathway. Here the study involves two aspects of the city which are linked, but are primarily the subject of two realms which have been studied through predominantly different eyes and lenses. On one hand, there is **the property development mechanism**, and on the other **the**

growth of cities. The contemporary property development world is one founded on property finance and investment, (Clauret & Sirmans 2010; Baum & Crosby 2007; Fraser 1984) real estate, (Jacobus 2010; Geschwender 2008; Corgel & Ling 2001;

Schiller 2001) valuation, (Wyatt 2008; Isaac & O'Leary 2002; Boykin 1993; Darlow 1988; Murray 1973) property law (Bradbrook 2011; Megarry & Wade 1975; O'Keefe 1974) and property development (Cadman & McMahan 2007; Millington 2000; Miles & Berens & Weiss 1999; Fanstein 2000; Guy & Henneberry 2002). It has as its lens the generic realm of economy, and its derivative land economy (Jowsey 2011; McKenzie & Betts 2006; Harvey 1987; Ely 1964). The topic of the growth of cities is founded more in urban studies in geography, (Harvey 1985; Massey 1978) political economy, (Giddens 1983; Ball 2002; Adams 2012; Healey & Barrett 1990) science, (Taubenbock 2009; Batty 1998; Frankhauser 2004; Schweitzer 1998) town planning (Healey 1991; Gore & Nicholson 1991) and social theory (Form 1954; Beauregard 2005; Diaz 1999) and their derivatives. The visors will be shown to be vast and varied, and extend beyond the above authors, however the theory base that is of interest here is bounded by the lens of urban growth theory led by geographers, planners and social theorists. This division will unfold in the thesis, but for immediate clarity there is a need to understand both human agency and its artefacts, and also to describe (and understand) the two realms more clearly. The thesis will reveal that there has been in the study of 'property development processes' for example, an extensive interest by planners, geographers and social theorists up until 1992, but a surprising lack of detailed understanding since then (Drane 2012). In that same period it is also found that the business literature showed less interest in those processes than did other disciplines (Drane 2012, 2013).

Two ontologies have engendered tensions between their protagonists - economy and political economy. This also manifests in the tensions between advocates of urban theory and property development. This sets a stage at this point and it will be shown each are rooted in the theories of the dialectic.

The thesis explains and substantiates the influence that property developers and a 'property development mechanism' has on the growth of cities. The 'act of property development' is modelled as relying on a series of actors, forces and alignments, making it mechanistic in nature. A mechanism as distinct from a process, involves a series of moving parts that coincide and connect at key points within a machine. At the

outset, amongst the definition and discovery of the ‘mechanism’ through this study, it was found that the current urban growth theories pay scant attention to what is proposed here: a specific central actor and mechanism that our cities have come to rely on more and more for the creation of buildings in the built environment.

Urban growth theory (in particular planning theory) tends to use the terms ‘development’ and ‘delivery outcomes’ at a different level altogether to the notion of property development (in the real estate sense). When referring to delivery, it relates more to the delivery of planning outcomes at local authority level. ‘Development’ is also used in a generic sense to describe wholesale growth of new buildings across a city, or within an area of the city, which of course is valid although general in concept. This thesis through literature mapping surveys, shows the lack of theoretical interest into this essential topic since 1992, with the fading of Patsy Healey’s important articles on the subject (1991, 1992), lost in her own words to this researcher to the annals of time (P Healey 2012, pers. comm., 29 June). Prior to that, ‘the property development process’ as defined and surveyed by Healey, was the subject of intense study and research by luminaries going back to 1954, with social theorist Edward Form (Form 1954). Healey and many of the other theorists covered the topic from the real estate perspective, and tried diligently to integrate it into the urban or planning theory of that time. To add weight to this, David Adams in his study of the Scottish Executive in 2012 (p.3) was bold enough to say: “The substantive academic account of what typifies the property developer has still to be written”. In his most recent book on this subject Adams (2012) still draws on modernist versions of models revealed by Healey (1991) and Barrett (1978, 1990) from the early 1990s. Another recent publication by Squires and Heurkens (2015) which offers an international perspective on real estate development, also uses Healey’s categorisation of development models as a basis for analysis.

The thesis proposes that the central hand in the growth of cities is in effect the property developer, and that there exists a ‘property development mechanism’ which acts as a power source for such growth in a series of windows and alignments.

It might be conceived that there are many other actors of equal importance, however the most important emphasis here does not lie in the contribution to the endeavour of creation of buildings in our cities, but to an inevitable agent (and a related mechanism) which holds a major channel through which visions must pass, to allow plans to

materialise into concrete buildings and titled properties. To support this part of the analysis, the thesis shows how our view of the city as people of certain disciplines, have filtered out the view of the nature and scope of this mechanism.

For definitional purposes, this thesis concentrates on a common denominator of city growth, in the form of built matter manifested in titled buildings. The term ‘growth’ relates here to proliferation of titled buildings and not elements beyond buildings themselves such as parks and gardens, freeways and avenues, civic squares and so on. There is a practicality and focus in this choice that lies also in the most logical of explanations; the act of property development is focused primarily on the creation of buildings in the form of titled property that can be developed and traded.

The act of property development however does not always involve trading, for people develop or improve their land parcels and hold onto them. The Venetian balance sheet and its key principles, is used to distinguish the act of investment from the act of trading. Allegiance is given here to the latter, as the true intent of the property developer. The industry as it stands today also divides at institutional level into ‘property trusts’ which own and improve property for investment purposes, from ‘opportunistic funds’, development trusts’ and property development groups, which develop and trade out, often to the property trusts where relevant. It is the latter act of trading that is exemplified here.

The study and revelation of this mechanism focuses on cityscapes that have become obsolete or semi-dormant and are in the process of gradual transformation to another use/s (here called fallow). The case studies and reflections reveal both the inertial form of such cityscapes as well as the sudden, often episodic changes, with an associated proliferation of new buildings and titled properties in several Australian cityscapes.

B. Thesis Statement and Model

The ways of the property developer and the property development mechanism, are proposed as central agents of transition and growth in the city. The mechanism’s propensity to influence the growth of cities in windows of ‘building proliferation’, is revealed in semi-dormant or 'fallow' cityscapes.

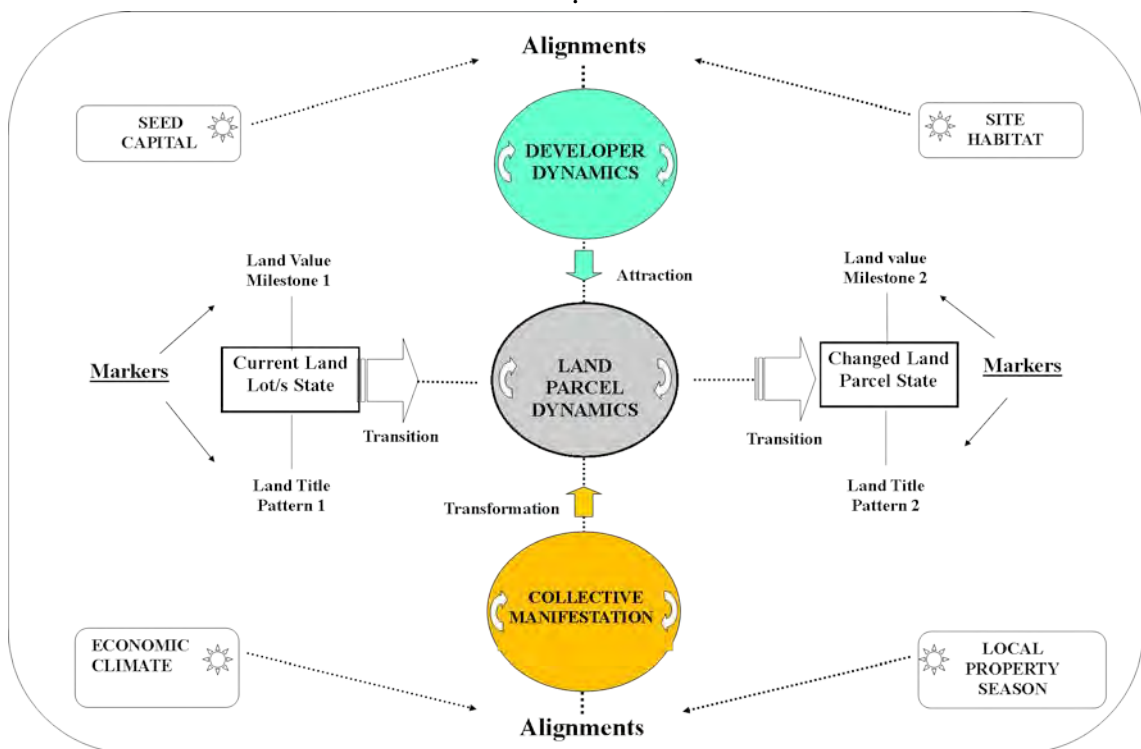
The summary thesis statement is as follows and is used together with a graphical model (shown below) to articulate the thesis:

The property development mechanism involves a series of local actors, (property developers and local interests) external influences and conditions (socio/political and economic) which operate in windows of alignment, that transition land parcels along a land transition chain toward the creation of titled buildings.

The central focus of the model is ‘the land parcel’ defined as a collective of adjacent land lots which offer a commercial potential for the development of new titled building/s (or property/s) on the land parcel. In brief it will be referred to as the ‘commercial derivative’ of the land lot/s. The cityscape is seen as a collection of land lots and their collective potential derivative in the form of land parcels. Within the former (lot/s) lies the history of the cityscape, the latter (land parcels), its future.

The model of the property development mechanism in action is depicted by the use of two related graphics called Model 1 and Model 2 (both shown below). Model 1 is termed the ‘Land Parcel Transition Model’. It shows a typical land parcel at its centre, surrounded by a series of influences which include local and external actors, actions and conditions that act on the land parcel over time, and which cause it to transition from one ‘state’ to the next, when there is alignment of such influences in an operational window. Model 2 is called the ‘Land Transition Chain’. It illustrates the states of transition that a land parcel undergoes, starting from what is called a ‘fallow’ state through other states: rezoning, consolidation, scheme approval, pre-commitment, construction and titled property. Each state occurs sequentially, and each is reliant on the realisation of the state before it. Between each state is a node that is represented graphically with a delta symbol and called an ‘arbitrage node’, which are trading points in the chain. The overall effect of the mechanism is the transition of a land lot/s into a land parcel in sequential states over time toward eventual construction of a new titled property on the land parcel.

Model 1 empowers the transition of the land parcel. Model 2 explains the transition states. The overall property development mechanism is described by the two models in action together.

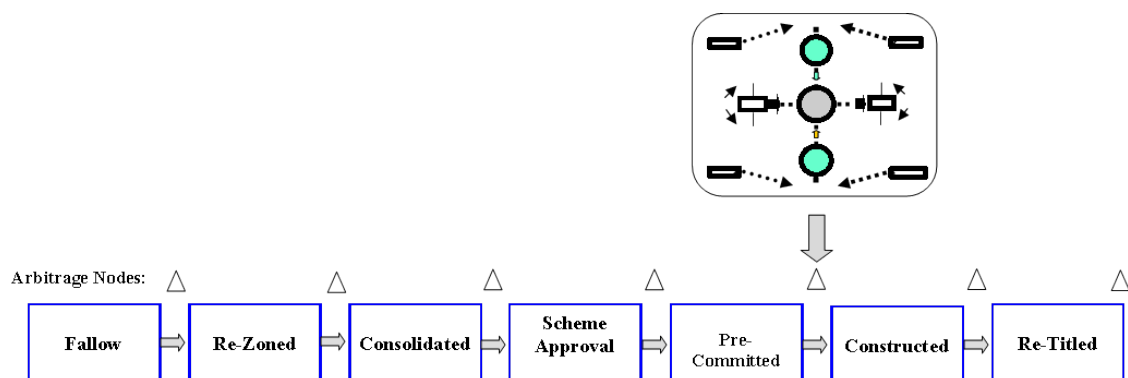


Model 1: Land Parcel Transition Model



Model 2: Land Transition Chain

A combined reduced graphic is shown below to show Model 1 acting on a specific node in Model 2 (in this case the pre-commitment phase before construction).



A Combined Graphic of Model 1 acting on Model 2 on the pre-commitment node just prior to construction commencing on a land parcel.

This also means that Model 1 can act individually on each of the land transition states in Model 2.

Model Explanation Supports Thesis Organisation

The organisation of the thesis follows the key elements of the graphical model; land parcel dynamics, property developer dynamics and collective manifestations, as well as the dynamics and alignment of external influences and conditions as depicted - economic climate, local property season, site habitat and seed capital.

The model is built around what is seen as the central unit of the city: the land lot and its commercial derivative the land parcel, which transitions over time through varying states toward change and development. Agents act on the land parcel in a duality; the transient interest by property developers, and the incumbent, ambient local interests. This interaction is surrounded and empowered by other influences and conditions, which combine and align over time in windows, to enact the transition of the land parcel into a new state toward its development, one of many states it must pass through over time, to eventually manifest as a new building or titled property. The transitions in the land parcel are ultimately empowered along with the windows of alignment, by seed capital sown by the property developer, and sometimes local and state interests. This mechanism in creative terms, is likened to a seed of growth in the cityscape and thus the organic references to the influences and conditions in the model.

Drawing on this concept, another key tenet of the thesis is that the appearance of sudden recent growth in a cityscape actually has its roots in the latent history of the land parcels within the cityscape, and indeed the history of the cityscape itself. It is in effect a phenomenon which lies dormant and in waiting, or described previously by Hooper as a “machine waiting for a power source” (Healey 1991, p. 232).

C. Problem Statement

Property development attracts a significant amount of attention in the public arena, and is often seen as the realm of remote and romantic archetypal figures who can spawn grandiose and inappropriate building forms, sometimes against the wishes of the authorities, planners and public lobby groups who try to control or influence the nature

of our built environment. To exacerbate this, property development continues to be relied upon more and more in our cities as a means of creation of the built environment.

The topic has attracted a spread of interest across not only the real estate field from which it finds its foundations, but in a range of areas of academic enquiry through disciplines that include economists, political economists, urban theorists, social and institutional theorists. In commercial real estate both corporate and other, the topic is covered through a range of different disciplines - real estate, valuation, business, financial, marketing and more.

The thesis reveals that there has been a paucity of coverage of the topic since 1992 in the academic literature, a preference for process-based views where a mechanistic focus is required, a low level of engagement by business related authors and a tendency toward silos and a related lack of cross integration between both. At best, in the overall sense there is a mismatch between societal notions of the phenomenon versus private industry realities. Both the academic literature and the property development industry are left with a paucity of contemporary foundations in academic theory and models of modern day practice.

The thesis provides a way forward for the crystallised concept of a contemporary model of property development practice which influences the growth of cities. This is achieved by both revisiting and building on past models, and introducing an embryonic philosophy and model for a distinctive theory of property development.

D. Research Question and Methodology

The central research question that is addressed by the thesis is as follows:

How does property development influence the growth of cities?

The question is framed further in a specific query related to the bounds of the study - that the study relates to growth in semi-dormant cityscapes which manifest as sudden proliferations of buildings:

What influences the phenomenon of sudden building proliferation occurring in semi-dormant cityscapes, which are emerging from a previous use/s to another use/s.

The underlying research enquiries are as follows:

- At whose hands and by what forces does this phenomenon occur?
- How do these forces combine and interact to precipitate this?
- Is the phenomenon 'process driven', or is at the mercy of more indeterminate forces and conditions?
- If so, is there also a mechanism at work which can be understood further?
- How does this act over time and in what manner?

The thesis addresses these questions in two Parts (A and B). The first builds the model based on a theoretical analysis and autoethnographic reflection with case examples. The second exemplifies the model in three case studies: two case studies in Townsville in northern Queensland and one in Newcastle, New South Wales.

The model is built in an inductive manner,

1. from the **theoretical analysis**,
2. **autoethnography** and then is substantiated further by
3. **case study**, which utilises observation, protagonist interviews and historical analysis in a field of study.

Theoretical Analysis

The theoretical analysis includes the discussion and critique of related theories of city growth and property development theory, supported by associated literature mapping surveys and exercises. The device of construction of a concept of practice in property development and the mechanism, is inspired here by Marx's construction of the notion of praxis - a theoretical framework of practice. It also draws on Marx's and Hegel's dialectic, to elaborate the forces at work on land parcels. In this sense these constructions are Marxian and Hegelian.

The author uses an organic, agricultural metaphor (the seed, its germination and harvest) to assist in the describing and understanding of complex concepts, which cover a number of aspects of the city, its development and growth. Metaphors are seen to be a valid device here (Malfroy 1986; Kropf 2001), as long as they do not in themselves subrogate the actual concept they are trying to clarify, and if there is no related

teleology. For the ‘property development mechanism’, the metaphor of the seed in the germination of crops is used to describe its proliferation tendencies. Its mechanistic nature also draws on Healey/Hoopers metaphor of a ‘machine waiting for a power source’ which is seen to be complementary to the organic seed metaphor.

The literature mapping exercises chart the gaps in the urban theory base from 1954 to 2010 and follow principles outlined by Hart (2005) combined with methods created by the author.

Autoethnographic Reflection: 1973 to 2010

The autoethnographic reflection covers several cityscapes over four decades from 1973 to 2010. Such cityscapes are part of the author’s prior experience as a younger corporate executive involved in major property development. The cityscapes under study are categorized into two types; ‘**city led cityscapes**’ and ‘**developer led cityscapes**’ with ‘case examples’.

A **city led cityscape** is defined by not only the city leading the cityscape renewal through master planning concepts but also with seeding the cityscape with capital that then attracts developers to the cityscape, who in turn trigger the developments of their interest with seed capital.

The city led cityscapes under reflection are the ‘City West Precinct’ cityscapes, which occurred in the rejuvenating harbour and adjacent precincts of Sydney from Kent Street (Maritime Plaza) to Darling Harbour, into Pyrmont with the City West Development Corporation, and then on to the Australian Technology Park in Eveleigh (the latter being a brown field inland cityscape).

The choice of this precinct and its sub-cityscapes lends perspective to the power of a city based development corporation with a mandate to stimulate development of the subject precincts using city visions, plans and seed capital for priming the cityscapes. This extensive subset of the city’s contiguous rejuvenating precincts of that time, provides rich context for the model.

The ‘**developer led cityscapes**’ are separate stand-alone cityscapes which are the subject of the control or seizure of lands by developers, with a resultant (or prior) rezoning and the application of seed capital and precinct visions by the developers.

Case examples of such cityscapes are used from the Sydney CBD and its Metropolitan Area and include: The MLC Tower, CBD Sydney 1973; The Sydney Airport Centre, Mascot Development 1988-1990; The Gunghalin Market Place, Australian Capital Territory, 1996; Eastern Creek Business Park, Eastern Creek, Sydney, (formerly Wonderland) 2000-2004.

The autoethnographic reflection also includes individual project examples including: The Maritime Plaza project, western CBD Sydney; the Brisbane and Cairns Casino projects, Queensland; and the Gateway on Palmer Apartment project, Townsville, Queensland. The Gateway project is also returned to later in the case study of the Palmer Street Precinct, Townsville in Chapter 8.

The Method of Autoethnographic Reflection: The Study of One's Own Culture

An autoethnography is the study of one's own culture in a reflective form. "A researcher uses tenets of autobiography and ethnography to do and write autoethnography" (Ellis & Bochner 2011, p. 273).

The autoethnography has been chosen to bring the author's experience in the subject to life and as a data set for the thesis. The method chosen includes the above principles together with Donald Schon's 'reflection in practice' (1997) which is based on the notion of the complexity of description of organisational practices as they actually occur.

The autoethnography and its analysis consists of two processes. The first is reflection in a chronological life path following projects or events that were seen to be of significance to the thesis in contextual and theoretical terms (the reflection is accessed through the appendices). The second is the creation of case examples from which vignettes are drawn objectively from the reflection, to lend light to and provide examples of the model. The author acted both reflectively and subjectively in creating the first, then objectively in the second in the manner of a third party using independent analysis to report on the aspects of the reflection which were relevant to the thesis. This method is true to the principles of both autoethnography outlined by Ellis and Bochner (2011) and case study outlined by Yin (2003) and Flyvbjerg (2006).

Elucidation Through Vignettes

The theoretical content will be elaborated by ‘vignettes’ drawn from the autoethnographic reflection. An example of a vignette is shown below.

Cityscape Vignette : Wonderland– Eastern Creek

Case Example 2003:

A developer led cityscape involving a rezoning from a prior use as Wonderland entertainment precinct to an office park for tenants.

Active Developer :

Australand: Rezone, consolidate, scheme approval, subdivide, pre-commit, construct, re-title.



Background:

These prior rural lands spreading out toward the western fringes of the Sydney Metropolitan Area were developed into the Wonderland Fun Park in the mid 1980's by a finance and development consortium and Leighton. Under state led SEPP 59 in 1999 the precinct was rezoned for employment purposes with a precinct planning process for further development through Blacktown City Council as local authority. Australand became the nominated developer in 2003 who consolidated and subdivided the land.

Reflection:

The development group offered the parcel to prospective companies who bid for the land based on a rental value and lease term. The developer provided the facility and on-sold the new property with a captive tenant to a related property trust vehicle. There was a pre-commitment by the tenant to lease the premises. Construction and sale of the building occurred to a trust created by the developer.

Example of a Vignette

There are three types of vignette:

- **Cityscape Vignettes:** A cityscape vignette illustrates the nature of the cityscape itself, and how the model explains its development or lack thereof,
- **Developer Behaviour Vignettes:** These illustrate property developer dynamics and their behaviours. These are drawn from the reflection; some from the above case examples and some from behavioural aspects of developers depicted which are not from the case examples and .
- **Local Interest Vignettes:** These illustrate the collective action of local interests and the effect of their collective nature in what is termed ‘collective manifestations’.

The Vignettes will be depicted using ‘plates’ which contain textual explanations and/or graphical depictions. The graphical depictions may show a photo of the cityscape or a reference to the model graphic mentioned above.

Case Studies

The model is substantiated further through the review of its central tenets in three case studies; one in the Honeysuckle Precinct in Newcastle, and the other in the Palmer St and Railway Precincts of Townsville. The three cityscapes are chosen based on their varied nature in terms of the developer led or city led emphasis which places them in context with the central tenets of the model as outlined below. The case study locations are illustrated in the map below.



Case Studies, Townsville & Newcastle

The Palmer Street Precinct, Townsville: The model is represented in a cityscape that undergoes ‘organic’ transition from its old port state to a new accommodation and restaurant precinct, with intermittent proliferations in the 1990s and then with a substantial proliferation in 2007 just prior to the Global Financial Crisis (GFC). The cityscape was ‘developer led’ and involved government financial assistance through the *Building Better Cities Programme* (BBC) of 1992. The case study involved a series of stand-alone sites with a plurality of developers, and focuses on the resultant nature of

developer dynamics, collective manifestations and land parcel dynamics which lead to a massive proliferation of buildings in 2007 with an over-supply of apartments.

The Railway Precinct, Townsville: The model is represented in a cityscape which is master planned with a city vision for the transformation of a defunct railway yard which lies in waiting, and then is substantially transformed into a new accommodation precinct in the post GFC era. For this reason the cityscape is seen as an ‘inertial’ example of transition. The case study focuses on developer dynamics through the mid-2000s and the manifestation of a slow release ‘land bank’ type development controlled by a central private property developer, Honeycombs Property Group.

The Honeysuckle Precinct, Newcastle: The model is represented in a cityscape which is ‘empowered’ by a state created local development corporation with a city vision involving the transformation of an old port cityscape to a gentrified foreshore hospitality and accommodation precinct. The case involves BBC stimulus (1992), a city master plan, the creation of a state controlled city development corporation, a consolidated land offering, resultant stand-alone sites and a plurality of developers. The case study focuses on the powerful interplay of state and local interests, and developer dynamics where The Honeysuckle Development Corporation is shown to act as a government development body, consolidating and selling parcels to private developers.

In these case studies, two precincts are the subject of the *Building Better Cities* (BBC) programme (Palmer Street and Honeysuckle). These studies afford the thesis the benefit of separate cityscapes in different cities and states, but by common connection to the BBC programme, a federal and state initiative. The case studies include the interview of 23 development participants in the Palmer Street and Railway Precincts in Townsville and 6 in the Honeysuckle precinct. The case studies also include an historical analysis and depiction of the model in action across several land parcels within the precincts, in a graphical time line. The time line extends from 1970 to 2008 and reveals the nature of the mechanism’s ability to spawn or proliferate buildings in windows.

Case Study Substantiation & Field Selection

The case studies and case examples are conducted in line with principles outlined in Yin (2003) and Flyvbjerg (2006).

The combination of factors related to the mechanism – its **phenomenological** nature, its revelation requiring an **historical** context, the **lack of required control** in its analysis and the **exploratory** form of the study supports the use of case study as a collection strategy as outlined by Yin (2003).

Furthermore, as a complex phenomenon in its own right, case study, which includes a concept of practice, according to Flyvbjerg is better studied through a multi-faceted understanding. This involves a collection method that is not limited to the often “context independent” nature of statistical analysis which lacks the rich, context-based information offered by a case study” (Flyvbjerg 2006, p.5).

Flyvbjerg also provides a framework for selection of case studies that mirrors the deductive processes of more positivist methods by categorising cases into several types: typical, extreme or atypical, critical, paradigmatic and maximum variation. Using Flyvbjerg’s framework the above case examples, and case studies drawn from autoethnographic reflection, field study and interview of developer protagonists are aligned with his framework to provide a spread of cases across each category. This adds strength to the generalizability of the model to a range of cityscapes, sectors (as in residential/commercial), developer behaviours and development eras.

The substantiation processes in the thesis therefore, provides support based on case studies and case examples which exemplify the various elements of the model. For this purpose it was proposed firstly that a part of the city be chosen. The choice was made based both on practical grounds, and on the higher visibility of the studied phenomenon. On this principle it was devised that the subset be the cityscape, and the type of cityscape be the semi-dormant area in the process of renewal. The old port or rail yard which has become dilapidated and obsolete; such cityscapes have emerged in the era of gentrification and change of ocean-going transport, brown field harbour sites since the early 1990s, and the advent of the *Building Better Cities Programme* (BBC) in the early 1990s. The changes in these types of cityscape are immediately visible due to the contrast of the new surrounded by the old. The period of change also allows for the phenomenon and the mechanism to reveal some of their historical elements and latent properties. The practicality relates to the author’s access to historical example and data, through his involvement over the years in such cityscapes and for further independence, cityscapes where he was not involved (Railway Precinct and Honeysuckle).

E. Significance of the Research

A new and missing lens is provided by this research, to the existing body of research into the growth of cities through the eyes of the property developer; it will inform researchers, planners and policy makers. The often high level, morphological view of planners and policy makers is balanced by a model which is built from the ground up, revealing the mechanism of property development and its key forces and protagonists.

Similarly in the business and real estate arenas, the current view of property development is extended beyond its commercial, silo styled, transactional, positivist emphasis to a more humanist, mechanistic view that encompasses both political economy and economy.

On this point, the interaction through interview of developer protagonists who were involved in the cityscapes under study, provides a fresh societal view from the practitioner accounts of the mechanism.

The model is seen as a key contribution since not only is David Adam's decree of 2012 addressed substantially, but an under-developed theory base from the early 1990s (Healey 1991,1992) is revisited as a foundation for elaboration of a contemporary model of property development practice. Accordingly, the topic provides a heritage and foundation for further research into this and related fields.

F. Chapter Summaries

The following section briefly describes what each chapter includes and how each contributes to an understanding of the problem being explored. References to 'he' throughout the thesis also refer to 'she'.

Introduction

This chapter introduces the thesis topic and the context of the research and provides a graphical map for the articulation of the model. A brief contextual overview describes the state of both property development and urban growth theories and identifies the gap in the literature relating to the need for a more mechanistic and phenomenological view.

The thesis statement and central research question are outlined, terminologies defined, and an explanation given of the problem related to the study. The model framework and

methodology applied to the study are described and the significance of the research is outlined, followed by a summary of the contents of each chapter in the thesis.

Part A: A Model Supported by Theoretical Analysis & Autoethnography

Chapter 1: The City's Foundations; Land, Lots & Patterns

The thesis commences with a central foundation - the land, its land lots and patterns of land development. The essential historical foundation of the city is described in terms of the dynamics of title, land lots and their commercial derivative, the land parcel. A brief history of human settlement, land lots, title and the genesis of title exchange is elaborated. This is grounded in the law of real property, (McGarry 1975) the history of land and its exchange, (Anderson 1974) and the valuation theory base (Murray 1973) amongst others. The concept of land parcel dynamics is elaborated as the central element of change in these patterns and a seed in metaphoric terms.

The forms and patterns of city growth are reviewed through different theoretical perspectives: Park & Burgess' organic patterns of city growth (1969); Batty's 'sand piles' (1998) based on Pier Bak's theory of self organised criticality (1996); Fankhauser's Sierpinski Carpet (city patterns follow fractal laws and look similar to snow crystals) (2004); Hern's metastases and oncological view (2008).

The chapter introduces a summary theoretical review of theories of city growth supported by a literature mapping exercise, illustrating gaps related to a mechanistic emphasis of property development. The forces described in similar theories by urban theorists have been likened to a growth machine (Molotch 1976) or a machine waiting for a power source (Healey/Hooper) (Healey 1991, p. 232). The growth theory base is introduced and Healey's institutional theory (1992) is established as a foundation element of the proposed model in historical and theoretical terms.

The 'two model' depiction of the property development mechanism is introduced as is the method of elaboration through autoethnography and case study with the key case examples.

Chapter 2: Land Parcel Dynamics

The chapter focuses on the separation of the land lot from the concept of the land parcel. The former is proposed to represent the past whilst the latter presages the future. Herein lies the seed of future change in the growth and resultant future patterns of the city's growth. The concept of land parcel dynamics is explained firstly by tracking the land transition chain through all its stages, trading points and arbitrage nodes. Such dynamics are also explained relative to the other parcels in the cityscape, with their related latent nature and tensions. The role of 'value tension' and arbitrage in the transition of land parcels is explained. Title and entitlement distribution are shown to be central aspects of property development. Growth and decline in cityscapes as they relate to land parcel dynamics are explained.

The theoretical analysis of this concept is elaborated by revisiting Healey's categorical work on 'Models of the Development Process' and 'Institutional Model' (1991, 1992) through a literature mapping exercise. A lack of empirical research since then, is noted. Healey's institutional model and its timeless essential elements are discussed further.

The autoethnographic reflection commences here through 'cityscape vignettes' relevant to these dynamics in case examples: Eastern Creek Business Park and the Gateway on Palmer Project.

Chapter 3: Collective Manifestations

The transformative will of local interests in the form of city visions and actions is elaborated. Local interests, lobbies and creating parties are shown to foster cityscapes and land parcels over long periods through what are termed 'collective manifestations'.

An historical context of collective manifestation is elaborated. The dualist nature of interaction between the transient developer interests, and incumbent local interests is explored in the context of the theories of the dialectic including Hegel, Marx and Engels.

Further autoethnographic vignettes are provided which illustrate collective manifestations in action through 'city led' master planning and seeding in case example, City West Development Corporation (CWDC) in the western CBD of Sydney. The power of the state based development corporation is revealed in the form of CWDC

which had a similar mandate to Honeysuckle Development Corporation (HDC), in Newcastle, a vignette of which is also given due to their similarity. For diversity a vignette of the ‘developer led’ Sydney Airport Centre precinct is given with stimulation by local authority (without a state based development body) and developer seeding. Similarly the Railway Precinct in Townsville is introduced as another ‘developer led’ cityscape which is returned to in detail in Chapter 9.

Chapter 4: Property Developer Dynamics

The transient nature of property developers, and their attraction to the land parcel is elaborated as a key to unlocking the land parcel for development. A review of theories of entrepreneurship using Barreto’s framework (1989) and their relation to property development is provided. The collective action and behaviour of property developers is examined, together with their proclivity for transition nodes in land parcels. Their intellectual and financial capital and related techniques/strategies are also elaborated. Developer practices, their history, vagaries and evolutions are also described in this context. Developer types and natures are examined.

Autoethnographic and historical ‘developer behaviour vignettes’ are provided which reveal the power and nature of key developers: Dusseldorp (Lend Lease), Skase (Qintex), Bond (Bond Corporation), Peterson (Girvan Corp) Wills (CRI), Ray (Ray Group). Their power to influence and precipitate proliferation of buildings is revealed with its impact on cityscapes. The SAC, MLC, Gateway on Palmer and Eastern Creek (Wonderland) case examples are provided to show these powers in action.

Further vignettes include the more institutional public developer bodies of HDC and CWDC and the private developers who acted out the transitions under the stimulus/enticement of the BBC and/or public bodies or authorities.

Chapter 5: Windows of Alignment, Economic Climate, Local Season and Site Habitat

The chapter introduces the concept of windows of operation and alignment. Such a window is opened initially by the action of both collective manifestations and developer attraction to a particular land parcel. The alignment of forces and drivers on the land parcel in such a window are explained as a further precursor to transition of parcels

toward development. Their categorisation into circumstantial and volitional drivers is made. Circumstantial forces and volitional drivers are shown to require alignment for the land parcel to transition. The key influences and conditions for alignment are elaborated: site habitat, seed capital, economic climate and local business season are explained in context with the model.

The Gateway on Palmer project is used as an example of such alignments through a reflection of the inability of the developer to activate the development despite local season and site habitat being in alignment but due to missing vital national market and economic windows. This introduces the concept of seed capital and a ‘conspiracy of circumstances’ that leads to what is termed a ‘transaction chain reaction’ that transitions land parcels into the construction mode.

Chapter 6: Seed Capital

The culmination of prior windows of operation and alignment, the employment of public and then private seed capital is shown to lead to a transaction chain reaction on the pre-commitment node leading to construction of a titled property on the land parcel. This transaction chain reaction and its drivers which are both circumstantial and volitional are likened to Healey/Hooper’s analogy of a ‘machine waiting for a power source’. The analogy is used to explain and ground the mechanistic nature of the property development.

Human actors and forces that drive the growth and changes in the city and their link to the land parcel are explained. Theories of the dialectic and its relation to city growth are discussed. A power source to the machine of property development is revealed. A theoretical analysis of Healey’s institutional model (1992) is used as a footing for the model proposed, and to pay tribute to its enduring institutional elements.

The model is summarised to show its emphasis on singular land parcel dynamics to this point in the dissertation. This provides an introduction to part B which shows the model in action in three cityscapes and with multiple land parcels.

Part B: Case Studies: The Model in Action in Three Australian Cityscapes.

Chapter 7: Introduction to Part B: Case Study and Case Example Substantiation

An introduction to part B supports the basis upon which case examples drawn from autoethnographic reflection and case studies provide a reasoned representation of the model in action. This is based on the use of both Yin's justification of case study as the appropriate method of analysis (2003) for the particular phenomena under study and through Flyvbjerg's framework which provides a method of categorising cases by a more deductive process, aligned to falsification versus generalisation (2006).

The model is strengthened further in this analysis by illustrating the spread of cases across historical time frames (1970s to 2000s), developer types (entrepreneurial to institutional) and sector types (residential, hospitality, retail).

The mechanism is further exemplified in three case studies of cityscapes in Newcastle and Townsville. The Palmer Street Precinct and Railway Precinct in Townsville and The Honeysuckle Precinct, Newcastle. An historical timeline from 1990 to 2010 is created for each cityscape with key catalyst events shown. Comparative land parcel history charts based on the model are depicted, to show the alignment of windows in key land parcels in the cityscape.

This analysis provides a reasoned substantiation and support for the relevance of the model across a diverse sample of Australian cityscapes determined by life path (the Palmer Street precinct and the autoethnographic cases) and independent selection (for Honeysuckle and Railway Precincts).

Chapter 8: An Organic Proliferation: Palmer Street Precinct, Townsville.

The Palmer Street Precinct which was the old port area of Townsville, was the subject of stimulus in 1992 by the national *Building Better Cities Programme* (BBC) and a new local plan in 2003 by Townsville City Council. Proliferations are revealed spasmodically in the period from 1987 to 2002. However major proliferation occurred between 2003 to 2008, when \$500 million worth of developments eventuated prior to the Global Financial Crisis. The case provides a vivid representation of the model in action in several land parcels.

Chapter 9: An Inertial Proliferation: Railway Precinct, Townsville.

The Railway Precinct was part of the old rail yards of Townsville, which were offered to the public for redevelopment in 2003 at the same time that development was beginning to be stimulated in the nearby Palmer Street Precinct. Unlike Palmer Street, this precinct did not proliferate buildings in the period from 2003 to 2008 but provided a contrast to the Palmer Street Precinct and its related volatile proliferations. Falling under the same Council as Palmer Street, but not subject to *Building Better Cities* funding, it involved a local master plan and public tender as a method to promote a new vision and stimulation. The model is tested again in this non-proliferating cityscape, and the alignments studied to explain both the dormant and inertial nature of the cityscape.

Chapter 10: An Empowered Proliferation: Honeysuckle Precinct, Newcastle.

The Honeysuckle Precinct, like Palmer Street was the old historical port area of Newcastle. Like Townsville it was subject to BBC funding in 1992 and proliferations occurred in moderate spasms from 1992 to 2002, then from 2003 to 2008 a major proliferation of buildings occurred. Unlike Palmer Street, the Honeysuckle precinct was taken out of the control of the local city council and a state run development body (The Honeysuckle Development Authority) was created to overview the stimulation of the new precinct. The case study is used to test the model in a different city and under a different authority process. At the end of Chapter 10 findings are provided from Part A, Case Studies that support the Model.

Conclusions and Reflections

The final chapter of the thesis offers concluding remarks and reflects back on the research question and thesis statement. The thesis statement is revisited and substantiated through a summary of the findings from the theoretical analyses, case studies and auto ethnography. Limitations, significance and applicability to other cityscapes are reviewed. Substantiation is therefore provided of the influence of the property development mechanism on the growth of cities and the strength and applicability of the model to other situations.

Part A: A Model Supported by Theoretical Analysis & Autoethnography

Chapter 1: The City's Foundations: Land, Lots & Patterns

The thesis commences with a central foundation - the land, its land lots and patterns of land development. The essential historical foundation of the city is described in terms of the dynamics of title, land lots, and their commercial derivative, the land parcel. The Model is introduced in graphical form which brings together the elements of the 'property development mechanism', and forms the basis for organisation of the ongoing chapters in the thesis. A brief history of human settlement, land lots, title and the genesis of title exchange is elaborated. The literature on both 'the growth of cities' and 'property development theory' is reviewed. The forms and patterns of the city are described by theorists from different disciplines and schools of thought, and the Model placed in context.

The city and its settlement grows at the hands of many, and at the will of certain forces. The city's growth presents itself in many forms and patterns, and all this plays out on a central ancient platform - the land, which has as its constituent unit the land lot, its commercial derivative the 'land parcel', and the title held over these. In this schema, (see Figure 1.1) the land lot is the prime object of title.

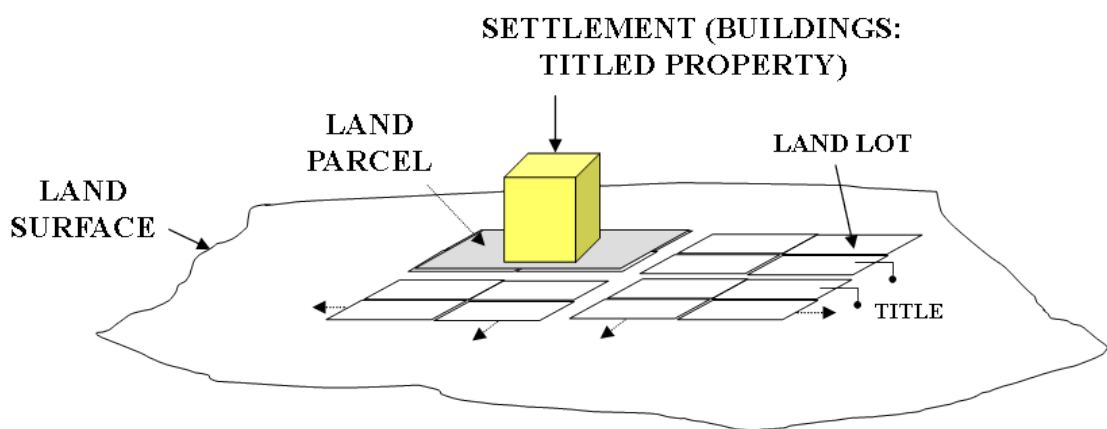


Figure 1.1: Schematic: Land, Lots, Land Parcels and Settlement (Drane 2014)

Therefore the releasing of its title requires the release of the lot also. To *release* a land lot is to transfer its title from one party to another, in order to change the existing lot. The circumstances of transfer and change, for the purpose of trading of land - and not improvement alone - is called property development. The end object is the creation of a 'newly titled property' from the remnants of the original lot.

Additionally, what has already settled on the land lot in physical terms and its associated inertia, is a determination of the propensity for the land lot beneath, to be released for transition, for the purposes of property development. The inertia of what has settled on the individual lot is seen here not just in terms of its physical form and weight, but in its propensity to change, which is related in turn to its relevance to the needs of the lot's owners and the city or its people. The inertia of human settlement of the city is the sum of all these little settlements and their constituent titles. The collective of these in effect forms the constrained physical form of the city. The releasing of the lot lies central to its release in part or full.

The lot however cannot always be acted upon singularly for its release. The collection of such lots for the purposes of transformation and trade are called here 'land parcels', which are the commercial derivative of the land lot. Land parcels are a collective of adjacent lots which allow for trading and development of the original or the remnant lots that they subsume. The release of these lots and their transformation into a land parcel relies also on their relationship to other lots and land parcels, some of which may be nearby within the same cityscape or area, and others in areas within adjacent or related cityscapes. The relationship between these, adjacent, contiguous and related parcels creates what is called here 'value tension' between the relative parcels. If one was to think of the most vibrant area of the city – an active, highly visited shopping precinct for example, and then compare it to an obsolete, brown-field port precinct nearby, then the relative vibrancy is vastly different, given an adequate, consistent definition of vibrancy (refer Figure 1.2). In adjacent precincts of this kind, relative vibrancy creates opportunities for the less vibrant parcels to be transformed or improved, which gives them a relative value, an associated value tension and a potential for development. The value tension of parcels therefore relates to their potential to be developed relative to the surrounding parcels. This concept is central to the ontology of

the property developer, although not as yet described adequately by proponents of property development nor by urban growth theorists.

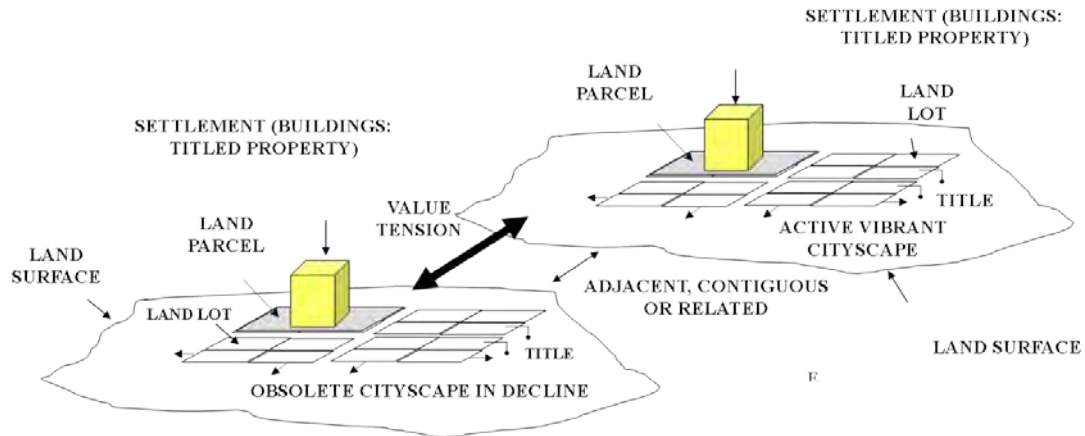


Figure 1.2: Schematic: Value Tension Between Land Parcels and Cityscapes (Drane 2014)

This concept is also pivotal to the understanding of the sudden change in obsolete, non-vibrant city areas which spring to life suddenly, with new and spontaneous built creations and titled properties. The case studies chosen for this thesis are of this nature and for this reason. When a release and associated transition occurs in a land parcel or parcels and its constituent lots, it is marked by a change in potential or real value as well as a propensity for a title distribution, usually toward the creation of more titles (and titled properties) than are currently within the constituent lots and its settled property. There is also the case, that lots and titles in a land parcel are consolidated or formed into one lot, but have achieved improved real value in the process of consolidation. The property development act therefore is in effect at its essence, the re-embodiment of title, for the purpose of incremental increase in value - arbitrage and trading.

It is often assumed that the releasing of title lies logically in the hands of the land owner, however the release relies substantially upon other hands and other forces. The hands and forces act in windows over time, to effect transitions for the purpose of property development. The windows capture alignments of such hands and forces, which facilitate the transitions like a mechanism. For clarity, a mechanism as distinct from a process, involves a series of independent but related elements, that coincide and connect at key points as part of a machine. An essential property of a mechanism is that

it has no self determinism (Hegel 2010, p. 651) as distinct from a teleology. In defining teleology:

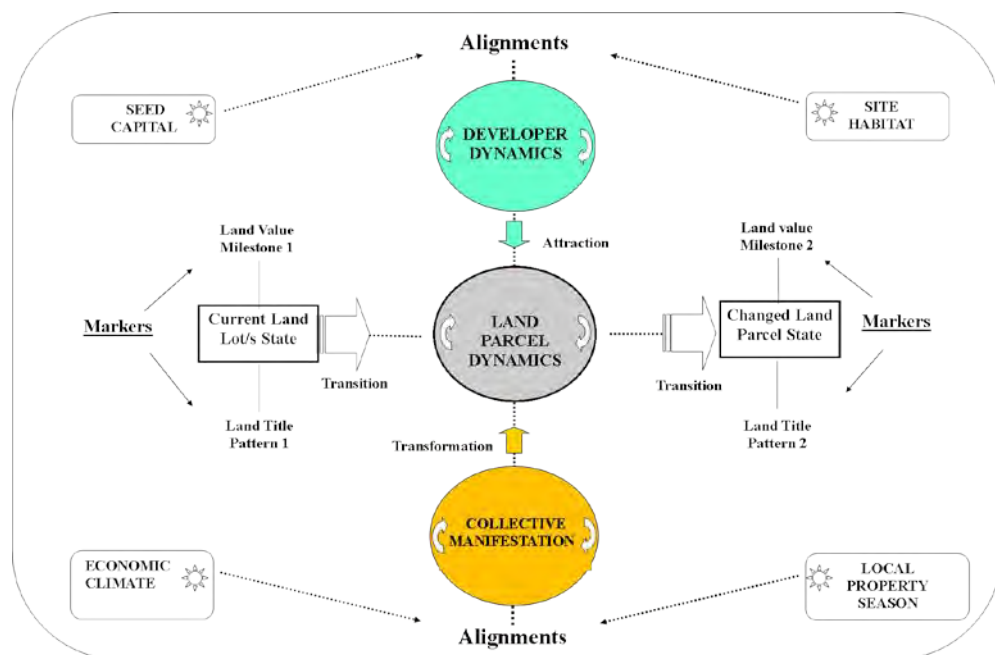
where there is the perception of a *purposiveness*, an *intelligence* is assumed as its author; required for purpose is thus the concept's own free concrete existence. *Teleology* is above all contrasted with *mechanism*, in which the determinateness posited in the object, being external, is one that gives no sign of self determination.

(Hegel 2010, p. 651) (first edition 1812 to 1833)

The use of Hegel's definition relates to a central philosophical conflict in theories of the city, which have gone beyond the fact that cities need humans in order to grow and change. To set an initial precept for this thesis and its propositions - if there were no humans then the city would be a dead shell, a remnant of prior accommodations and occupations. This thought however has its complexities, for whilst humans exist in the city, it is indisputable that they are a cause of growth and change, however their collective manifestations are complex, greater than the individual, and manifest in patterns that may mimic other even human natures. It is in these latter phenomena that the idea of the city's own teleological nature lies. Recognising these contradictions in the theory, the thesis has as one of its foundations, the theoretical discussion of the nature of this 'collective manifestation'. It draws upon Hegel's dialectic and its derivative in the 'materialist conception of history' of Marx and Engels. The 'materialist conception of history' has been disputed for its essentially contiguous form of development of history, founded on the natural human drive which conflicts with social relations, and their forms (of production) (Marx 1976) . This is relevant to the time-lapse foundations of the thesis, and the historical constituents of the land parcel. (The notion of 'collective manifestations' is covered specifically in Chapter 3).

It is proposed that there is a conductor or gatekeeper of these transitions in the form of the property developer, who in many guises empowers the release of titles in a land parcel for development. In other words the developer is in many cases a series of developers who, over time periods, hold part of the 'combination to the safe', and 'pass the parcel' from one to another, depending on their own strategies, opportunities and resources. Both this plurality, and the other essential ingredient, seed capital, are required. When the mechanism is aligned and the seed capital available, a transition is able to occur.

The gatekeeper, is sometimes powerless without the alignment of both economic and social forces, as well as the influence of local interests and authorities. For this reason, apparent sudden recent growth, has its roots in the long history of the land parcels and in the cityscape's own history. It is a phenomenon which lies dormant or as described by Hooper as a "machine waiting for a power source", (Healey 1991, p. 232). The land parcels within the cityscape do not all spring to life at once. They in effect lie 'fallow', in waiting alongside the newly spawned buildings, for the next wave to be activated together with the incumbent property developer. Leaving the city in waiting for its new creation, and possibly the market in whatever has been created, in over or under supply. The latter demonstrates the inefficiencies of the mechanism, and how indeed it influences the growth of our cities. The imbalances are also reflective of the participants' own human nature.



Model 1: Land Parcel Transition Model



Model 2: Land Transition Chain

Figure 1.3: A Model of The Property Development Mechanism (Drane 2012)

To illustrate this, Figure 1.3 underpins the descriptions and constructions throughout the thesis showing two models that interact with each other; Model 1 empowers the transition of the land parcel, Model 2 explains the land transition states. The overall property development mechanism is described by the two models in action together

Acting on the land parcel in its own orbit, is the transient developer with his dynamics rotating in his own system. Shown vertically below the land parcel is the transformational element of collective manifestations of incumbent interests. These are shown to operate in their own sphere and with their own dynamics. The three elements all rotate in their own worlds of influence, within a sphere of economic, commercial, social and political factors. They operate in alignments and windows of opportunity, to allow the three elements to coincide and work toward a transition in the land parcel. The transition of the land parcel is represented by two markers, land value change and title pattern change either real or potential. This graphical representation forms one basis for the organisation of subsequent chapters of the thesis.

Another point of organisation lies in the central tenets of the thesis. The Model is proposed firstly to be sourced from the notion of practice, not pure theory. It is drawn from the experience of the author, as well as the inspiration of Karl Marx's 'concept of practice' or praxis (Engels 1888, p. 32). Praxis is the theoretical construct of what is actually happening in practice, a concept itself which inspires the work as it did with Marx, an 'idea in the real' (McLellan 1974, p. 6). The approach is seen as revisionist to existing urban growth theories, but also to the developer viewpoint with its concentration on, and continuous return to, the common denominator of property and property development - the 'lot'. The reasons for this are firstly based on logic, for how are urban theorists to understand a city, if they have perhaps overlooked the importance and central properties of its central unit? A unit that holds the key to the binding, dissolution, release and transfer of rights to the land. This however only describes ownership tendencies and potentials, and not its proclivity to cluster (and be collected) with adjacent lots into the land parcel. The latter is the more recognised form of receipt of land in a development project, which often goes un-noticed despite its deep history. It is in history and the relationship between the lots that sit beneath the building project, where the ability to create the new building lies. A building will suddenly rise on such a parcel and be gazed at for its scale, its grandeur (or the lack of both) and so much of the

literature takes this brief moment as the act of development. In truth however, there have been layers and layers of events, which if viewed are like the time-lapsed opening of a flower, petal-by-petal.

This thesis focuses upon the lot, its chronological history and that history's place in the property development act. Within that history lies also another reason for this ontology - in the fact that the land parcel also holds what is metaphorically described as the DNA for its creative development and that of adjacent lots, parcels and cityscapes. The land lot holds the key to the spasmodic proliferation of buildings in cityscapes, and the patterns of their development. Another reason for this focus is that the study and urban growth theory begin predominantly in the ontologies of the morphology and the map, and not the land parcel. This grand statement will become even grander by suggesting that this view is littered with the use of artefact to explain agency, and not the opposite. The opposite is in fact a centrepiece of this thesis. It will be shown that like the tools of tribal eras, the land lot and human agency are the essential ingredients of any land development. All resultant physical structures, artefacts and their forms, patterns and collective manifestations are shown to lie in this view and these two essential ingredients. Amongst these morphologies it is shown through literature mapping of urban growth theories, that artefact often informs agency - almost in an archaeological if not forensic sense. The literature of course also holds extensive use of the opposite - the study of agent to inform artefact.

The study of the land lot is a primary focus in connection with the forces of growth and change, eventually manifesting in changes to the city, through the change of the underlying land lot and parcels. Rather than the traditional view of the manifestation of these forces into patterns and schemes in a macro sense, the enormity of such forces is shown to be concentrated in windows and transmitted into the change of land parcels. The machine and the power source are brought to life. This aspect of such forces is described in the Model as not only macro and institutional forces, but their transmission into local interests, which then transmit them into land parcels.

The articulation of this thesis takes these reasons as an organisation flow for subsequent chapters of the thesis.

In the first instance however, the emphasis on the land lot itself deserves prime, initial coverage, through a fundamental understanding of the history of the lot, related to its rights and transferability - two factors that underwrite the notion of property development. A brief history is provided of the constituent elements of settled land - the lot and land title, from its nomadic beginnings, to its exchange as a contemporary commodity in private hands.

The land parcel sets the stage for the lots to become commercialised and unlocked, and to precipitate 'the embodiment of title'. The lots are in effect embodied or re-embodied with titled property.

1.1 The History of the Lot and Its Tradability

This land is mine, all the way to the old fence line (Squatter)

This land is me, rock, water, animal tree (Indigenous Man)

This Land is Mine- from One Night The Moon by
Paul Kelly and Kevin Carmody.

The genesis of the city lies in the act of settlement. The genesis of settlement is title. The genesis of title is entitlement (to a land lot). Before the first (agricultural) seed was planted, lands were roamed and territories formed with indistinct nomadic boundaries, created through tribal adherence to, and protection of home lands. The scale of such territories was determined by seasonal hunting and gathering as well as spiritual and material boundaries. 10,000 years ago, people started to produce their own food and rear animals for food and to assist in survival. "They also organised permanent settlements near their places of work, and these became the first villages" (Leakey 1994, p. 59). This became known as the Neolithic or new stone age. "For many people it lasted right up until their first encounter with Europeans" (Leakey 1994, p. 59). Around 5,000 years ago " food producers were persuaded or forced to produce a surplus so as to support a population of specialists such as craftsmen, merchants, soldiers and priests who lived in a more complex settlement, the city" (Leakey 1994, p. 59).

It is a strange irony that such a simple botanical act would be the genesis of our cities. In this way, the foundation of the settlement of the city across the planet was 'entitlement' and its consequent, enforceable form, title.

Title in the modern sense is a system of enforceable recognition of a person's right over a material object. By 'material' it is clear that title does not extend, for example, to a right of ownership of one human being over another. The title over material objects was played out and protected by human nature in inherent, early trading behaviours and patterns, and such 'moveable objects' remain an essential foundation of modern property and title law. To quote, "Nature has provided one division of property, namely into immovables such as land and movables; the English division into real and personal property is similar..." (Megarry & Wade 1966, p. 10). In this quote the term 'real property' relates to land as an immovable object. The term 'realty' is derived from 'real property' from the Latin term 'res' or object. Moveable objects similarly were called 'personal-ty'. In turn, in the defining of realty and personalty, land could only be recovered (not compensated for) if stolen; personalty, if stolen, could be compensated.

Such a deep and historical sense of commercial tradability of title around moveable objects did not historically extend to title over land, through either ancient or modern history. This was in effect because land was and is essentially immovable. This immovability was a central theme in the emergence of the law of the land, since historically, exchange of land was made through seizure and invasion. To bring light to this, Anderson notes in *Lineages of the Absolutist State* that

land is nationally immobile, and nobles had to travel to take possession of it. A given barony or dynasty could typically transfer its residence from one end of the continent to the other without dislocation ... for public territories formed a continuum with private estates, and their classical means of acquisition was force, invariably decked out in claims of religious or genealogical legitimacy

(1974, p. 32).

The history of title in the English and Australian context starts with the Norman Conquest (1066) where all the land in England was seized and declared to be owned by the Crown - William the Conqueror. Two central principles applied - "Nulle terre sans seigneur" or 'no land without a lord' and, no land was allodial, owned by a subject. The feudal structure that ensued rewarded his followers and submitters with allocations of land with the king as 'overlord'. In return, the follower provided services to the Crown -

that 'he did homage and swore fealty'. This might include anything from providing armed horsemen or supporting the King's train in his coronation. The feudal system was progressively changed over the centuries. Major milestones included the formation of common law (14th century), the growth of equity, the statute of uses, the hereditary rights of family (up to the 16th century) and then the 'Acts of 1925' which consolidated a number of acts and modernised the law of property (Megarry & Wade 1966, p. 9,10). Along the way rent in lieu of labour dues (Anderson 1974, p. 34), and leases were introduced along with the introduction of seisin 'an intermediate conception between Latin "property and possession" which guaranteed a protected ownership against casual appropriations...' (Anderson 1974, p. 25). In England the key mechanism for urban land development by the landed classes through the ninety-nine year lease (and associated subdivision) was only introduced in 1840 (Scott 1996, p. 11) and the sale of such land was often prohibited by elaborate statutes (p. 12).

The concept of freehold title and then tradability of title over land by individuals (a central tenet of this thesis), was not even a remote consideration in the sovereign realm of antiquity. The end of the absolutist nation and the rise of the early modern nation state however is seen to presage the 'transition from conditional to absolute private property in land (which) occurred early in the Renaissance' (Sheehan 2013, p. 5); (Anderson 1974, p. 424). Further; '..also emerged the early modern market for such rights between the 16th and 18th centuries' (Sheehan 2013, p. 6).

The feudal system of service to the King, in exchange for use of the land created the earliest forms of land entitlement under the sovereign system. Interestingly such a system endured and was only simplified fully in the legal sense in 1925 (Megarry & Wade 1966, p. 39) which gave rise to the emergence of freehold title. It is one thing to have entitlement to land through such arrangements but the advent of individual private title was not to arise until this time. Title in land lots was however still not able to be traded in a commercial sense by commoners until the establishment of fee simple. In the absence of such trade, the title over land is based on a hereditary system wherein the land is handed down to the next generation. All land still held by the Crown and those who hold freehold are to this day called tenants in common, or joint tenants as a remnant of the feudal system (p. 39).

With the rise of the new colonies and the imperial invasion of the new world, this system was transferred to the new lands but not without its problems. The new lands, and in particular Australia were not “Terra Nullius” but already occupied by an extant civilisation whose sense of ownership of the land, though completely different to that of Europeans, was established in a deep cultural and spiritual tradition.

Title and The New Settlement in Australia

The free settlements arising from the colonial era tested the boundaries of the title system over land. In the early Australian settlements, the British title system was brought across to the new lands. The feudal origins of the system were the same however:

Land law in Australia had to respond to the vast spaces and a less structured social system. The social function of land changed. Instead of a stable asset tied up within families for generations, it became a commodity the worth of which was the income it could produce.

(Bradbrook 2011, p. 3,4)

The laws were initially applied to the settlements around penal colonies (Bradbrook 2011). The rural lands had become the contentious subject of squatters and then later Crown Leases. The modern Torrens Title system was formed in 1858 in South Australia (Bradbrook 2011, p.10). The Torrens system responded to the needs of the new colony and was based on the registration of interest in land:

it is a system of title by registration not registration of title

The unfriendly onlooker can dismiss the Torrens system as being interested in the transfer of interests in land, rather than the nature of interests in land

(Bradbrook 2011, p. 5).

Bradbrook goes on to suggest in this light, that the Torrens system was more related to conveyancing (or the transfer of title) than the real property itself. Of interest here is that the early genesis of the ‘exchangeable title’ played out in the emerging new penal colony throughout the 19th century, while England was still tied down in the ninety-nine year lease as the instrument for urban development.

As land was released in Australia prior and after the freehold Torrens title system, speculative activity occurred. So much so that ‘land speculation continued as a feature

of Australian land dealings; land booms were the precursors of the busts of the 1890's and 1920's' (Megarry & Wade 1966, p. 10). Similarly Sandercock opens her book on the history of land dealings in Australia, *The Land Racket* with:

This is a book about land speculation and land scandals, practices that have been so widespread in Australian society since the early nineteenth century that they deserve to be dubbed 'The National Hobby'.

(1979, p. xi)

Even in the earlier settlement period, the free settlers were brought onto the land, and prior to Torrens title, as was witnessed by the releases of land in South Australia guided by the theories of Edward Wakefield based on 'substantial prices'...'This system failed in part because land speculation led to fraudulent dealings which exploited the cumbersome English process of land transfer' (Bradbrook 2011, p. 10).

All of this in Australia's case, played out in a land which to the new settlers was supposedly, legally uninhabited. The notion of Terra Nullius and the advent of native title in this country, sorely tested the parameters of the traditional European concept of ownership of land. The world of nomadic interest in land prior to European settlement bears powerful witness to the inertial nature of European human settlement since. To bring this to life:

In indigenous ontology there was no clear distinction between persons and things such that underpins western notions of property. Relations to the sentient landscape...were consubstantial, and distinctions between subjects and objects were limited, while relations between people, people and places and people and species were paramount

(Sheehan 2013, p. 2)

The relationship between land and humans and the latter's hold on the former, is empowered intrinsically by the acts and laws of human settlement and title. The gravity of this is seen in the pervasiveness of our creations of the artefacts of settlement. Construction is in the first instance the defiance of inertia and then after the event, the reformation of inertia in new settlement. Our act of human settlement has as its key property, matter and its associated gravities and inertias. The common denominator is the land lot; land lots amalgamate in land parcels. Land parcels empower development, which catalyses growth in cities.

To distinguish between land in its static ownership and in its transfer, two components in law were created – ‘real property’ and ‘conveyancing’ which underpin property development.

To quote:

in general it can be said that the former is static, the latter dynamic; real property deals with the rights and liabilities of landowners, conveyancing with the art of creating and transferring rights in land

(Megarry 1975, p. 2)

In the modern context the land parcel is the commercial vehicle upon which developments are devised and created.

Lots and Land Parcels

The lot in its ancient form as a fenced boundary surrounding a small village, or in its contemporary form as a registered geometrical allocation drawn invisibly on the land, is protected and enforced by the Crown and the laws of the land. From the vast indeterminate lot of the ancient nomads, to the contemporary quarter acre block, the essential ingredients remain. In the history of this however, the geometry always relates to past requirements which are sorely tested by the new geometries of the modern city. The nomadic boundary gives way to the farm boundary. The farm boundary gives way to the business park. The geometries and patterns reform on the earth’s surface, driven by contemporary need but constrained by the history and gravity of the prior lot usage. The history of the land parcel is therefore, founded in emerging settlements, and tradability.

Any lot has an inertia to change, only unlocked when opportunity arises. Then it is rare that it remains intact - more likely, is its eventual amalgamation or consolidation. New lots are combined and consolidated to form a new pattern based on commercial criteria. For example, the old port pattern changed to a residential pattern, the inner city terrace lots combined to form a mixed development. These constituents provide the latent energy to drive exchanges of title and fuel the act and mechanisms of property development. Therefore, at the essence of our dealings and relationship with land as human settlers, is our title over it.

Beneath every democratic freehold city and countryside, lies a perceived entitlement to create structures, avenues or squares parkland, and farms - whether 'by Crown or 'commoner'. This silent, complex, invisible foundation goes mostly unnoticed, and even less publically (and often professionally) understood, and yet without it citizens are not entitled to gain access to land, or the right to engage with it, or change it. For property developers who are key actors in the way cities are transformed, it is also important.

This history of title does not stand alone, since one of the central tenets of the thesis is to elucidate the resistance of a cityscape to change; therefore settlement, its inertia, title and entitlement are shown in their essential form. They are illustrated as inertial forces in our understanding of the catalytic changes that occur in cityscapes. When latent energy is released it can do so with dramatic force; such is the mechanistic nature of property development.

There is more however to this aspect than such inertias. The depiction of the essence of title serves also to found the notion of title in singular lots as a stage for the further understanding of the complexities of a collection of such lots in the form of a land parcel. Each of which have their own individual proclivities to change, but with time and due to circumstance, together form the platform for a new development. Before this however it is essential to relate the lowest common denominators, the land lot and the land parcel in the micro sense, to the macro patterns that constitute (and guide) city growth and development. Here it is contended that much of planning endeavours are related to the creation of street and zoning patterns based on morphological principles. The drawing of zoning patterns on the land may have no relevance to the ambient value tensions in a precinct or cityscape. The establishment of street and subdivision patterns by land surveyors, without any possible prescience for the indiscriminate forces of change, will test these patterns to their limits over time. To quote Sandercock in 1979, 'plans drawn up by metropolitan planning authorities, indicating the directions of future growth of the cities have been used by speculators as form guides' (1979, p.xii).

These planned patterns are indeed fragile structures, almost crystalline in nature. Here, the nature of these structures are proposed to be based on a non-resilient historical philosophy of land that provides little prediction for the wildly convergent forms of lot

and land parcel that are demanded by an untold future (at the supposed hands of the developer).

For a sense of polarity to the land parcel, and to show the emphasis on morphological explanations in the literature, the physical manifestations of the city are explored, and their various forms and patterns seen through the eyes of contemporary theorists. The theory base on city growth is surveyed and analysed, using literature mapping (Hart 2005). The survey and analysis distils the theories into distinct lenses based on agency and artefact, and reveals what is missing, related to concepts of property development theory and practice.

1.2 The City's Forms and Patterns: Coral, Crystals and Octopi

This Octopus of London, polypus rather, is something curious exceedingly, a vast irregular growth without previous parallel in the world of life - perhaps likeliest to the spreadings of a great coral reef. Like this, it has a stony skeleton, and living polypes- call it, then, "a man reef" if you will.

(Geddes 1998, p. 26) (First Published 1915)

The city grows and changes, spreading itself across plains and hills, lining rivers, spilling into coves and harbours, forming ports and docks and anchorages, which after decades, die like old branches on a tree. Left desolate and unused, once vibrant cityscapes become patiently ready for the onslaught of the next era; the new apartment block, the brown field gentrification, the festival market place, the harbour city - the new seeds and green shoots of the future city and its imaginings. The city sits silently, as if in a time lapse, until something happens. A new force of change which brings it to life. This thesis documents such forces of change including a dynamic and circumstantial mechanism of city growth which is termed here 'the property development mechanism'.

Dealing with the city first it could be seen that the city has a life of its own, a spirit or a force, that becomes greater than the individuals who are its citizens. A 'teleology' it is said - an object which has a force of self-determination, defying human logic. Historically, some have supported this notion and many have reviled it since. Those who have opposed teleology suggest that cities, put simply, are the function of the actions of humans. Those who support teleology are intrigued by the built patterns of

the city, manifested in forms that mirror natural phenomena. The literature on these two modalities is extensive, and extends to theories of the city that liken its growth patterns to those of elements in science and nature; Geddes and his agricultural and organic metaphors (wefts and weaves) (1915); Park and Burgess with their organic patterns (1969); Batty's sand piles (1998); Fankhauser's Sierpinski Carpet / snow crystals (2004); Hern's metastases (2008); Conzen's urban morphology (Whitehand 2001); (Conzen 1960) and Dawkins extended phenotype (Dawkins 1982) (is city-making in our wiring?) (Kropf 2001).

The other modality simply sees the growth and creation of the city as a function of human action. The patterns and artefacts of these creations are not themselves a force, but an indicator of how the artefact of these human actions present themselves. Examples include Beauregard's textures of property markets, (2005); Schiller's dynamics of property location, (2001); Ball's structures of provision, (1986); Molotch's growth machine, (1976) and Form's social congeries (1954).

In between these notions of human action and its resultant artefact, lies the work of Henry Lefebvre with his spatial dialectics (Shields 1999), which suggest that the artefacts of our creation have a symbolic power over us to inspire us to re-create other artefacts of a similar, revisionist or transcendent nature. Born also of the dialectic of Hegel (Hegel 2010) (published originally in 1812 to 1842) and then Marx (Marx 1976) (published originally in 1845 to 1846), this other view of the city; (the relationships and power artefacts have over agents) has helped shape our understanding of not only our role in making cities, but the power the city's symbols have over us. The dialectic is born of the notion of thesis, antithesis and synthesis, taken to be originally related to human argument, but extended in the case of Marx to the notion of the materialist conception of history (later called dialectic or historical materialism). Capitalism, its relations of production and resultant human subjects interact in social, economic and political contexts, causing each to interact and change the other.

In terms of this theory and the creation of the city, in effect a series of propositions and counter propositions render an eventual further revisionist mix. Social theorist Anthony Giddens has taken this notion further into an understanding of the complex forces of institutional behaviour in the nation state, placed in a spatial and temporal context. The city and its artefacts become the 'storage' cell of our human knowledge - with the city

being used to extend power over territories through ‘distanciation’. The institution within the nation state provides the engine room, with its complex dualist interactions between structures created by people and people’s reaction to it - structuration (Giddens 1981, 1984). Harvey adds to this a complex overlay with his ‘historical geography’ and the unfolding of capitalist theory as an overlay of urban theory, providing an understanding of the nature of consumption and production landscapes across our cities (Harvey 1985).

This thesis is written within the contemporary context, in the settings of our times and is related to the theories of the city and its growth, urban growth theory. It is suggested that it departs by asking a simple question, suggesting that a link is missing in such urban theory, a central and substantial mechanism of city growth. The question is: at whose hands and by what forces does a city grow?

Implicit in this apparently simple question lie the seeds of two great areas of enquiry: first the growth of the city in all its forms, and second the cause of this growth at the hands of humans. Behind these, and at a more intrinsic level are the notions of human agency, artefact and the relationships between them. The question also allows for the explanation of both human agency and forces that seem higher than, or result from, human agency (in the teleological sense).

Theories of the city require understanding first by illustrating the various ontologies, and then in more analytical terms, by categorising them by the views of their predilection toward agency or artefact and then how they believe that these interact. Using a literature mapping exercise based on principles demonstrated by Hart (2005), a distillation is employed based on the simple premise of human action and the result of human action, the artefact. Hart’s literature mapping technique places texts and their themes on a two dimensional plane using graphic representations (of the texts/themes) in the form of boxes or circles and then the relationships between, using lines and arrows. Quadrants and sectors are also shown to categorise or separate similar theories from others based on certain criteria.

It will in general terms be shown that there is a tendency in the planning and urban literature toward the study and explanation of artefact, and a morphological emphasis based on what in many cases appears to be an animist predilection. The logic of this

distillation (human action and artefact) is to illustrate the prevailing ontologies around these states. In this the mapping process polarises views graphically in the first instance, however there is another agenda in this enquiry as well, around a simple concept, that in some cases the ontology extends beyond human action and artefact to forces that involve both, and are seen to form a 'mechanism' as earlier defined. The mapping exercise also distils and illustrates the paucity of theory of a mechanistic nature.

The relevance to this filtration is that the thesis proposes that the city is reliant on a timeless mechanism, bringing growth in spasms and waves over time, and through the collective action of many hands with no essential connection to each other, within a particular time, only a fragment of the overall period of its enactment.

The theories of the city, it is proposed, have in some ways passed over the common denominators, leaning toward the map rather than the land lot and its micro-dynamics, seeking macro solutions and protocols to human problems. .

Schools of Thought

The study and explanation of the nature, patterns and theories of city growth is as rich and varied as the topic itself. Theorists from many disciplines have viewed it through their various lenses - the geographer, the town planner, the social theorist, the political economist, the economist, the morphologist, the biological scientist.

Geddes brought a spirituality to the city through the use of organic metaphors to describe its growth, manifestations and interplays between humans and its own active forms:

Not a building of his [sic] city but is sounding as with innumerable looms, each with its manifold warp of circumstance, its changing weft of life. The patterns here seem simple, there intricate, often mazy beyond our unravelling, and wellnigh are changing, even day by day, as we watch. Nay these very webs are themselves anew caught up to serve as threads again, within new and vaster combinations. Yet within this labyrinthine civicomplex (sic) there are no mere spectators. Blind or seeing, inventive or unthinking, joyous or unwilling-each has still to weave in, ill or well, and for worse if not for better, the whole thread of his life.

(Geddes 1915, p. 2)

The Chicago School had a wide following until it was revealed to be teleological and self deterministic. Although by logic it is not possible for an inanimate object to have a desire or force of its own, some elements of this school of thought may have value in

the consideration of the forms of the city, as there is an interesting tendency for its physical form to mirror aspects of science and nature.

Another metaphor is found in the works of Bak and his theory of 'self organised criticality', best explained by the metaphor of the sand pile, which suggests that complex processes operate on simple rules, a sand pile thus forming its own shape as sand is piled upon it. Through his study of Buffalo, using property tax data dating to 1773, Batty (1998) views the changes in the town as it emerges from frontier to agricultural and then 'car city', from the point of view of 'critical threshold', drawing on Bak's model by describing Buffalo's maintenance of 'its critical threshold' over the period. He brings an understanding of the physical state of 'space growth' and 'space filling' using a scientific model based on a naturalist's metaphor.

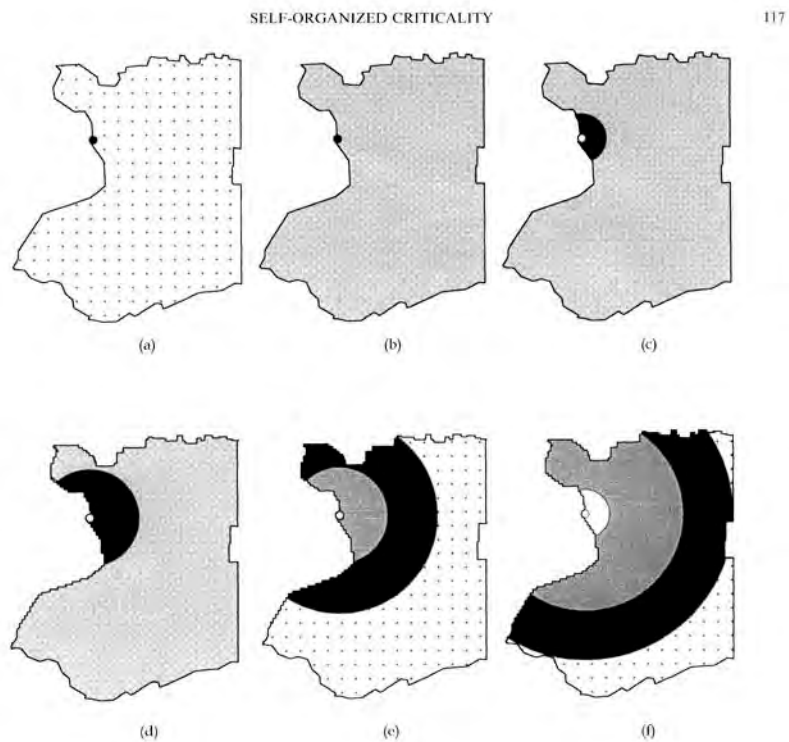


Figure 1.4: Self organised criticality in urban growth of Buffalo (Batty 1998)

Similarly in his study of Berlin over a period of 35 years from 1910 to 1945, Schweitzer found that ‘the growth of large urban aggregates (megacities) is analogous to the development of self-organised structures in physics’ (1998, p. 69). Batty’s circular forms resemble Park and Burgess’s concentric rings (Park & Burgess 1969).

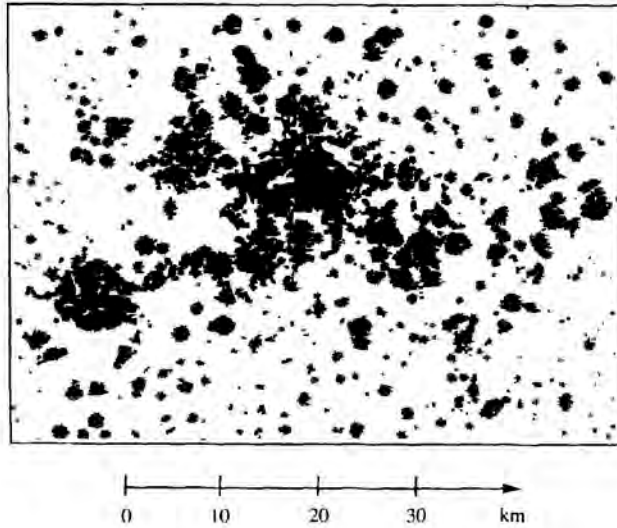


Figure 1.5: Urban clusters are likened to self organised structures in physics (Schweitzer 1998)

Fankhauser’s ‘Sierpinski Carpet’ or ‘snowflake’ model, based on the ‘fractal dimension’ reflected a geometric model of space filling and space expansion, using simple shapes, which in aggregate explain large and complex amorphous masses like cities (viewed from the air).

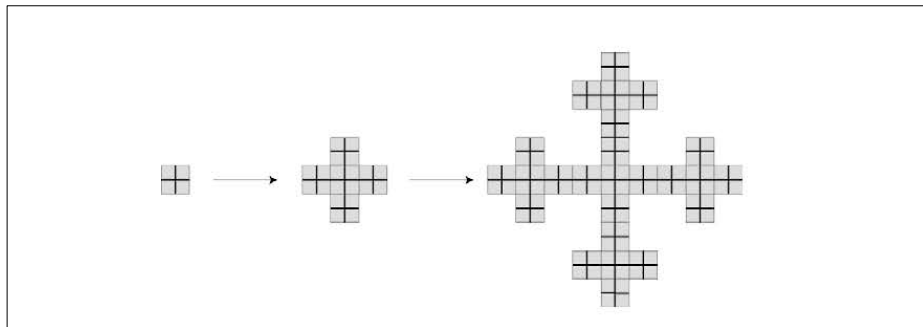


Figure 1.6: Sierpinski carpet- a fractal geometry related to street organisation (Frankhauser 2004)

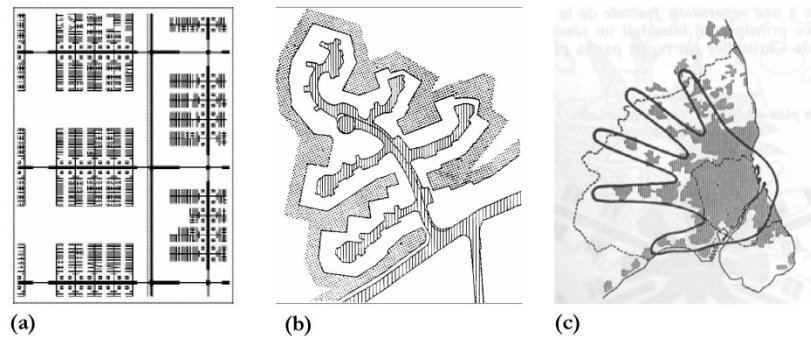


Figure 1.7: The Sierpinski carpet and patterns in street grids (Frankhauser 2004)

Fankhauser's 'Sierpinski Carpet' emulates the way cities grow in blocks along roads. The model, which visually shows the way space both fills and expands along constrained geometric corridors, brings a clearer understanding to the complexity of the city, and the action of its individual physical elements (2004). Fankhauser's work is embodied in an extensive study of 15 European metropolitan areas across France, Germany, Belgium, Switzerland and Italy (2003).

This rich comparison of the 'fractal model' across many different cities showed the consistency of the model. The model itself also reflects crystal and snowflake patterns, also fractal in nature.

The German Aerospace Centre uses 'multi-temporal remote sensing' satellite observation, to obtain highly detailed images of our cities, and then uses "object oriented classification methodologies for automatic detection of urbanized areas". Taubenbock & Roth use this technology together with a method which allows the detection of 'temporal and spatial urban sprawl, densification processes, and urban development at city level'. Studying images of Moscow and Turkey over three decades, they used this process to 'clarify' and 'filter' the key features of each city, and their changes with associated comparisons (Taubenbock & Roth 2009, p.1).

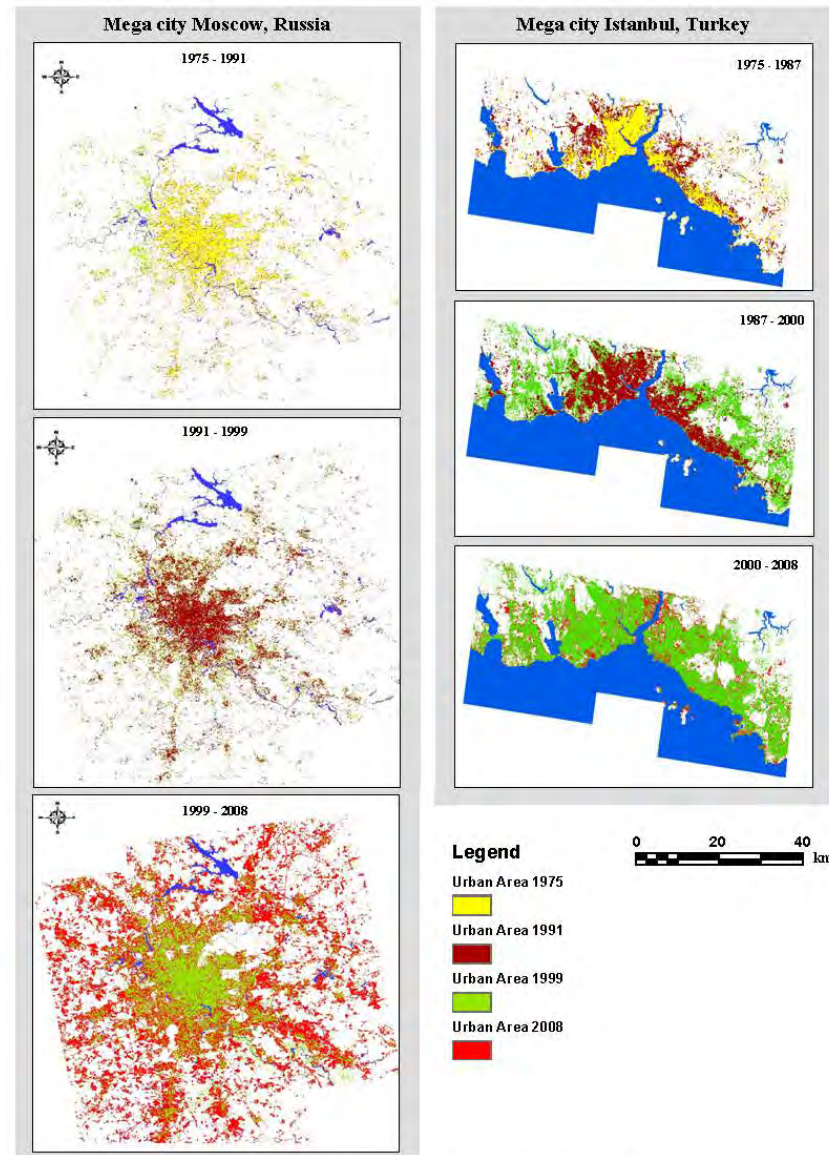


Fig. 2. Change detections of the European mega cities Moscow, Russia and Istanbul, Turkey

Figure 1.8: Satellite Imaging Moscow and Russia, Used to Define City Structure related to object orientation (Taubenbock and Roth 2009)

The earliest observers of the phenomenon of the city as an amorphous complex mass, arose in the late 1800s with the works of Schluter in 1899, where he defined the ‘ground plan of towns’ and ‘aspects of settlement geography’ (Whitehand 2001, p. 103). The more recognized founder of town planning principles M.R.G Conzen, arose in the 1930s, and started the Conzenian school of thought, which formed the foundation for the discipline of ‘urban morphology’, the study of the changing face of cities.

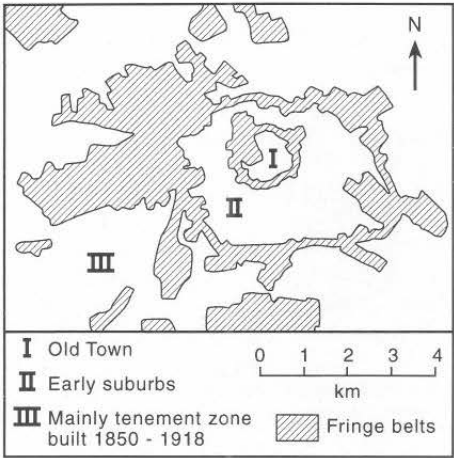


Figure 2. The fringe belts of inner Berlin, c. 1936. Based upon Louis, *op. cit.*, End-map 1 (note 11).

Figure 1.9: Town patterns based on fringe belt and morphological zones (Whitehand 2001)

Conzen in his study of a mediaeval township, introduced the idea of ‘morphological elements’ that explained the division of the city and its components, linked to individual action through the introduction of the ‘morphological region’, ‘the fringe belt’ and ‘the burgage cycle’. These ideas were consistent with the ideas of space filling and space expansion through outer regions (Whitehand 2001, p. 103-106; Conzen 1960).

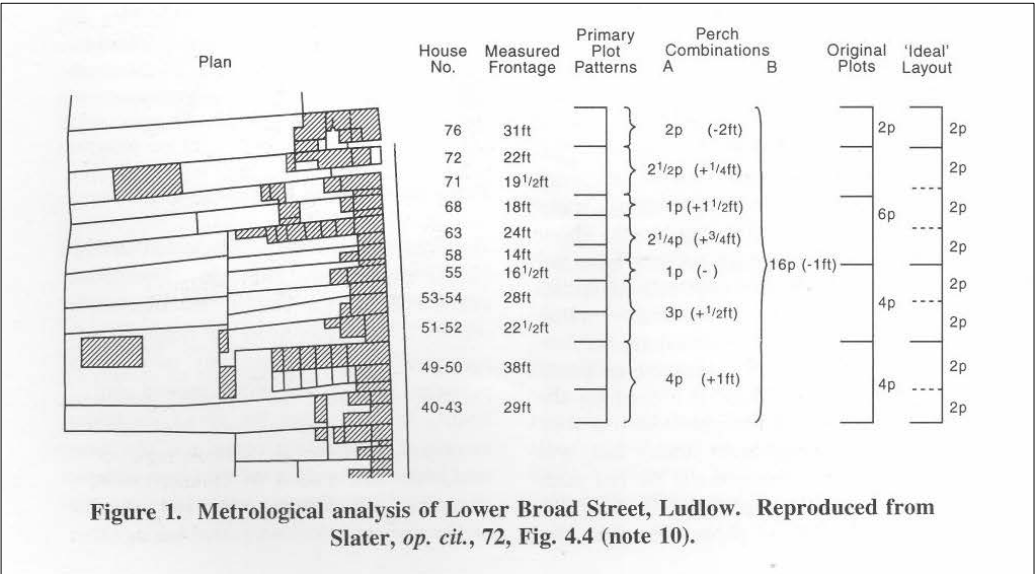


Figure 1. Metrological analysis of Lower Broad Street, Ludlow. Reproduced from Slater, *op. cit.*, 72, Fig. 4.4 (note 10).

Figure 1.10: Land lot configurations (Whitehand 2001)

Included in Whitehand's article is an early representation of street patterns based on a metrological analysis as shown below. This brings to life the nature and configuration patterns of land lots, the constituent element of the dynamics of city growth.

The human population of the city in organic terms, has also been seen as the 'soft inner organism' (of the city), whilst the built environment is the 'exoskeleton', shell or remnant that is created as a result of their needs. This 'organic' view pervades the literature, the most notable foundation being Dawkin's 'extended phenotype', which proposes that creatures of nature, like birds and beavers, create nests and dams, as part of their genetic make-up or code. From this, Kropf entertains that cities, might by this proposition, be a product of the 'genetic code' of their associated species, mankind (Kropf 2001, p. 38)

Kropf also comments on the extensive history of organic metaphors, but notes the tendency to 'conceptualise the development of architectural styles in terms of a "life cycle", where early, high and late styles, relate to growth, maturity and decay' (2001, p. 30).

Although compelling, these organic and scientific metaphors still cannot justify the teleological notion, and instead provide an 'artefactual' view of other human and related actions, which contribute to the creation of these great structures and representations.

To bring some sense to the myriad of urban growth theories and in light of the theoretical propositions herein, the author has mapped such theories based on a prevalence toward human action or artefact as causal in the growth of cities. This however only deals with the aspect of city growth theory which underpins one half of the thesis (the thesis includes both the property development mechanism and its influence on the growth of cities). Dealing with the development mechanism itself, and its associated literatures, in another study, the author (Drane 2012) mapped the literature on the 'models of the development process' from 1954 to 2012. It was found that although there had been substantial study of this topic up until Healey's articles in 1991 and 1992 (1991, 1992) that there had been little study of the same since. This is covered in more detail in chapter 2, Land Parcel Dynamics.

Amongst the grandeur and complexity of all of these schools of thought, it is proposed here that there has been a lack of contemporary understanding of a particular actor upon

whom there has been increasing reliance to deliver the buildings of our cities. A missing link, the actor is the property developer. The morphological schools of thought on the city have relegated the notion of the term ‘development’ to a macro vision of the movement of the city’s physical elements and more recently (since 1992) virtually ignored the property developer as key to this phenomenon. Even in the schools of thought which promote agency over artefact, the developer protagonist is little mentioned and little studied in the conceptual or empirical sense.

This thesis restores to the literature, firstly a contemporary concept and model of practice in property development and secondly demonstrates the influence of this upon the growth of our cities. The thesis also returns to where the theoretical trail ended in 1992 with Healey’s institutional model based on Giddens structuration layers in Chapter 6 (Machines and Power Sources) where this theory base is used as a foundation for the proposed model, and also provides a treatise on the essential elements of the proposed model, compared with the Healey/Giddens layers. The purpose here is seen to be essential in the building of the contemporary model with orientation to the prior theories. A continuity is therefore seen as a constituent, important element of this theoretical work.

An ‘artefactual’ mapping study in the next section brings to light how the proposed thesis fills a gap in the current theory base. The literature map as a graphical method shows gaps in the literature related to the study field.

1.3 Theories of City Growth and Development: A Literature Mapping Exercise

The proposed model resonates with the nature and phenomenon of city growth and its associated theories and ontologies, which seek to explain and resolve the dilemmas of contemporary population growth and their associated built artefacts, buildings, which may be seen as out of balance or not in keeping with societal needs.

In keeping with the two central themes of the thesis, the property development mechanism and the growth (or proliferation) of cities, the literature was reviewed in two parts and their relational aspects charted. The relational aspects were based on the central theme of the influence of one (the property development mechanism) on the other (the growth of cities). The term proliferation is seen in this exercise as interchangeable with growth; to reveal the mechanism in action in dormant cityscapes

which suddenly seem to spring to life in relatively short time spans. The proposed model ties these themes together in embryonic and most recently developed forms, which enlightens and clarifies the mapping exercise.

A Germination Model: Development

The theoretical model at the outset of this thesis was described in organic terms as a germination model, acting like a seed to cause transition. The organic metaphor supported the concept of sudden proliferation of new building on the land parcel. The transitions were given organic notations including site habitat (or readiness), economic climate, local business season and seed capital. The original model was represented as shown in Figure 1.11 on the left hand side of the diagram.

The diagram shows the maturation of the model through the various thesis processes including literature review, theoretical analysis, autoethnographic author reflection and case studies.

Emergent from this process was a refinement of the embryonic aspects of the model, retaining the land parcel and its germination, but introducing the notion of two key ‘orbital elements’, ‘collective manifestations’ and ‘developer dynamics’ which rotate in their own galaxy but act separately on the land parcel, in its own orbit, in alignments causing the transition of the land parcel.

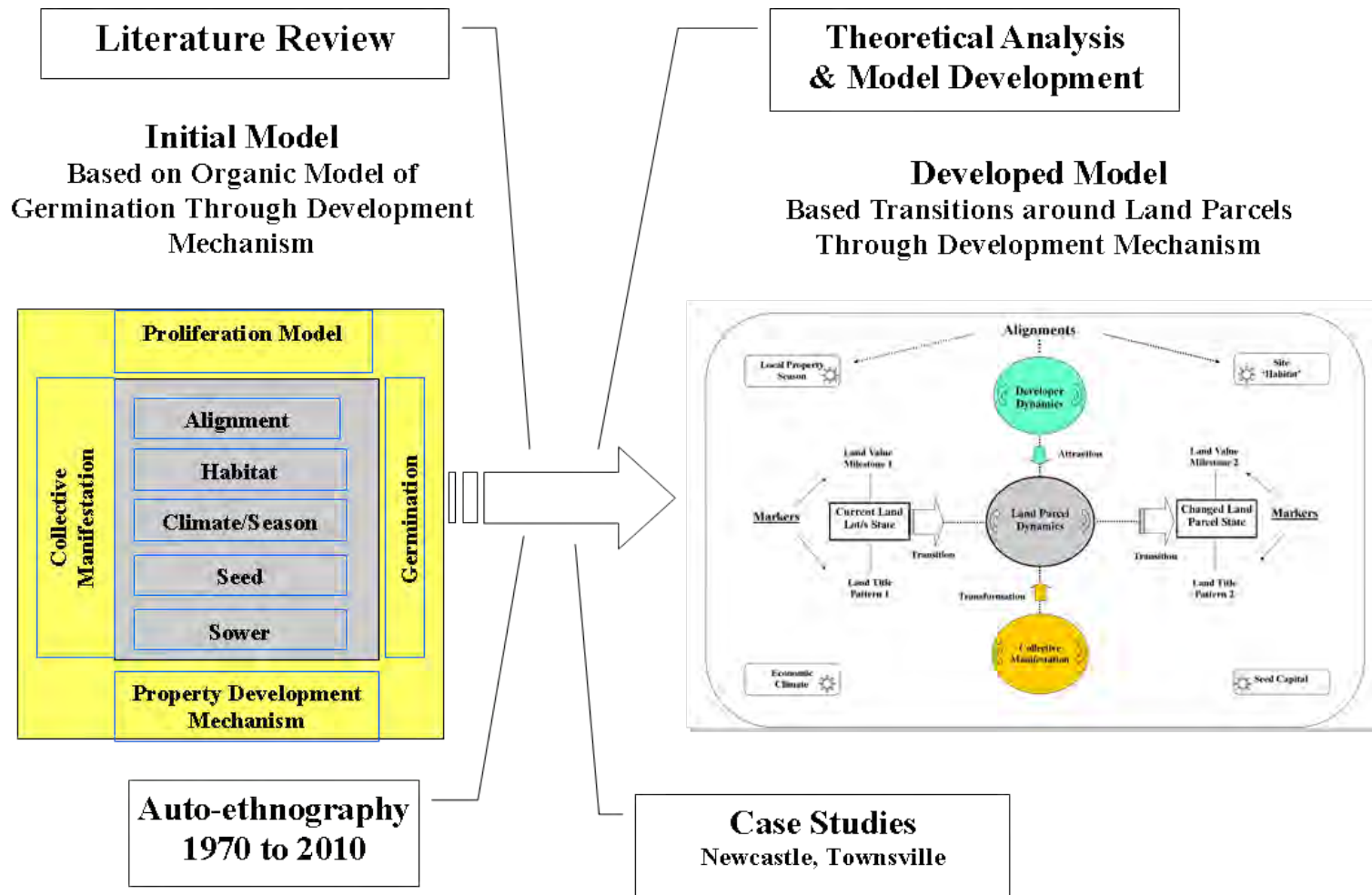


Figure 1.11: Development of Model of Property Development Mechanism (Drane 2014)

Literature Mapping Exercise

To provide relevant clarity to a considerable and extensive field of study, the various views are classified and filtered using literature maps (summarised in Figure 1.12, see Appendix for detailed maps) based on their ‘focal preference’ using the terms ‘social action’, and ‘artefact’ as the two focal choices. The term artefact can apply to any object of a physical nature, but here refers specifically to built-matter in the form of buildings. These focal points and relationships between them, are used to polarize and filter the literature and place the model in context with its foundations. The distillation process then leads to ‘headland’ theories and related theorists.

The literature maps were evolved along the two central themes, firstly the proliferation of buildings in cities and secondly the property development mechanism. Each map is graphically organised by placing the proposed original model into the centre of the page and then placing relevant literatures around the centralised proposed model in positions that are based on a ‘micro emphasis’ on the upper page and a ‘macro emphasis’ on the lower page.

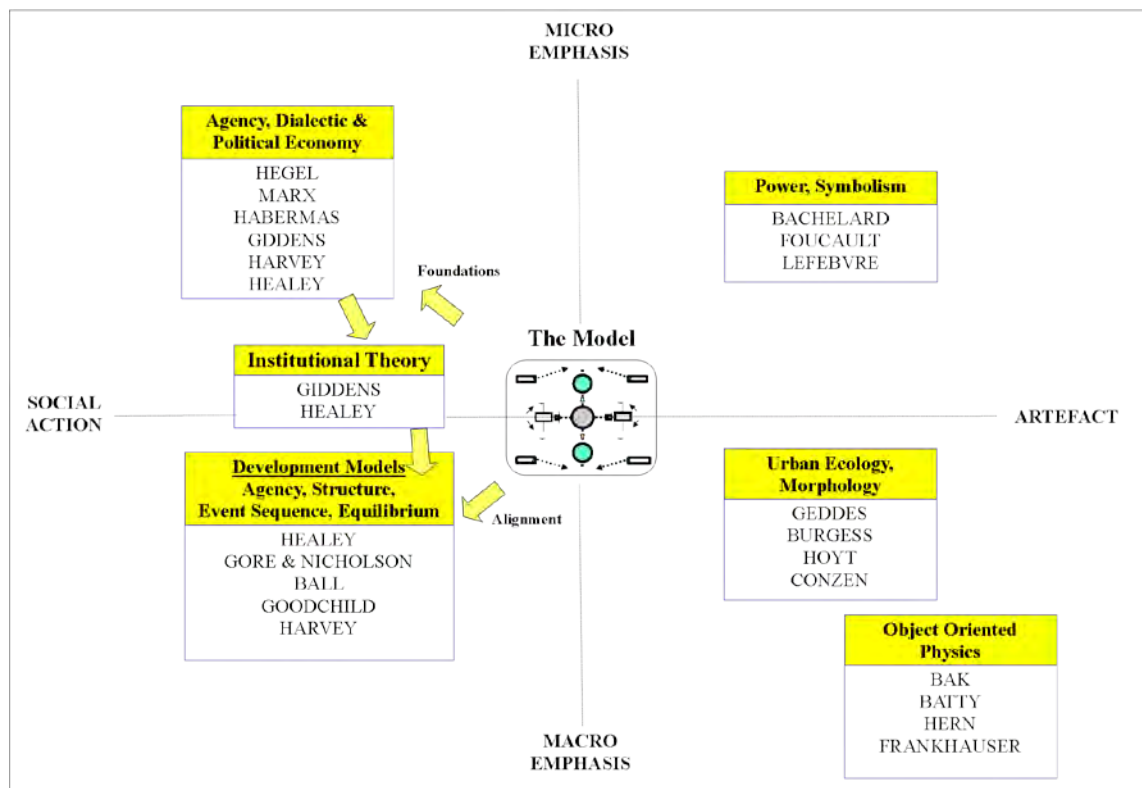


Figure 1.12: Literature Map of Key Theories Aligned to the Model (Drane 2014)

Micro being related more to a focus on individual social action, macro that the theorists tended to view the proliferation from a higher level, based on describing the phenomenon using ‘upstream economic or political factors’ or from a more global view.

The exercise allowed for both the identification of aligned theories as well as gaps in the theory base, and most importantly the incidence of theoretical works that were of a mechanistic nature (and therefore similar to the proposed model). The more mechanistic theories would by the logic of the graph, move toward the middle of the page where the proposed model sits. This was to say that theories of a mechanistic nature both recognised higher indeterminate forces (sometimes mirrored by artefacts), as well as individual action. The overall result of the literature mapping exercise, was both an alignment of the proposed model with these important foundation theories, and a maturing of the proposed model from the original model to the developed model.

The literature maps also explored and revealed foundation theories of political economy and capital that were revealed to underpin more contemporary urban theorists such as Hegel, Marx and Lefebvre. Due to the polarisation of micro theorists at the top of the page and macro theorists at the bottom of the page, and the social action-artefact emphasis in the quartile direction, social theorists tended to move toward the upper left quartile. Physics based theorists Batty (1996), Bak (1998) and Taubenbock (2006, 2009) gravitated toward the lower right quartile, whilst ecological theorists Park and Burgess (1969) and those related to power and symbols, Foucault (Danaher, Schirato & Webb 2000) and Lefebvre (1991) moved to the upper right quartile. The lower left quartile was seen to be sparse at first, since in that quartile both macro theorists, and those who aligned with macro social action were fewer. Here however Giddens’ work was revealed and the quartile started to house an institutional emphasis, with other theories of political economy.

The proposed model was now positioning itself with these theories and soon to be anchored in both Healey and Giddens’ work. The map shows an arrow from the proposed model pointing to the top left quartile, which aligned the model with the foundations of urban theory and theories of capital, elaborated in the next section.

Healey's works on the models of the development process were unpacked and the theorists related to these four categories displayed. Within these theories emerge theories of the property development process and mechanisms with particular reference to Healey (1991,1992).. Here her categorisation of such models into the four following categories are included:

1. Agency models,
2. Event sequence models,
3. Equilibrium models and
4. Structural models

This led to the identification of a gap in the literature related to development models, of a mechanistic and institutional nature. This was derived and based on Healey's institutional model, which attempted (embryonically) to align a model of the development process with Giddens' institutional theory. This theoretical analysis is covered further in Chapters 2 and 6. The ultimate result of the filtration employed by the literature mapping process in effect placed the new model in a substantial gap both graphically and theoretically.

The literature maps also revealed the nature of historical and foundation theorists related to both urban theory and theories of capital. These two categories align with the two central themes of the thesis - the growth of cities and the property development mechanism. The distillation process also illustrated the historical foundations of the proposed model, illustrated in figure 1.13 below:

Using Figure 1.13 as a reference, the proposed model was found to have its roots in a sociological sense in a Marxist mechanistic view of capitalism (Marx 1845) (1976)) (since the model evokes a capitalist modus) and dialectic materialism (since the model has elements of collective and dialectic action in a production process). This aspect, which has its origins in the Hegelian (Hegel 1812) (2010)) dialect, also led to a string of related dialectic strains leading to contemporary dialectics in Habermas (Dews 1999) and spatial dialectics in Lefebvre (Shields 1999) and his 'production of space'.

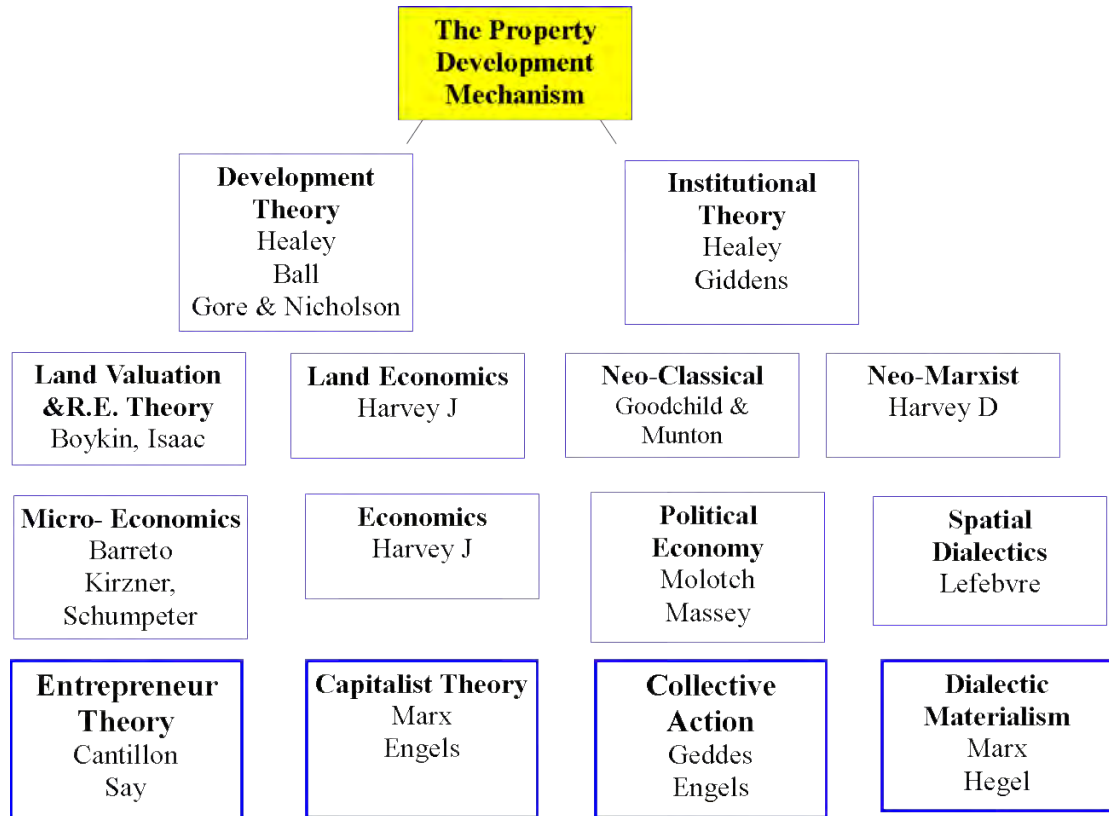


Figure 1.13: Theoretical Foundations of the Proposed Model (Drane 2014)

Along this line was revealed the resonating neo-marxist theory of David Harvey (Harvey 1985) and his depiction of the power of capital production over the urban fabric. Harvey's model is found to intersect along this line of enquiry, as well as in a later more specific line in development theory. In contemporary terms both Harvey's (Harvey 1985) and then Giddens' (Giddens 1981) view of structuration, storage and distanciation, provided strong grounding for the model. Harvey, for the pervasive effects of capitalist production on the urban fabric, and Giddens, in space filling in a specific locus of a city that in the model has gone fallow, and is 're-distanciated' (as will be discussed) to maintain prevailing power structures.

Branching from sociological roots into political economy, the works of Harvey Molotch (Molotch 1976) provide substantial support to aspects of the model related to the actions of 'land based elites', and the collaboration of what are termed in the model 'creating parties' who combine in a collective over time, to manifest the resultant city.

Whilst on this theme, Geddes (1915) and his accounts of the collective actions of the people of the city, and Engels (1934) with his elucidation of the collective powers of dialectic materialism, (in part) inspired the parts of the model which are termed here 'collective manifestation'. Here also Healey's more recent works inform through the 'imagining of cities' (Healey 2002, 2006).

In mechanistic terms, Marx's theory of 'capital' resonates with the capitalist nature of the model and its actors, who actually create a transient form of production system on land itself. In Australian terms Neutze (1965, 1977), provides a considerable contemporary understanding of the mechanism, in context with the property and land development process, elaborating the notion of arbitrage of property and its interplays. Taking the notion of political economy further, and through its definition by early proponents of entrepreneurial theory in 1880 by Say (1964)) and Cantillon (Blaug 1991) and the view of the same as the investigation of social wealth (Say 1964) the model also finds strong roots in the literature of entrepreneurship, which was somewhat 'bypassed' by Marx, and then also lost in the micro-economic theory according to Barreto (1989) in the contemporary literature.

This line of theory is however extensive, and Barreto provides a useful distillation and historical treatise, introducing the categorization of the centres of entrepreneurship (and their associated proponents) as 'coordinator', (Say 1880) (1964)), arbitrager (Kirzner 1973) innovator, (Schumpeter 1952) and uncertainty bearer in Cantillon (Blaug 1991), Hawley and Knight (Hawley 1893) (Knight 1921). Knight brings to life the missing link in the theory of capital in 1893 in his treatise on Risk, Uncertainty and Profit :

WISHING to direct attention to what I believed to be the true theory of profit and loss, I ventured, some time ago, to employ this theory in the pages of this review as a basis for criticizing Kapital und Kapital zins. It seemed to me that economists, almost without exception, had been treating economic questions as problems of three forces,- land, capital, and labor,- whereas they are really problems of four forces,-land, capital, labor, and enter- prise, or risk-taking.

(Hawley 1893, p. 459)

The notion of the application of entrepreneurship to land itself, extended into the actual theory of land economics in a macro sense (Ely 1964; Harvey 1987, 2000) which in the way of economists relies more on commoditization as a grounding for theory, and provides less micro emphasis, and with particular lack of emphasis on micro economic agents and action in a specific locus.

By seeking those who would connect such sociological, political, economic, capitalist and entrepreneurial theories to a locus, discovery of development theory itself was made, which has as its contemporary (but dormant) master Patsy Healey, who studied the process in light of the prevailing public-private debate in 1990, and in context with the Hebburn Riverside, UK case study. Of particular interest was her associated works in the early 1990s where she trawled the literature for examples of development models, which led to an extensive identification and classification of such theories of property development (Healey 1991).

Healey provides a snapshot of development models in 1991 and classifies them as one of four types: equilibrium, structural, agency and time-event models (1991). In a complementary paper she proposes an embryonic institutional model (1992). These are reviewed in detail in chapter 2. The detailed and comprehensive nature of Healey's analysis of the various models allowed the writer to explore many different contemporary versions of the property development mechanism. This includes models in the various categories such as: Harvey (1985) (equilibrium); Barrett, (1978, 1985); Drewett, (1973) Kaiser & Weiss, (1970) McNamara, (1988) Massey & Catalano, (1978) Bryant, (1982) (Agency); Ambrose, (1986) Boddy, (1981) (Structure) and Goodchild & Munton, (1985) Bryant, (1982) (event-sequence).

The writer brings a practitioner view of these models based on experience in the actual implementation of the mechanism in the process, as both a property developer and commercial builder. In most cases, the proposed model ties together other models, which form a component of, or an adjunct to the overall proposed model.

The patterns of growth revealed in the theoretical base have been revealed to lack a detailed treatment of both the concept of micro action and micro dynamics of the land and its constituent form – the land lot, preferring instead to focus on macro physical forms and macro forces.

This chapter has provided an understanding of the land as a foundation for the settlement and growth of cities. The lot and land title have been identified as the central foundation for all transfer and development of land. Land parcels have been explained as the commercial derivative of land lots which form a foundation for development on land lots into titled buildings. The two central tenets of the thesis, the property development mechanism and then the growth of cities have been discussed in light of the literature and with mapping exercises, the model is shown to fill a gap in the literature in models and theories of a mechanistic nature.

Relating the idea of the cityscape and its constituent elements in a micro sense, Chapter 2 takes a view of the dynamics of land parcels which are seen as commercial derivatives of the lot and its land title. The characteristics of the land parcel and its latent and kinetic propensities, as catalysts for development are explained. This includes the understanding of its relationship to other land parcels within the cityscape, and the relative 'value tensions' between each. This tension in effect lies as a dormant or latent energy within the cityscape, which in effect provides the ambient tension, to spring to life with new built forms. The chapter revisits the concept of title exchange, and builds it into that of title distribution which, together with value and arbitrage, are key markers of a transition or exchange of the land parcel from one condition to the other. The chapter aims to also give a rich view to the potential of cityscapes for development or decline.

Chapter 2: Land Parcel Dynamics

This chapter focuses on the distinction between the land lot and the concept of the land parcel. The former is proposed to represent the past whilst the latter presages the future. Herein lies the seed of future change in the growth and resultant future patterns of the city's growth. The concept of land parcel dynamics is explained firstly by tracking the land transition chain through all its stages, trading points and arbitrage nodes. Such dynamics are also explained relative to the other parcels in the cityscape, with their related latent nature and tensions. The role of 'value tension' and arbitrage in the transition of land parcels is explained. Title and entitlement distribution are shown to be a central aspect of property development. Growth and decline in cityscapes are explained as they relate to land parcel dynamics.

The theoretical analysis of this concept is elaborated by revisiting Healey's categorical work on *Models of the Development Process* and *Institutional Model* (Healey 1991, 1992) through a literature mapping exercise. A paucity of empirical research is noted since this research. Healey's institutional model and its timeless essential elements are discussed further.

The autoethnographic reflection commences through 'cityscape vignettes' relative to these dynamics in case examples: Eastern Creek Business Park, the exemplar Gateway on Palmer Project, which involved consolidation of land lots and redistribution into land parcels for development.

In the era of cities, land has been marked by the continuing spread of building remnants that accommodate human activity and organization. This phenomenon has been described variously from man-reef and sand pile to crystals and snowflakes. The theories of these phenomena have been shown to be in many cases deterministic, where a pattern is recognised and seen to be perpetuated in the forms and morphologies of the city's many faces.

What if this was true, but such a face was also the subject of outcrops that spring up in defiance of the historical orders; a new strain or species that emerges and stands out in the historical field of the city's crops and harvests. Such a notion would not go against the normal patterns, but would recognise the spasmodic nature and vulnerability of such

a field. Here the notion of outcrop and surface tension is brought to light to help understand the forces that exist in what appears to be the static face of the city, and its existing built structures, but which with time become vulnerable and conducive to change.

Whilst many of the theories of the growth of cities concentrate on the ongoing extension of the city and its patterns, in this thesis the existing fabric is studied, as it lies in the wake of the city's sprawl. These are the cityscapes that over time, are vulnerable to obsolescence and renewal, and may be the subject of massive new creations, out of balance with normal expectations of growth. The old port area turned to modern mixed development with soaring apartment towers, the new office precinct bursting out of the old industrial landscape.

These surface tensions are created by what is called 'land parcel dynamics', which are the subject of what are termed here 'value tensions' which explain the 'surface tension' that exists in such dormant landscapes. By extension this will be shown to elaborate the continuing spread of built structures in new growth regions of the city, which eventually invade green field landscapes – rural farmlands and new land releases.

The concept of land parcel dynamics concentrates on the principle that land lots are accumulated to form land parcels that have commercial potential to be changed and developed. The forces that empower that change and affect adjacent and related land parcels have been introduced in Chapter 1, and for clarity the graphic used there is revisited to depict these dynamics in a macro sense across a cityscape, and on to others (refer Figure 2.1).

This chapter drills down into the land parcel itself, representing it as a unit of change for the face of the city with its own dynamics - likened to a seed with its DNA holding its blueprint for the future. This is established as a common denominator for the growth of cities.

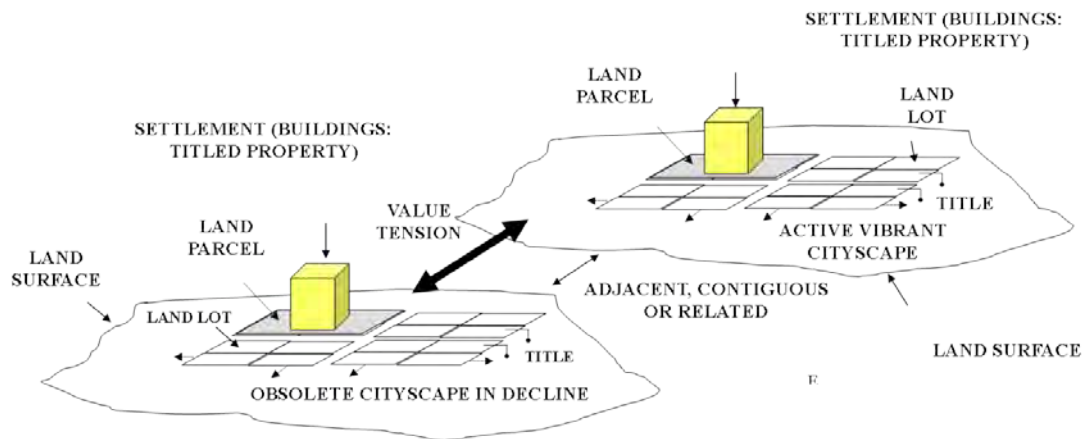


Figure 2.1: Value Tension and Vibrancy Between Land Parcels and Cityscapes

The closest representations to this concept and property development theory itself, have been in what are termed ‘models of the development process’ led by Patsy Healey (Healey 1991). However, the ‘process’ emphasis is questioned first and the concept of ‘mechanism’ introduced - the property development mechanism.

2.1 The State of Contemporary Property Development Theory

A study of the nature and extent of attention related to ‘models of the development process’ in the literature from 1954 to 2012 reveals that there has been a paucity of coverage since 1992 in academic literature, and a low level of engagement by business related authors (Drane 2012). This leaves an apparent lack of cross-integration, which could otherwise inform a contemporary model of development practice. The study, surveyed this without discrimination as to the source, geography, sectors under study, or discipline of the authors.

Building on that study, the relevant findings are revisited and a consolidation of a contemporary model of development practice devised. This is achieved by both revisiting and building on past theoretical frameworks and models, but first defining ‘property development models’.

What is a Property Development Model?

A property development model creates a theoretical concept of property development practice that may be generalised. Property development occurs across many sectors of property which have their own distinct natures (residential, commercial, industrial, hospitality). Property development is not of itself ‘real estate’ but is a particular state of

change in the form of real estate, toward a different state with a change in potential or real value, such as a rezoning of land, development application, subdivision, or construction of a titled property.

For a particular form of real estate that is in such a state of transition, much may remain invisible to the naked eye; the site that has changed hands, the site that is undergoing development approval or rezoning again can seem to be in a static state. In addition, to change a form of real estate into a different 'titled property', another form of real estate, may take years if not decades, and pass from hand to hand in the process, like a baton between various actors at transaction points.

Studies of existing models of property development in the literature, reveal that the complexity and scope of the phenomenon renders such models as individualist in perspective, and limited by the theoretical frame used, the discipline of the author, and the level of engagement with property developer themselves. Of particular interest is a low level of engagement in the topic by both practitioners and authors of business/finance (as will be illustrated). This is not to deny extensive research into the area of real estate and property development, but the lack of creation of integral conceptual models within the business realm.

In the landscape of this discovery, property development in effect has been studied and described variously by scholars, viewing it through the perspective of their own discipline. An economist will resort to high level analysis from traditional commodity based theories of the general economy to a land based theory arriving at the realm of 'land economics' (Harvey 1981).

The social theorist builds a view of property development where people are the central force of the development process (and for that matter urban processes) (Forms 1954; Healey & Barrett 1990). The institutional theorist in turn places the agency of individual actors in a structure and focuses on the dualist nature of interaction between these elements. (Healey 1992; Healey & McNamara 1988; Giddens 1984).

The political economist, often from Marxist foundations, perceives oppression and alienation in the capitalist structure that itself is objectified, forever securing its dominance over individual actors through 'capital accumulation' and the pursuit of 'surplus value' (Harvey 1985; Boddy 1981; Massey & Catalano 1978).

Composite theorists drawing on these perspectives are found in practitioner related disciplines e.g. town planners and geographers, with an integrated view of the development process, some of whom remain the central and historically distant theorists of this topic (Healey 1991; Gore & Nicholson 1991; Ball 1998)

At the commercial end of this analysis, the advancement of understanding through statistical and/or econometric analysis (Harris & Cundell 1995) of key quantifiable elements in the real estate process, are seen to yield beneficial commercial outcomes. Quantitative indicators are used including value, rent, price, supply, demand, profit, IRR and so on, which all come out of standard economic theory, business/finance related models and a positivist tradition. (Adair 1991; Bulan et al 2009; Blundel et al 2005; Fraser 1984).

Taking the nature of these ruminations into account, and distilling their origins, one is left first with a number of individualist, semi-connected theoretical platforms upon which to view property development; agent and agency, structure, institution, economy and political economy, assuming that real estate and associated business/finance models are drawn from the category of economy.

Within the literature also there is a prevalence toward viewing property development as an integrated linear process starting with the acquisition of a site (as an example) and ending with construction and sale, lease or use. This has validity of course, however these are usually termed in amorphous descriptions, (Barrett et al 1978; Punter 1985; Ambrose 1986; Ball 1998; Harvey 1985) based on no particular site type, with a limited 'snapshot view', where a time lapse view is required.

It is proposed that the panorama of concepts is in itself a statement of its complexity and extensive nature, and a subject therefore worthy of being viewed at a different level that allows distillation. One such view is as a phenomenon in which the development emerges upon seemingly circumstantial events spurred by intermittent actions. Another as an ethnography; where developers are seen to have a culture of their own, which precipitates the movement of land from one state of development to another. More encompassing however, and taking a quote from Alan Hooper: "Hooper (personal communication) has described such models as a 'machine waiting for a power source' " (Healey 1991, p. 232) from which a mechanism is proposed.

A mechanistic view takes into account contingency and circumstance, both the latent and kinetic nature of development, the culture of developer and development actors and the prevailing uncontrollable forces and environments that property development relies upon and is stimulated (and sometimes ruined) by.

Two categorical articles assist this, performed by Gore and Nicholson and by Healey in 1991 providing a summary of models to that date going back to 1954 with Forms (1954). From 1992 to 2012 there are two main categorical articles by Harris and Cundell (1995) and then by Michael Ball in 1998. In the decade from 2000 on categorical articles are not to be seen and so key theorists who broke new ground include Beauregard, (2005) Schiller, (2001), Guy & Henneberry (2000) and Adams (2012). The author's study (Drane 2012) offers a bookend to the Healey/Gore studies and provides clarity. This is achieved by using literature maps to bring these views to life, regarding the nature of different overall theoretical perspectives, the lack of empirical engagement with developer actors and the uneven level of research across sectors.

An historical study of property development models

This study (Drane 2012) was based on searching the literature for models of the development process which included development theory in general from 1954 to 2014.

Twenty six models were identified from 1954 to 1992 and none were discovered from 1993 to 2012 as is shown in figure 2.2, which places the key authors on a matrix based on history (in decades) and theoretical perspective. Of interest here is also the fading of theoretical perspectives of a neo-classical and Marxist nature to give way to perspectives based on political economy and institutional analysis spurred partly by Giddens (1984) and the associated works of Healey, McNamara and Barrett in the area of structure, agency and institutional versions of the models. Models which were seen as foundation models included Healey's 'institutional model' (Healey 1992) and Michael Ball's model based on 'structures of provision', (Ball 1986) neither of which have been built upon nor developed since their conception.

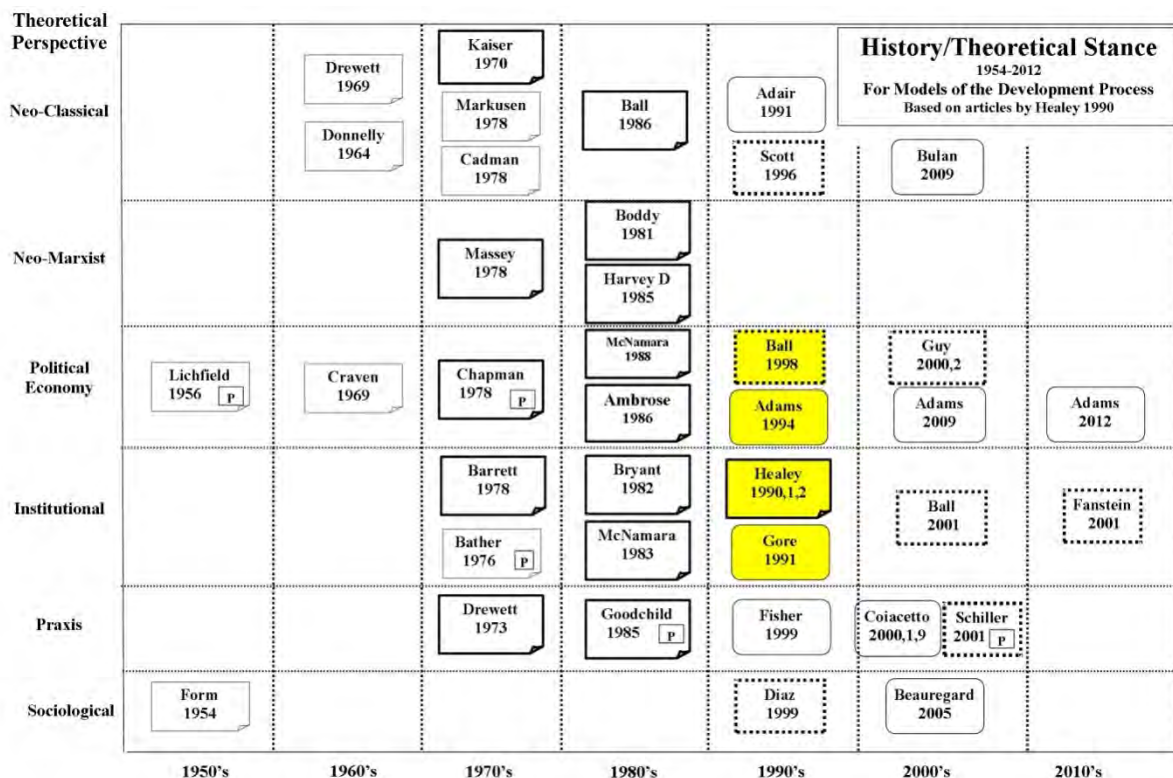


Figure 2.2: History/Theoretical Stance Map for Models of the Development Process 1954 - 2012 (Drane 2012)

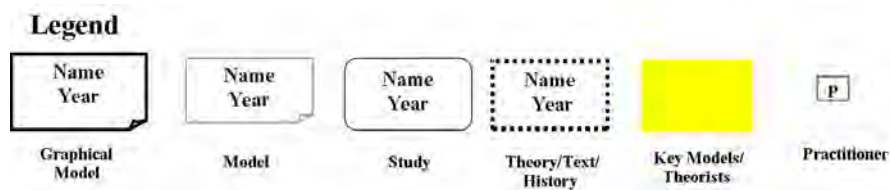


Figure 2.3: Legend for figure 2.2 showing study and model types (Drane 2012)

Of particular note is that the subject, which one would assume would be the primary realm of real estate and associated business/finance theorists was not embraced by these

Type	No	%
Academic	98	94%
Practitioner	6	6%
	<u>104</u>	<u>100%</u>

Figure 2.4: Breakdown of literature by academic versus practitioner (Drane 2012)

authors, giving way to the predominant attention of town planners, economists, geographers and social theorists.

<u>Name</u>	<u>Year</u>	<u>Profession</u>
Lichfield	1956	Planner and consultant
Bather	1976	County Planning Officer
Chapman	1978	Town Planning Institute
Goodchild	1985	Chartered Surveyor
Collins	1999	Bank Professional
Schiller	2001	Property/Real Estate Professional

Table 2.5: List of practitioner authors related to the study (Drane 2012)

Figure 2.4 shows the low incidence of practitioner authors, (6 out of 104) whilst figure 2.5 shows a list of such practitioners illustrating a small sample and a spread across town planning, real estate and surveying professions. Figure 2.6 shows the breakdown of authors by disciplines and the dominance of authors from town planning and economic backgrounds.

Harris and Cundell provide a clue to this disparity in their article (1995) noting that theory building of the nature found in the disciplines studied differs from the more financial and econometric nature of the business literature (Drane 2012).

Also of interest is the low level of engagement with developers in the existing models, the tendency toward studies of a residential nature and a paucity of research into commercial (buildings) real estate models. The topic has been the mainly the province of academics and theoreticians drawn together under the banner of urban and city theory in general (town planners economists and geographers) without any substantial theoretical analysis from a commercial perspective, nor any associated empirical engagement with property developers. ‘Commercial’ research would logically include real estate, property development and business authors.

	No	%
Town Planning	66	38%
Economics	40	23%
General Text/History	26	15%
Sociology	18	10%
Geography	13	7%
Finance/Business	13	7%
<u>Totals</u>	<u>176</u>	<u>100%</u>

Table 2.6: Breakdown of literature by disciplines applied to the articles (Drane 2012)

It is clarifying to look at theorists and their models to bring these statements to life, starting with ‘foundation authors’ in Healey and Gore/Nicholson who studied, categorised and in Healey’s case created their own models. Later theorists like Beauregard, Schiller, Adams and others bring light to the diverse nature of theoretical perspectives and also show the richness of the current landscape.

Key Theorists 1954 to 1992

In 1992 Patsy Healey with her article on models of the development process (1991) provided a graphical dissection of the key models to that date, by not only prevalent theoretical perspective such as neo-classical and Marxist but into four categories: economic processes (or equilibrium models) , event sequence, agency and structural models as summarised in figure 2.7. The dual classification of Neo-classical and Marxist in itself is a statement about the limitation of theoretical views of the era. Healey was in fact to be partly instrumental in changing that.

Theoretical assumptions	Economic processes	Event-sequence	Agency
Neo-classical	{ Fraser Harvey, J.	{ Munton and Goodchild	{ Kaiser and Weiss Drewett Barrett <i>et al.</i> 1978
Marxist	{ Harvey, D.	{ Boddy	{ Ambrose Ball

Fig. 11. Models of the development process²

Figure 2.7: Healey's summary of theoretical assumptions and model categories (Healey 1991)

Of those authors shown, Goodchild and Munton (1985) stand out as providing a practitioner emphasis due to Robin Goodchild's status as a chartered surveyor, with his hybrid model showing the realms of transaction, process, contingency and interaction of developers and their processes, see figure 2.8.

At the other end of the theoretical spectrum was David Harvey's 'capital circuits model' which took both Marxist and then Giddensian foundations into a high level theory of the action of capitalism in the urban environment, with depictions of consumption and production landscapes, see figure 2.9 below.

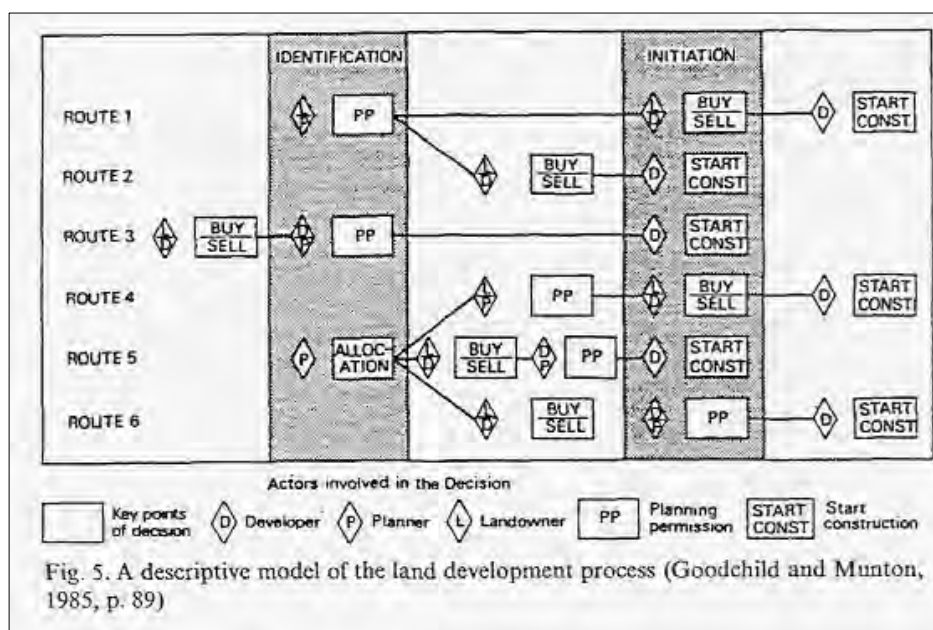


Figure 2.8: Development Model (Goodchild & Munton 1985)

A macro model, it illustrates in no uncertain terms both the source and disparity of theoretical foundations provided by theorists of the day. One (Harvey) a neo-Marxist, 'historical geographer' and Goodchild a practitioner within the development industry.

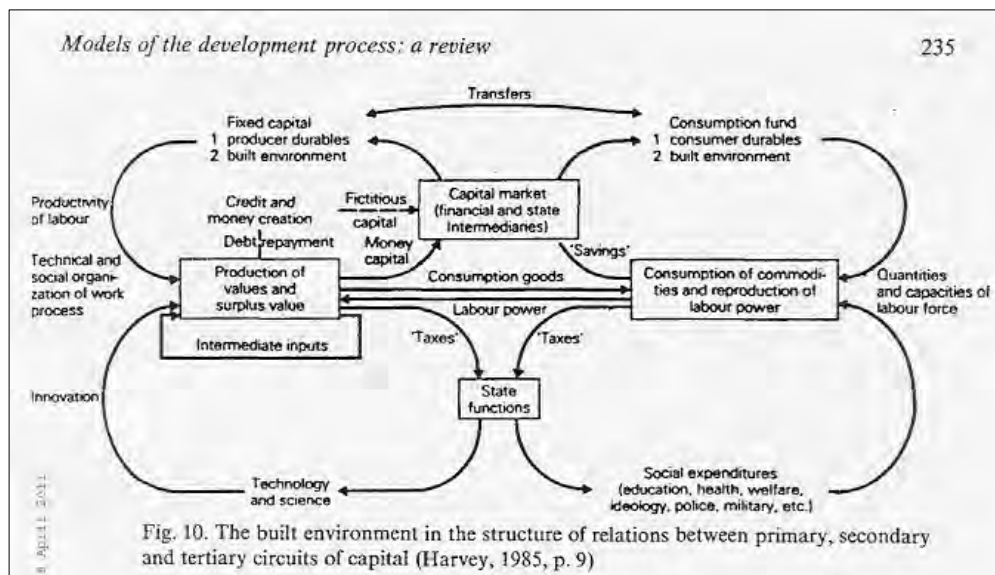


Figure 2.9: Urban development model (Harvey 1985)

Drawing on both economic and urban theoretical stances mixed with Marxist and Neo-classical emphasis, Harvey's model and then Giddens' social theory of structuration, led partly to Healey's more institutional view of the development process/world (1992) shown in figure 2.10.

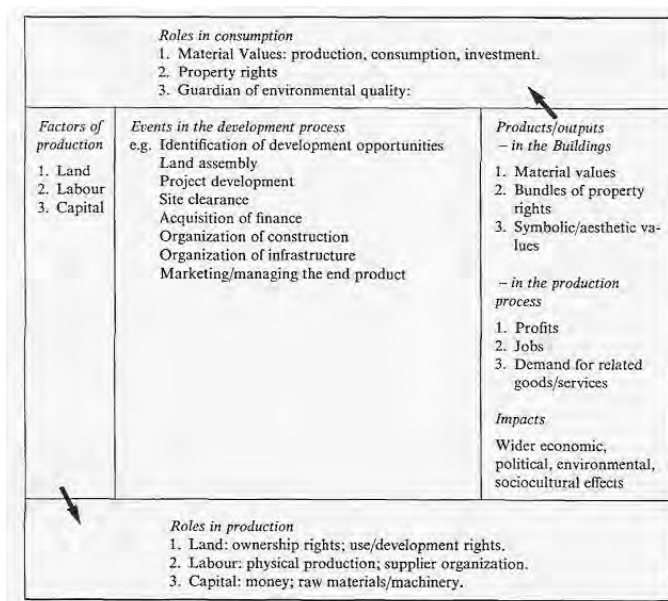


Figure 2.10: Institutional Model (Healey 1992)

The model draws on four layers including: events, roles, strategies and interests that shape these roles, then the relationship between these and wider society. Such a layering is all inclusive and appears to go too far in trying to build a model for all situations.

This small snapshot of the key models to that date show the disparate philosophies upon which the models are founded, not to mention the diversity of views of property development. In the two decades since Healey and Gore's article, although new perspectives have emerged, little concerted work has been done either to build from these useful models, or create a contemporary alternative. In the next section the works of modern protagonists clarify this.

Contemporary Protagonists

In 1995, Rob Harris and Ian Cundell gave a rare and relevant view to the current emphasis in the business literature toward econometric approaches in their article entitled 'Changing the property mindset by making research relevant', (1995, p. 75-78)

"It is now about 15 years, two slumps and one boom since property research began to grow as a distinct activity within the development and investment sector...yet despite this time scale, and the proliferation of market reports, client studies, academic papers and the like, property research has largely failed to secure its seat at the property decision-making table"

(1995, p. 75).

He continues, proffering that property research is often used as a public relations exercise then riddled with emphasis on econometric modelling "that leaves most readers (and clients!) largely ignorant either of their purpose or conclusions." (1995, p. 75).

In 2000 Simon Guy and John Henneberry's 'Understanding Urban Development Processes: Integrating the Economic and the Social in Property Research', (2000, p. 2399-2416) brought a new vision to the table with a dual emphasis using economic and social lenses. Reviewing the prevailing institutional emphasis, they revisited the central tenets of both economic and institutional theory and provided a way forward with an integrated approach. Reviewing Healey and Ball, they provided a review of institutional theory in effect adding an economic layer to institutional theory; ' finally we argue for

an analytical approach that integrates social and economic in dynamic temporal and spatial contexts'. (2000, p. 2400)

Despite these perspectives, the literature to this point is still stuck in a debate between institutional and economic analysis. A new practitioner voice arose however in Russell Schiller's '*The Dynamics of Property Location- Value and the factors which drive the location of shops, offices and other land uses*' (2001) . Lauded as "a solid text for the Land Economy or Land Management undergraduate" (preface) the book has as its focus 'location of property'. This tested the emphasis of prior higher level theories, and importantly placed land and location at the centre of the debate. Citing the example of the counterintuitive location of a second hand book centre in a remote town, Hay-on-Wye on the Welsh border and the largest office block in the world in the outer suburbs of Detroit, he goes on to test some foundations; "in neither case does the location actually chosen fit the theory as it is commonly taught by the main academic disciplines ... economics, geography and land economy." (2001, p. 1).

Players in the development scene are explained, and the conflict between location and politics, while theories of dispersal and clustering are also offered as central forces. This remains a crucial platform from which contemporary theory can evolve. This leaves us however with a sense of detachment to social actors in favour of social forces, which are in his own descriptions almost aligned to (almost cosmic) universal forces inherent in the explanation of location dynamics.

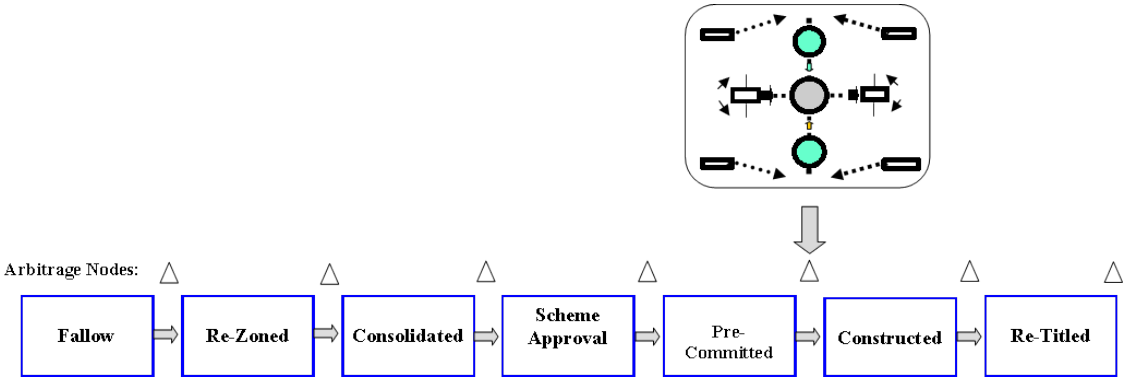
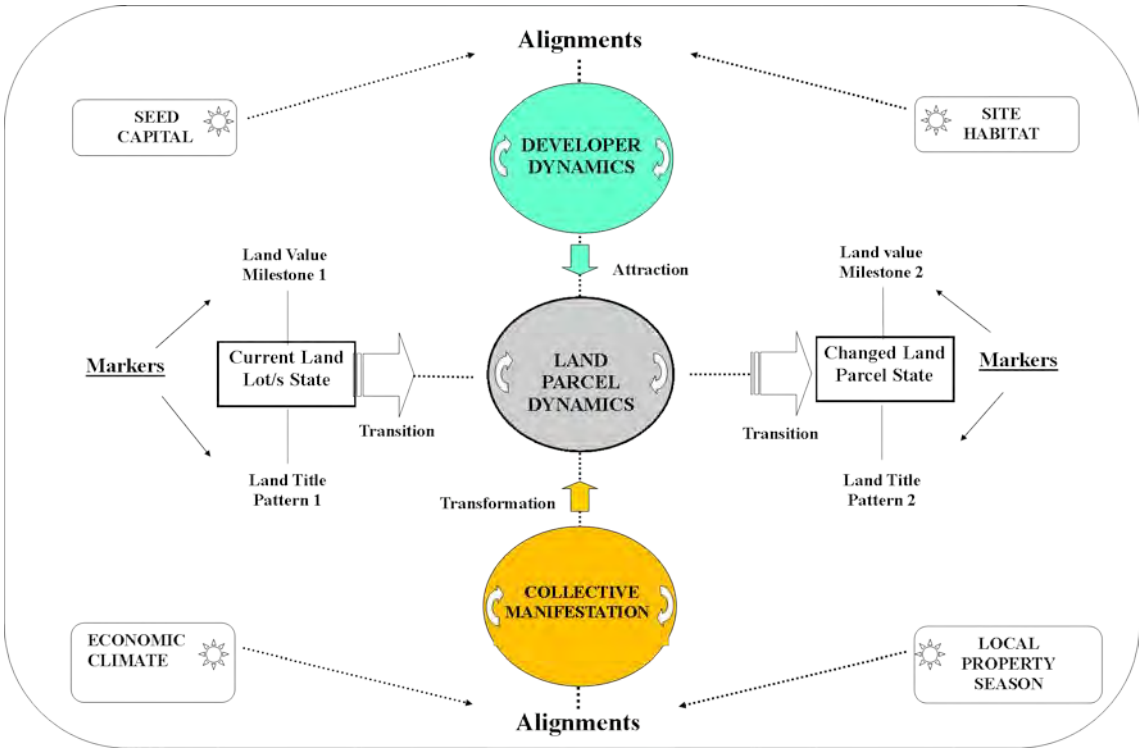
Enlightening this social context in 2005, Robert Beauregard (2005), in *The Textures of Property Markets: Downtown Housing and Office Conversions in New York City*, (2005, p. 2431-2445), questioned the proffered synergistic nature of recent 'middle income' housing in downtown city cores occurring over the previous 10 to 15 years in New York. Instead he termed the trait of 'thickness in property markets, summarised as "the social, institutional and place-specific qualities of real estate investment". (2005, p.2431) and offered an explanation through this refreshing new view. Railing against the reductionist and functionalist treatment of property markets into sectors with specific supply-demand traits, his advocacy for a 'textured view' which draws on social and economic integration and draws on Guy and Henneberry's work (but with no reference to Schiller).

The most influential contemporary theorists therefore stand between the academic emphasis of social, institutional, economic and locational theory. This is built on further in Chapter 6 *Machines and Power Sources*, where Healey's institutional model is justified as a key foundation for the model described here. All this however does not make for a current and contemporary understanding of the dynamics of property development. It also lacks a detailed explanation of the mechanistic and phenomenological forces at work beneath its indeterminate nature. In this thesis the explanation of these concepts goes beyond those traditional views and commences with an understanding of the dynamics of land parcels in cityscapes, which together with land lots are the constituent elements from which its dynamic and sometimes massive developments evolve.

2.2 A Contemporary Model: Land Parcel Dynamics

The model proposed here builds on these frameworks and concepts by depicting a mechanism which includes a phenomenological nature, an ethnography of players and events which happen in indiscriminate circumstantial chorus to derive a development or transition of a land parcel. Here graphical Model 1 and 2 are revisited in figure 2.11, 2.12 and 2.13. The overall action of Model 1 depicts a phenomenon which relies on alignment of a series of elements and forces, the end result of which is the transition of a land parcel from State A (its current land state) to State B (its changed land state). The actual nature of the land parcel transitions are shown in Model 2 in the form of transition nodes based on arbitrage and trading points in the life of the land parcel from its most raw state (fallow) to its most developed (titled property). Figure 2.13 shows Model 1 in action on one particular node (the pre-commitment node) but it can also apply to other nodes in Model 2.

Model 1 depicts the three essential elements of development in 'land parcel dynamics', 'developer dynamics' and 'collective manifestations'. Each of these 'elements' is depicted as rotating within their own world. Developers comb the city for land parcels which show potential for development, but based on certain tests either qualify, disqualify or are set aside for further visitation or surveillance. These actions are called developer dynamics.



Collective manifestation refers to the static historical interests of the local authorities and public lobby groups (called creating parties) who divine a plan for the land parcel within city visions determined in a political context. These interests are bound unfortunately to clash with the transient interests and disinterests of the developers. The local interests of these creating parties are time-worn and collective, providing a potential enduring and evolving manifestation for change in the land parcel.

Land parcel dynamics elevates the traditional view of land itself as purely an economic resource and commodity to a series of land title transition states which, due to surrounding features and characteristics, render it prime for development, and have a degree of 'value tension'. Value tension refers to the relative value of the land parcel related to its surrounding land and developments. Such value tension creates points of arbitrage which allow for the enactment of derivative and real transactions related to the land parcel. A real trade in the land parcel results in the parcel changing title through changing hands. A derivative trade results in the rights to the land title being traded, but no title exchange or settlement taking place (called an option).

Such an action will work toward transitioning the land parcel, an increase in value and/or a transition or a distribution of title. The latter involves a complex understanding of title, property rights and valuation, none of which are dealt with in any detail by the historical theorists. The three elements rotate in their own worlds of influence within a galaxy of economic, commercial and social factors which conspire in alignments and windows of opportunity to allow the three elements to work toward a transition in the land parcel.

For now however the central element of the model in land parcel dynamics is described.

Land Parcel Dynamics - Surface Tensions

An essential nature of land is that it is a monopoly in its own right (Anderson 1974, p.31). It can only be divided up and allotted. The instrument of allotment is title. The history of title is the history of seizure. Sovereign invasion aside, land is still the subject of commercial transaction and seizure, which is determined by its accessibility and potential value (amongst other things). Land is made up of land lots which are the subject of former land divisions which were created geometrically, based on their

relevance at the time of their creation. As time passes such lots and their geometries become obsolete.

With time, old lot patterns meld with adjacent lots to form potential platforms for more contemporary developments. Such developments are the function of contemporary needs, markets and economies. Collections of such lots are here called land parcels. The development of a land parcel is often seen as a one-off event manifested by the arrival of a new building: an apartment tower, an office block, a hospital. It will be shown that these structures are the function of numerous transitions in the land parcel, often invisible and operated by numerous hands. These transitions are also known as improvements: a consolidation of titles, remediation, retitling to new patterns or a development approval. These improvements are called transitions that sequentially enable the new titled building. Since each transition is associated with a new value potential and a title change related to a transaction, the cumulative nature of the land parcel over time is that it forms a 'land transition chain'.

These descriptors: lots, land parcels, value potential/tension, arbitrage and title transfer/distribution are the complex properties of land parcels. The movement of land parcels along the land transition chain is a dynamic in its own orbit. The dynamics are constructed step by step, and in the settings of cityscapes forever changing and dying off, forming a platform for the new creations that land parcels bring. Along the way vignettes of real case examples are provided.

The Land Transition Chain: Land, Time and 'Value Tension'

'they're making more people, but they're not making any more land', adage of the property developer (anon)

Land may be a monopoly in its own right, but the property developer tries to beat this adage by re-producing land in the form of 'third party title' by dividing up raw land into sub-titles and entitlements. This may manifest into new apartments, land subdivisions or even air rights over an existing building. In terms of title distribution they are identical ideas with different methods (and yields). Although this supply mechanism attempts to make land less finite in its supply, it is still limited by the land upon which any development scheme sits. Short of then heading into the sky with the new subtitles -high

rise apartments - which in themselves have limits, land and its product (sub-title) remains finite .

Due to this prevailing pressure on land, its 'current use' and 'potential use' are always in conflict - here called 'value tension' - and only historical time differentiates the land which succumbs to this pressure now, and that which will succumb later. These forces work to change the 'opportunity use' of land and when this happens, commercial opportunity arises and business interests are attracted.

A rural land owner for example may suddenly find himself at the centre of a 'property play' with all its vagaries and complexities. Property development in this context - a seed in its own right, is made of acts and politics, of deals and deceptions, contracts and visions. Its harvest however, can turn a rural holding into a land subdivision with numerous new houses disproportionate to its static, period as a rural land lot. A bid is made by a potential developer for example, who has been observing the property, to make a deal with the farmer in which the developer can hold the land off market, while a rezoning application occurs, and leads to a 'take out' of the land by the developer based on a commercial arrangement. Figure 2.14 shows this transformation process, where the initial land use succumbs to an 'improved land use' and 'improvement value' (which is a key term of valuation processes).

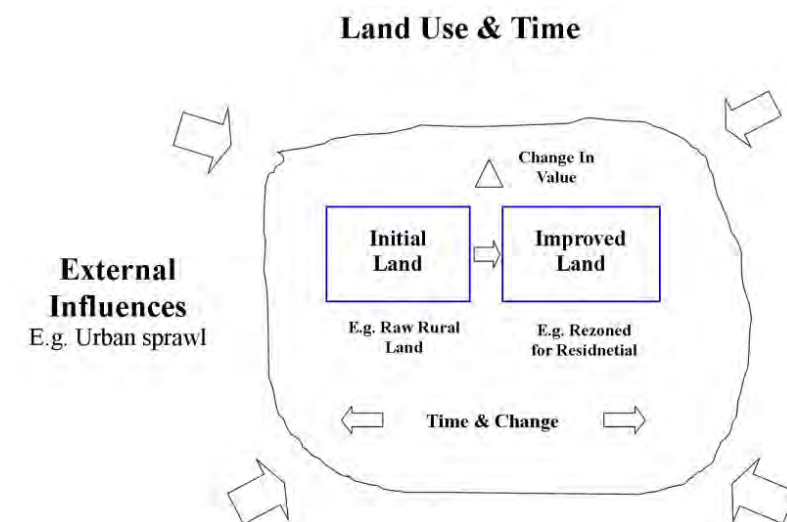


Figure 2.14 : Land & Time: External forces change opportunity value of land (Drane 2014)

Whilst this is a simple example, it is exemplified across two such land use transitions over two decades from the mid-1980s to mid-2000s in the case of the Eastern Creek Business Park which took the dormant, earlier Wonderland Fun Park site and transformed it. The Wonderland Fun Park had in turn subsumed a rural property, plate 2.1.

Cityscape Vignette : Wonderland– Eastern Creek

Case Example 2003:

A developer led cityscape involving a rezoning from a prior use as Wonderland entertainment precinct to an office park for tenants.

Active Developer :

Australand: Rezone, consolidate, scheme approval, subdivide, pre-commit, construct, re-title.



Background:

These prior rural lands spreading out toward the western fringes of the Sydney Metropolitan Area were developed into the Wonderland Fun Park in the mid 1980's by a finance and development consortium and Leighton. Under state led SEPP 59 in 1999 the precinct was rezoned for employment purposes with a precinct planning process for further development through Blacktown City Council as local authority. Australand became the nominated developer in 2003 who consolidated and subdivided the land.

Reflection:

The development group offered the parcel to prospective companies who bid for the land based on a rental value and lease term. The developer provided the facility and on-sold the new property with a captive tenant to a related property trust vehicle. There was a pre-commitment by the tenant to lease the premises. Construction and sale of the building occurred to a trust created by the developer.

Plate 2.1: Cityscape Vignette 1: Eastern Creek Business Park

The above example and vignette explains the effect on a single land use in which rural land, which is not obsolete, and which still succumbs to the forces of value tension between its existing use and its potential use, due to surrounding pressure. The next section deals with this phenomenon in context with what is termed fallow land in semi-dormant cityscapes, which in effect is 'stuck' and wallowing in its own history, apparently exempt from the above forces but in fact subject to the same principles of value tension.

Fallow Land, Time and Value Tension

Familiar to many is the typical area of the city which was once vibrant, and has now become obsolete - the old port or industrial area. In each case, the use had its origins in its relevance based on a previous city use and pattern, which meant that it was relevant, active and contributing to the city and its functions; here called vibrant.

However fallow land can often encompass whole cityscapes which lie dormant for years or decades, and seem exempt from the forces of value tension. Historical time lapse would show that the fallow cityscape is subject to the same forces but in a collective of land parcels connected by a common access and defined boundary. As a whole this ‘collective parcel’ acts in the same way as the smaller (rural) example and it becomes in aggregate a subject of value tension between it and the surrounding city. Whilst the simple farm example has a small range of direct actors and a single parcel of land (the farm), the fallow cityscape involves a collective of land in stand-alone parcels, and a complex series of actors and circumstances which return it to vibrancy. The Palmer Street precinct (Chapter 8) and the Honeysuckle Precinct (Chapter 10) are examples of a plurality of ownership and land parcels.

Figure 2.15 demonstrates this by showing the shifting state of land within these fallow zones as moving initially from vibrant to dilapidated over historical time, seen as a longitudinal time period in the order of decades. The chart also shows how this fallow state can turn to vibrant again, through the same value tension. Such tension can also precipitate an opportunity value on the fallow land that can trigger commercial development interest, resulting in new buildings.

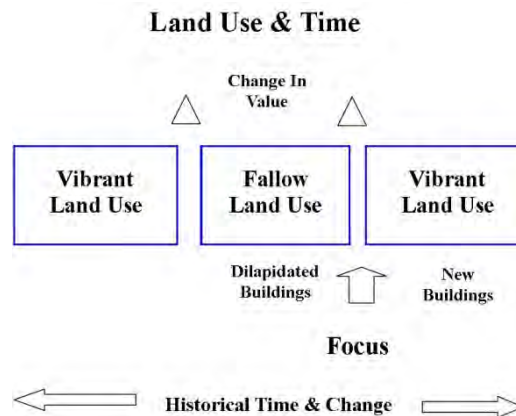


Figure 2.15: Land Use & Time

Land Changing With Historical Time & Focus on Fallow Land (Drane 2014)

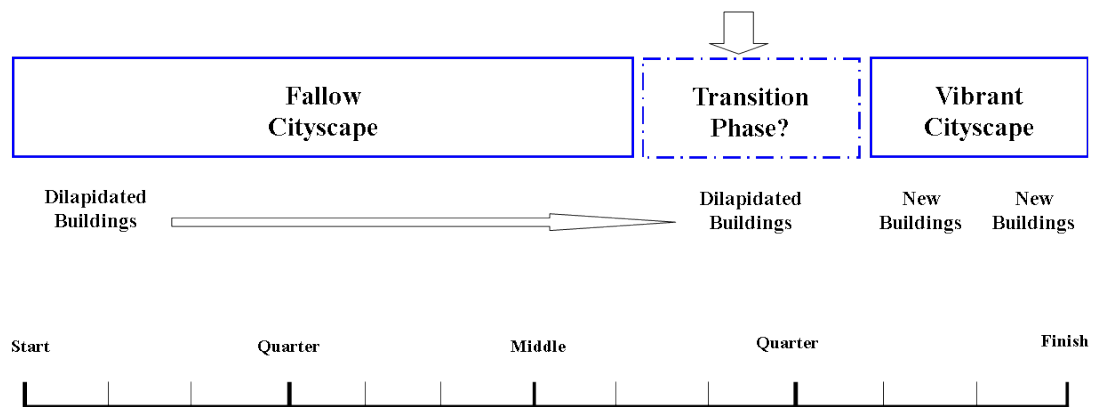
The interface between the longitudinal fallow state, the ‘apparently dynamic’ change to vibrancy, and the proliferation of buildings is a focus of this study. As shown in Figure 2.15, the focus is on the events and drivers that occur in the period between fallow and vibrant, the ‘transition period’. This period has an historical time period of its own, and

a series of actors and drivers that rely on alignments in the control of the actors, and circumstantial others. In effect, what seems to happen suddenly and seemingly ‘overnight’ - the return to a vibrant state with proliferation of buildings, actually has its roots in the fallow period which commenced decades earlier.

Fallow Land and the Transition Phase to Vibrancy & Proliferation

At the heart of the transition from fallow to vibrant is the notion of historical time. To place such time periods in scale, it is helpful to expand the chart to include a transition phase during which ‘something happens’ to revive the cityscape (see figure 2.16). Here the chart is represented on a relative scale, showing the fallow period as historically longer than the successive transition and vibrant stages. This will be elaborated in the case studies, however is offered here as an initial generalisation.

The Life Span Of Fallow Land



A Relative Scale

Figure 2.16: The Life Of Fallow Land (Drane 2014)

To add to the mystery of this phenomenon, if one was able to set up a time lapse camera on the cityscape for the overall period, there would be no physical change in the form of new buildings until the vibrancy stage. For all this time many things happen behind the scenes to enable the proliferation. The string of events and the form and scale of the changes manifest initially around the central driver of ‘value tension’, sequential ‘nodes’ in a ‘land transition chain’ related to the land parcels within the cityscape.

These transitions occur on every land parcel (in a fallow cityscape), but not always in unison, as some parcels act as ‘catalyst developments’ that lead others to life and others

are left in a semi fallow state. Movement through the nodes relies on transactions which are like ‘switches’ in a railway line, allowing the train to move from one section to the next. See Figure 2.17.

Within the ‘transition phase’, from the end of the fallow period to the commencement of construction of buildings, each land parcel must pass through a number of phases which have as a central driver - value tension.



Figure 2.17: Transition Phase and Sub-phases (Drane 2014)

(Transition Phase and sub-phases with nodes for change in value)

The Transition Phase and its arbitrage nodes caused by Value Tension

Each of the phases is based on changes in value in the land parcel precipitated by value tension and attraction of property developer/s to the respective opportunities created by the tension. The phases precipitated by this process can be likened to sequential preparations of the land parcel to enable it to eventually yield a building or buildings. Fallow land for example must be rehabilitated, rezoned, consolidated, have a scheme approved for it, and have commercial pre-commitments to the usage of the proposed building prior to construction being enabled. Each of these phases forms a string of changes which is called here a ‘land transition chain’. Figure 2.18 illustrates this chain, and involves an increment in tradeable value at each of the phases which is called an ‘arbitrage node’, the subject of transaction interests by property developer/s.

Arbitrage Nodes and Potential: Arbitrage relies on a differential in price between purchase and sale of an asset, product or instrument. When land that surrounds a parcel of fallow land shows a value differential to the fallow land, then there is potential for the fallow land to be changed to ‘conform’ and ‘transform’ to the value of its surroundings. The ability to enable this transformation relies however on the subject

land's 'propensity for development', its 'buy price' and its 'residual land value'¹. For this equation to become enabling, the fallow field also must have been 'primed' to remove as much resistance to development as possible, thus supporting the residual value which is also affected by cost of site preparations and construction.

Figure 2.18 shows four key phases in the preparation of a land parcel ready for construction, including rezoning and rehabilitation, consolidation of title, scheme approval and pre-commitment. These phases are drawn from the autoethnography and case studies.

Land can experience value tension and still lie unchanged from one node to the next, and become stuck at one of the 'switches in the line'. Mobilizing the switches requires the action of key actors, and the understanding of transaction points of attraction, which require one central tenet - an arbitrage node which has within it the potential for surplus value, and the potential for what is termed here 'third party title distribution'.

Transaction points in the chain and the 'attracted' players

One fallow land parcel can look like another, even if it is in a state of value tension, and to the untrained eye, a block of land that is undergoing significant tension, and another which is in mild or non-substantial tension, may be indistinguishable. Land cannot act on its own, and for it to move from one phase in the land value chain to the next, requires the action of those who have an interest in the incumbent value tension, as well as in some cases, circumstances which are supportive of the transition which may not be within the control of the actors, such as the economic climate.

Since value tension may not in itself be enough to trigger a transition from one phase to the next, there must also be an 'attraction' point to the arbitrage node. This will involve the potential for the land to be traded from one phase to the next - land is re-zoned by a property developer and on-sold to a third party.

Inherent in this example are two key factors (assuming access to the transacted land by the property developer): the ability for surplus value in the transaction from 'party one' to 'party two', as well as the potential for the second (and subsequent) party/s to enjoy

¹The residual land value is calculated by working backwards from a development revenue/yield scenario which 'warrants' a maximum land price for viability. The higher the development yield, the higher is the residual land price (given development costs and set returns on investment) and thus the affordability of the site. When the residual value is above 'buy price' then - put simply - a development is viable.

the potential for further surplus value, through third party title distribution embodied in the various ongoing sequential phases, which eventually culminates in a building/s which embodies new titles. Rezoned land for instance is a signal in itself for a greater value use, which provides the ability for subdivision of new titles eventually embodied in subsequent building/s.

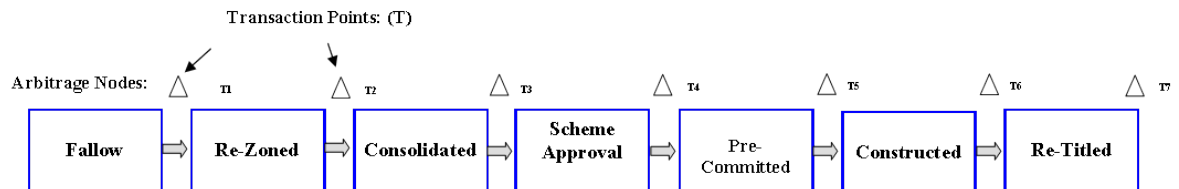


Figure 2.18: Transaction Points along Value Chain (Drane 2014)

(Transaction Points along Value Chain that attract Property Developers)

Figure 2.18 above shows the transaction points for each of the phases of the land transition chain. The nature of each of these phases is explained by a further understanding of the notion of ‘third party title distribution’ using an example (see next section). Revealed also is the diverse nature of the different transaction points and actors who are suited to each of the points, due to the complexity and resources required to trigger each. In effect, there is a multitude of different ‘players’ who ‘farm’ specific transaction points based on their resources and intellectual stocks. This multitude of actors is often collectively called singularly (in error) ‘the property developer’.

Title Distribution - The Commercial Heart of the Chain

‘Always leave something for the next guy’ stock market adage (anon)

Inherent in this adage is the acknowledgement that it is best to sell on the shoulder (of the share price) rather than wait greedily for the ‘top of the hill’ and then be left with the subsequent fall and associated loss. Although it is questionable that property developers obey the same rule due to the illiquid nature of land, the absence of spontaneous stock type price signals and the inertia and cost involved in each transaction, it illustrates the system of on-trading an instrument between parties, which also has relevance to land parcel trading. In the case of share trading, the instrument however is a single indivisible share in a company which is traded based on the perceived value of the capital gain and dividend, embodied supposedly in the likely performance of the company. With land, on the other hand, the instrument can be traded not only as a single

parcel (or instrument) which enjoys the benefits of value tension, or alternatively as a 'divisible instrument' which involves a series of sub-parcels which in themselves embody their own arbitrage value. The division of land title parcels by an incumbent land owner is termed here 'first party title subdivision' whilst the division of land title parcels by third parties who buy the land from the incumbent land owner, and on-sell it/them is termed here 'third party title distribution'.

Contemporary theories of the property development process overlook or diminish the importance of the intrinsic nature of title trading. In effect, the property development mechanism not only embodies the central driver of all entrepreneurial activity, in the original familiar form of 'title trading of simple goods', but in the context of 'title trading of land' by third parties. The act of property development itself forms an act of production, in this case of new title embodied in new space in the form of buildings.

It will be shown that traditional production views rest on the idea of the fixed production line distributing to customers in varied national and international loci. The property development mechanism works in reverse, being in fact a mobile social production system that 'settles' on land parcels and with great guile, political intrigue and intellectual resource, turns land into buildings which in turn embody new title over long periods. To arrive at this understanding, and before elaborating further, it is essential to explain how the act of third party title distribution engages with the land transition chain, and the property developers who 'farm the chain' or 'pass the parcel' toward a built outcome.

Third Party Title Distribution and The Land Transition Chain

The exact reason for the attraction to the land transition chain by developers at each of the arbitrage points is in fact the ability to trade a future potential for subdivision of the land parcel. To be more specific, with each arbitrage node exists a potential revised 'title pattern' which is shown in Figure 2.19 below.

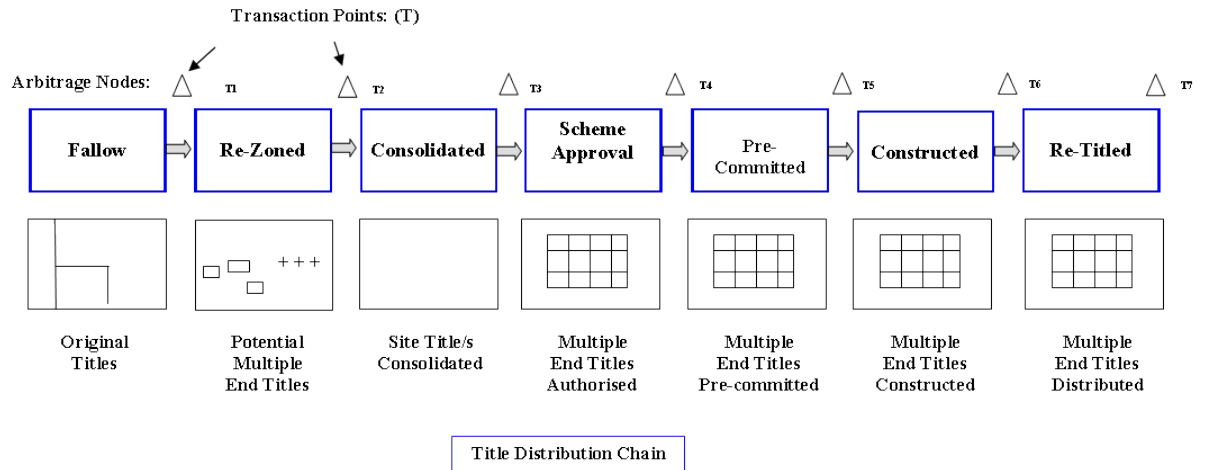


Figure 2.19: Title Distribution Patterns (Drane 2014)

(Title distribution manifest in new title patterns for the land parcel)

The figure shows in graphical terms the ‘tessellated’ effect of the changing potential and actual title patterns at each arbitrage node and each node will be explained in this context. In a general sense however, the figure draws on the case example with its single land parcel - *Gateway on Palmer* which involved a fallow site which was one parcel in an ‘infill’ fallow cityscape. The site had no remaining buildings, was used as a surface on grade car park by a charity, and was transformed into a high rise apartment tower through the property development mechanism. A vignette of the land parcel is shown below in Plate 2.2 to show its key features, which in turn assist in the understanding of the explanations of the model. The model is proposed to be applicable to infill development sites exemplified by the Palmer Street Precinct Case, and relevant to other fallow cityscape sites.

As two polar examples of this mechanism at work, a developer may consolidate an empty site which has several historic land titles and then consolidate the titles and build an apartment complex with numerous ‘sub-titles’ (or strata) which are then on-sold as apartments, leased or ‘operated’ for serviced apartment rental, or hotel or accommodation purposes (as per the Gateway vignette). An entitlement may in this case have a title attached to it, as a serviced apartment has a strata title owner, however the commercial intent is to give the end user an ‘entitlement’ to the use of that space for a time period.

Cityscape Vignette : Gateway Apartments, Townsville

Case Study: Palmer Street Precinct, Townsville

A developer led cityscape involving a council precipitated new mixed use zoning with height controls from a former historical port use.

Land Parcel:

Gateway Site, Palmer Street
2003-2007

Active Developer /s :

PJ Group : Consolidation & DA
Da Vinci/AMP : Construction



Background:

The project involved an apartment tower with a mixture of 112 owner and serviced apartments which was a key catalyst project that led to the proliferation of a wave of other buildings in the precinct. The land parcel was transitioned from its former dormant state through consolidation to pre-commitment, and passed hands between an originating developer and an institutional developer.

Reflection:

The land parcel dynamics demonstrated the full land transition chain being exemplified in all its stages along with a baton change between the under-resourced dynamic syndicate group (PJ Group) who originated the project to the more institutional DaVinci/AMP group. Thus illustrating the land transitions and their individual operators.

Plate 2.2: Cityscape Vignette 2: Gateway on Palmer Project, Townsville

A regional supermarket developer on the other hand may develop the same site (given relevant zoning and site catchment) to produce a shopping village with an ‘anchor entitlement’ by a supermarket operator to sell produce. The development would include numerous spaces which are leased to shop owners as an entitlement to trade for a number of pre-agreed years. In this case the shopping centre not only consists of individual entitlements under the numerous shop leases, but in aggregate forms a saleable asset the title/s to which a property trust may purchase. Referring to each of the arbitrage nodes in the figure above, the following title patterns are explained, which in turn enable the potential and then the actual third party title distribution for the site. The following subheadings refer to the arbitrage nodes in the above land transition chain shown in figure 2.20a.

The model starts with a site that is in its fallow state, and with no intrinsic usage value. In this situation a site will be operating very near to its lowest value, and have no improved capital value due to the absence of useable facilities. The site may or may not have an existing title pattern within its perimeter title.

Fallow State: Original Titles

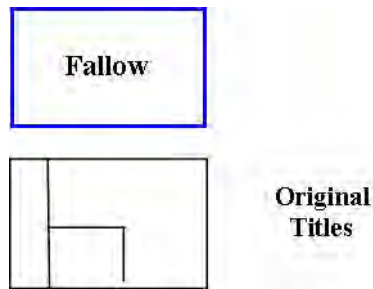


Figure 2.20a : Original Title Pattern

At this point there is no definable scheme or other vision for the site, which ‘wallows’ in its state of non-use. Developers may keep their eye on a site like this, however there is a long way to go for it to become a viable proposition. The site may have remnant title lines from a prior use as represented in the figure.

Vignette 2a: Erasing old Title Patterns, Gateway on Palmer Street Project

In this case example, the land parcel originally held buildings with a prior use, which had been demolished years earlier, and which left remnant title lines, which are shown symbolically as a simple pattern of a few titles in the diagram above. These would have to be erased if any further subdivision or building was to be entertained.

Rezoned

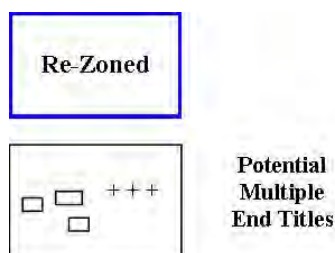


Figure 2.20b: Re-zoned Title Pattern

Fallow sites and cityscapes are the subject of rezoning and re-planning, either precipitated by a developer, or by the city or town itself. Within the rezoning will lie an improved outcome for the cityscape from a previous usage, that has become redundant or obsolete. Within this potential improved outcome lies value tension, and a potential arbitrage situation due to a greater potential use for the site or sites within the cityscape.

Vignette 2b: A new City Plan and potential new Title Patterns, Gateway on Palmer

In the case example, the precinct was ‘rezoned’ from its industrial and port use, as part of a revised city plan allowing the new development of mixed use buildings to a specific envelope and height limit. The mixed use involved the potential for commercial, residential and retail uses amongst others. This change in zone allowed for what is shown as ‘potential multiple end titles’, which has an arbitrage potential and inherent value tension which was activated as soon as the town plan was changed and gazetted.

This greater use can lead in some cases to the creation of multiple titles on a site which are later potentially embodied in a new building. Consolidated



Figure 2.20c: Consolidated Title Pattern

The figure shows this as a series of potential titles with a new title pattern, however at this point it is not clear what this will manifest into as a built form - an apartment tower, an office tower or a mix of both?

Based on the new rezoning, an incumbent land owner or a developer has the opportunity to remove existing redundant titles from a previous usage. This process of consolidation of title can lead to a value lift with arbitrage potential. The consolidation of title in effect facilitates the easy re-titling of the site for any potential new scheme for the site.

Vignette 2c: Consolidating Titles to prepare for a Strata Scheme: Gateway on Palmer

The originating developers of this project (PJ Group) engaged a surveyor to erase the original lots and consolidate the site into one title, which was a prerequisite for creating the strata title scheme that followed. This in itself provided a value lift, and prepared the site for any future new title pattern embodied in any proposed scheme.

It is shown in figure 2.20c above as an empty square pattern symbolizing the absence of any sub-title on the raw land.

Scheme Approval

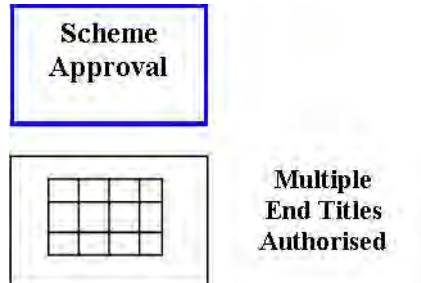


Figure 2.20d : Multiple End Titles Authorised Pattern

Based on a new zoning, there is the potential to create a development scheme for the site, which is based on ‘best use’ framed by the limits and opportunities of the new zoning. Such a scheme can be lodged by the developer or land owner for approval by the city, and be provided with a development approval.

Vignette 2d: Obtaining a Development Application: Gateway on Palmer

After The PJ Group, consolidated the site, they also proceeded to obtain a development approval. An approval was given by the city for a multi-storey apartment tower, which included a majority of managed apartments and a lesser number of owner-occupied apartments in one tower. This event allowed the developer to revalue the site, and obtain increased ‘re-finance’ for the ongoing ‘soft costs’² of part of the development.

Upon receipt of the development approval, and since this paves the way for future development, there is a ‘value lift’ and another arbitrage node is reached, allowing for disposal or subsequent development of the site.

Figure 2.20d represents this as ‘multiple end titles authorized’ in a title pattern, which is graphically represented to indicate approval for the embodiment of multiple defined titles in a building.

²Soft costs are related to activities that support the advice for and design of the building and exclude ‘hard costs’ associated with physical construction of the building itself. Consultancy and design fees constitute an example of soft costs.

Pre-Commitment

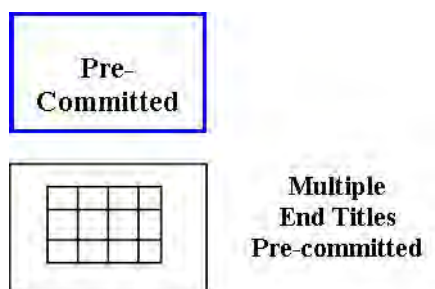


Figure 2.20e : Pre-commitment Title Pattern

Sites that have obtained development approval can be on-sold with a potential value lift due to the mitigation of what is called ‘authority risk’ on a site. The approved scheme paves the way for the development of a building. However before the scheme can become a funded, actual building project, other risks need to be mitigated and certain ‘pre-commitments’ - undertakings and underwritings established. These are called for as part of the funding processes, and include such things as pre-sale of apartments, pre-lease commitments by key tenants, funding covenants and guarantees, as well as fixed construction contracts . They are in effect points of surety of the actual creation, delivery and return on funding of the project.

Vignette 2e: Obtaining Pre-Commitments Developer 1: Gateway on Palmer

The originating developer, PJ Group proceeded with obtaining pre-commitments for the site, based on the requirements of the ‘parent’ or main bank funder, which included apartment pre-sales, equity and ‘mezzanine’³ debt raising and a fixed price construction contract. They were not been able to obtain sufficient apartment sale type pre-commitments in the market climate and so had insufficient funds for the next phase of the project. They accordingly sought to divest the project after all avenues were explored.

The figure shows the same title pattern as for the development approval phase, however signifies it as ‘multiple end titles pre-committed’. This is the defining event which can trigger the actual embodiment of these titles in a constructed building.

³ Mezzanine finance sits between the ‘parent’ or bank debt and the equity (owner) funding (thus its name) and is seen as ‘quasi equity’ as it can involve a mixture of high interest rate debt and profit share arrangements.

Constructed (Titles Embodied)

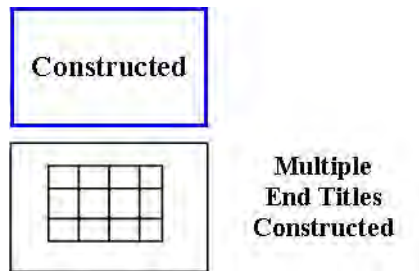


Figure 2.20f : Embodied Title Pattern (Construction)

When the necessary pre-commitments are made, they are embodied in a ‘contracted transaction chain’ which in some cases can include agreements which enable construction to proceed immediately. In other cases the transaction chain encompasses a series of confirmations based on ‘conditions precedent’ before construction can commence. The transaction chain will include ‘simulations’ in the form of manifestation documents, which are required to embody the actual building itself prior to its construction. More commonly known as design and specification documents, the notion of ‘contracted transaction chain’ shows the intricate relationship between the various types of documents and undertakings in the chain.

Vignette 2f: Obtaining Pre-Commitments Developer 2: Gateway on Palmer

The originating developer PJ Group, had not been able to obtain sufficient pre-commitments in the market climate. They accordingly sought a sale to a joint venture partner, who had a significant marketing potential, to secure pre-sales and the ability to raise further equity on the project. This was an example of the original developer not being able to move further along the land transition chain, without adequate resources to take the project through the pre-commitment phase, and on to construction.

The construction of the building forms a means of embodying title which is saleable to third parties. Figure 2.20f denotes this as ‘multiple end titles constructed’ (and embodied). The actual embodiment of title relies not only on the construction of the building which mimics the strata plan through space configurations , but the surveying of these space configurations and registering of the new titles in a revised title plan (in some cases known as a strata title plan). If this latter event does not occur, the building,

no matter of what nature, quality, form or scale, is merely a collection of bricks and mortar which has little significant market value relative to a registered building.

Vignette 2g: Constructing the Apartment Tower: Gateway on Palmer

The joint venture group consisting of Developer 1 (PJ Group) and Developer 2 (Davinci/AMP) engaged a builder for construction of the high rise apartment building with 112 apartments, which were embodied and titled through a strata title plan. The apartments were split into what is termed 'managed apartments', (88) which were rented on a short term basis (overnight to weekly) and managed by an on-site operator (Oaks). The balance and minority of apartments (24) were sold as residences which sat at the top of the tower, as larger residential apartments, sub-penthouses and penthouses.

Titled

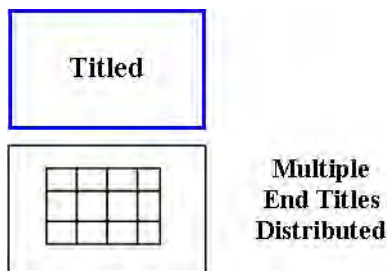


Figure 2.20g: Titled Pattern

The constructed building is merely a fabrication of bricks and mortar, glass and concrete, if it is not able to embody title. This process, often called 'registration of title' is a complex process which turns a constructed building into a property asset, which is constituted of the very titles which were vaguely envisaged several stages prior in the land transaction chain (at the rezoning stage).

At this point, the title distribution process is nearly complete except for the act of actually selling the titled building or its sub-titles to various parties who have an interest in purchasing. At this point the title distribution process enables the building to become a titled saleable property. A land parcel which starts its journey as fallow is now a building with numerous apartments, (in this case) which are entitled and used for residence or short term rental. The figure shows the same title pattern as the 'constructed' phase however it refers to it as 'multiple end titles distributed', or if they are not distributed then 'distributable'.

Vignette 2h: Sale of the Apartment Tower: Gateway on Palmer

In the case study, the registration of title resulted in the establishment of 88 managed apartments which sold to individuals, and then were operated on a short term use basis (similar to a hotel) by an operator (Oaks) or rented out by the owners. The nature of the Townsville market at the time entailed a lack of ‘medium length of stay’ apartments for ‘grey collar’ workers on contracts (and their families). The remaining 24 owner occupied apartments were sold separately. The serviced apartments sold quickly, the residences did not. This is elaborated further in the case study.

This step leads us to the final point in the land value chain in terms of its productive power to create buildings (and title) through arbitrage points fuelled by value tension, together with the attracted enablers of the phases (the property developer/s). This process is in effect the foundation of the contemporary ‘production system’ of both buildings and their associated new embodied title (or entitlements). So far however it assumes that distribution is automatic, and the associated titles are in accordance with market need and are sold accordingly. The case example however shows how, whilst the managed apartments were all sold relatively quickly, the owner-occupier residences did not sell until later.

A title pattern in effect is therefore not of itself a successful market offering so can be seen as a ‘title in production’ but not necessarily ‘in distribution’. Furthermore, the title patterns exist initially as ‘potential schemes’ along the chain and then actual schemes as the chain unfolds. The chain in this way illustrates and orientates to the transitive nature of the ‘perceived’ and then ‘actual title’ process along the chain.

The actual choice of title pattern does not actually substantially ‘crystallize’ until the ‘Scheme Approved’ phase, when a Development Approval is sought. If the land parcel is sold at this point to a third party, they may choose to undertake an amended scheme and obtain a revised development approval, to suit their own perception and assessment of the market need. This means that in the model, the actual phase in which the scheme has the most ‘probable relevance’ to the constructed outcome is at the ‘Pre-Committed’ phase. At this phase pre-commitments can be sought and obtained but the construction may still not occur. The last crystallizing act is what will be termed a ‘transaction chain reaction’ which relies on both the above value chain process, certain ‘alignments’ which

together with the volitional act of a number of ‘crystallizing parties’ lead to actual construction of the new building and the embodied titles. These alignments will be covered in detail, but mention here is required to show that the above chain and title distribution patterns form the foundation of the catalyst, but do not necessarily lead to construction and distribution of titles.

One key aspect of this alignment process is dealt with here, for the model so far has been left with some generalisations - the title patterns are generic and non-product specific, and the model suggests that the ‘crystallised title pattern’ embodied in the actual constructed building is fully sold or distributed to a willing market. The choice of ‘product offering’ depends on its corresponding relevance to not only a market for the product, (and title) but the timing of the offering.

Buildings, The Embodiment of Title, and Distribution of both Title and Product

A title is not in itself a product. For those who have seen a strata plan, this will be immediately obvious. The strata plan reduces a building with all its features, finishes and facades into a clinical geometrical box diagram. Each box represents a title and associated entitlement, which is bound by the perimeter of the building component that is being entitled - an apartment, an office, a shop. The boxes are again bound together by ‘common property’ title, that allows all the individual titles to share common space and services. The intrinsic rights, both legal and functional, are embodied in these diagrams: a neighbouring boundary, a common access passageway, a shared waste bin area or a car park allocation, are all reduced to such functional rights patterns.

But a ‘rights diagram’ does not of itself lead to a sale, and it would be difficult to pre-sell an apartment complex off its strata plan. Thus the separation of the idea of title from product, and forming the foundation of entitlement to a product, which for sake of clarity might be in the form of an apartment. From a simple entitlement an apartment title follows other layers of satisfaction and relevance to the end user or market, from the number of bedrooms, to the quality of a kitchen, to its use as a residence or an investment product.

The land transition chain and its system of creation, embodiment and distribution of title also has another fundamental objective - the distribution of ‘titled and /or entitled product’ such as apartments embodied in buildings.

In terms of the ease of production of space under the model, it shows some serious issues of potential inertia due to the vagaries of the title distribution process. These require time and different parties to enact, and when enacted, require an alignment of the complex and enormous forces needed to see the building completed.

Under the model, the 'building' in effect becomes the vessel through which space, product and title are produced and distributed. Distribution of objects in normal production systems allow for supply modulation based on adjustment to a production line system, in alignment with new market needs for products. In the case of property development including creation and production, a mobile social production system is required that 'settles on the land', 'manifests' a building, and then moves on to the next site.

2.3 Fallow Cityscapes as a setting for the Land Transaction Chain /Model

The model so far has been built from the essential idea of a typical land parcel within a cityscape, the latter being defined as *a collective of land parcels connected by a common access and defined boundary* then indicating an aggregate action similar to the individual land parcel example. This section defines fallow cityscapes further, focusing on what is termed herein the ‘infill cityscape’ which is based on the case studies later in the thesis. A schematic diagram of the infill site is provided, to allow the understanding of multiple land parcel actions within the cityscape, which act collectively to drive the cityscape toward proliferation of buildings and vibrancy. The idea of the land transition chain here and the associated model to date, is in effect placed in this ‘setting’ as a ‘field of operation’ to attract the collective of players (property developers) , in order to operate in and harvest the land value chain, moving the individual parcels toward their end objective - the creation of buildings that embody title.

The fallow cityscape is seen as one which, although seemingly ‘wallowing in its own history’ is also the cityscape which can suddenly proliferate at a rapid rate due to the prevailing higher incremental value tension between the cityscape and the surrounding area which may be more vibrant.

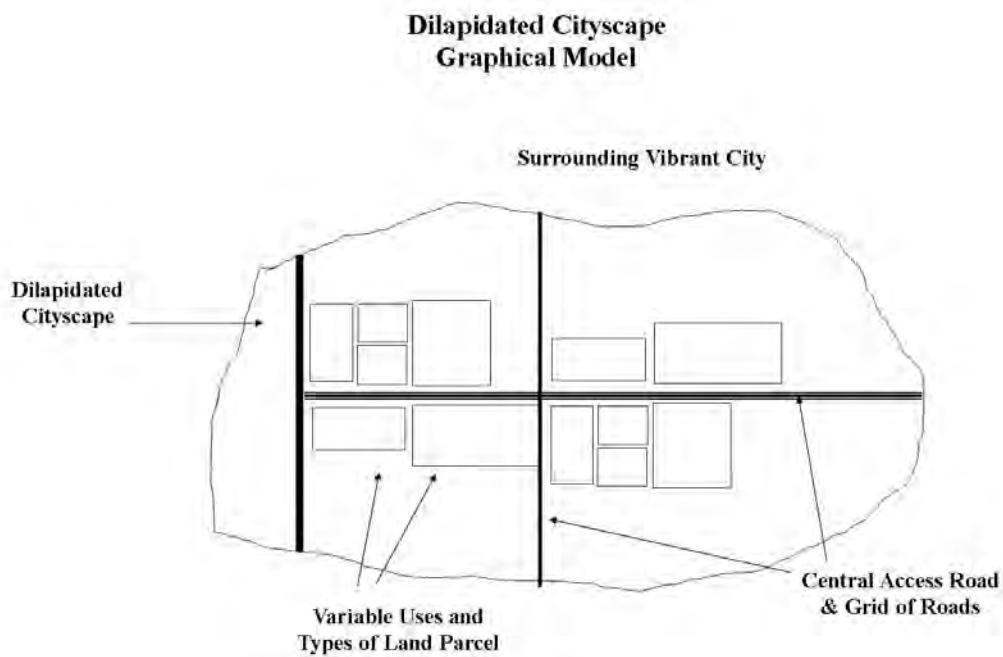


Figure 2.21: Standard Schematic for fallow Cityscapes (Drane 2014)

The infill site is represented schematically below showing a central access corridor with a sub-network of roads. Along this road pattern usually lie sites which are all in varying states of obsolescence or relevance, within the overall fallow or semi-dormant state of the cityscape. Figure 2.21 illustrates this and has been based broadly on the case study example. The land parcels shown will be in varying fallow states leading to a sense of dilapidation, often marked by signs of neglect or even vagrancy.

Inherent in this schematic is the notion of a collective of land parcels which exist within a boundary that shares a common condition of dilapidation or obsolescence. Not all the land parcels may be completely ‘fallow’ however, and some may have remnant functional buildings and businesses operating. An old factory may still be used or there may be older shops that service the local community. The fallow parcels will usually be at minimum use level and at their lowest unimproved value.

Vignette 2i: Land Parcel Tensions: Gateway on Palmer Project

In 2003, Palmer St consisted of a stretch of dilapidated remnant industrial buildings which were a relic of their former era. The street however had some shops, old hotels (pubs) and more recent restaurants and cafes. The subject site which is part of the study had a previous meat works, which had been demolished and the land used as a commuter car park for the city with a charity as gatekeeper. There was a serviced apartment block (The Quest) and a Holiday Inn in the street which were built earlier but were tired and dated. On one flank of the cityscape across the river (Ross Creek) was the city’s vibrant night club district (Flinders St) and on the other flank were residential areas and old port remnants (with an associated rail line).

In the consideration of these various parcels is the fact that the vibrancy of the surrounding city creates the value tension between the land parcels in the cityscape and the surrounding city. Each of the land parcels within the fallow cityscape has a lower ‘vibrancy level’ than the city itself.

Herein lies not only the idea of the relative vibrancy and value tension between these parcels and the surrounding city, but the level of vibrancy of each land parcel in relation to each other.

Relative Vibrancy and Relative Value Tension in Land Parcels.

In the case of land parcels, the relative difference in vibrancy between a parcel, its surrounding land parcels and surrounding city, determine the relative value tension of a parcel.

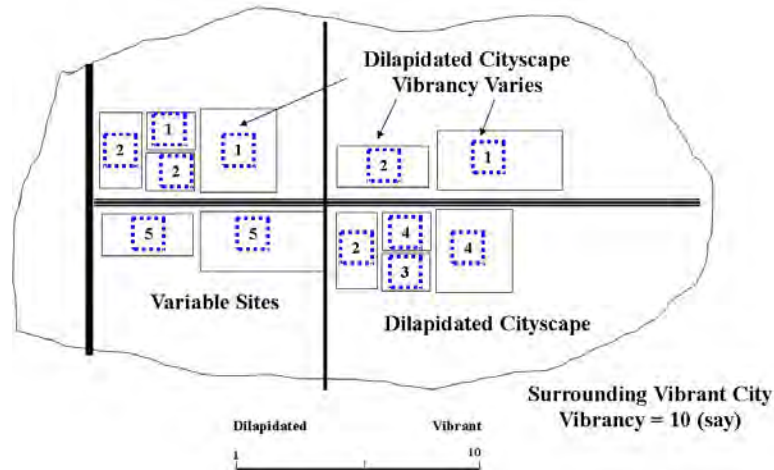


Figure 2.22: Relative Vibrancy In Cityscapes (Drane 2014)

In this sense each land parcel has its own ‘parcel vibrancy’ relative to the vibrancy of the surrounding city. A city is not a land parcel but an aggregate of parcels, and in the figuring of this phenomenon, the city surrounding the fallow cityscape has a clear vibrancy which is different from the fallow cityscape which has its own ambient vibrancy. Fig 2.22 above shows the ambient vibrancy of the surrounding city; the various land parcels within the land parcel which are shown with lesser vibrancy values.

The constituents of Vibrancy in fallow Cityscapes

The determinants of vibrancy relate to a particular land parcel’s position in the land transition chain such as obsolete raw land and its related transaction inertia, (such as existing land owner resistance or site preparedness), that the parcel experiences due to factors which lock the site in a particular phase for a period. Of course these locks may occur at each step in the chain, however as the parcel moves along the chain, the opportunity level rises and the transaction inertia decreases. Usually this is ultimately represented in the time taken between the steps in the chain and its natural inertia profile which tends to be higher in early phases. This has already been illustrated in Figure 2.17 which showed the extended proportion of time at the fallow end relative that between

stages at the later end of the chain. This inertia is explored theoretically in later sections which cover the activation of the mechanism and also in the analysis of the case studies.

Giddens' distanciation resonates here also in the form of 're-distanciation' or infill of a dead zone in the city to maintain the prevailing power structure and its associated storage, in the form of the city. The test of this might be that if nothing was done then the cityscape becomes an alienated landscape with vagrancy which does not support the political harmony of the city. The city 'juggernaut' would soon fill this hole through surveillance and state based self-protection. The notion of re-distanciation is revisited in Chapter 6: Machines and Power Sources.

In this chapter we have described the land transition chain, its propensity for title distribution and the arbitrage points of attraction for potential parties suited to the capitalization of opportunity inherent in the attraction nodes. All of these are the essential elements of land parcel dynamics. Such parcels are seen to be the common denominator of the changing face of the city. These dynamics are central to understanding the indeterminate nature of change in the form of outcrops in the face of the city. But what are those forces and who enacts them and by what circumstance and mechanisms are they enacted?

Moving the land parcel dynamics and its constituent elements, Chapter 3 - *Collective Manifestations*, deals with the collective action of local actors and creating parties who usher the vision for the cityscape and its land parcels. Here the tutelage and fostering of land parcels is described as an ambient local force on the land parcel. The notion of historical incumbency and contiguous city vision, sets the stage for the fostering of development on the land parcels, which constitute a city precinct or cityscape.

The chapter shows the nature of the local interests and lobbies, which hold a long term interest in the land parcels and the cityscape. This is contrasted with the more transient, nomadic interest of the property developer. Explored also is the complex nature of collective manifestations by incumbent local interests, which prime the land parcels for renewal and development over time. These are often seen in the form of council authority environmental plans and development control plans, empowered by local and state imperatives. The concept of collective manifestations is explored in context with

the Marx's 'materialist conception of history' and its enduring elements. The dualist nature of interaction between transient developer interests, and incumbent local interests, is explored in context with theories of the dialectic including Hegel and Giddens.

The chapter aligns with the principles inherent in Land Parcel Dynamics by illustrating the enduring perennial forces and by the local and historical interests in the land lots which will become primed to become land parcels, awaiting the attraction of developers and the right development season.

Chapter 3: Collective Manifestations

This chapter explains the concept of ‘collective manifestations’, the collective historical visions of the ‘creating parties’ of a cityscape. They include politicians, state and local authorities, public and their lobby groups and the planners and designers who create a vision for the cityscape, ideally with public input. The historic force of collective manifestation is seen to have a local dynamic; revolving in an orbit over time, but then interacting with the more transient forces of property developers and their own dynamics.

Men [sic] make their own history, whatever its outcome may be, in that each person follows his own consciously desired end, and it is precisely the resultant of these many wills operating in different directions and of their manifold effects upon the outer world that constitutes history.

Frederick Engels 1888 (Engels 1888, p. 58,59)

As a city grows, thrives and changes, it leaves behind ‘dead spots’, areas which were once alive, but which have become semi-dormant. An old port, residential or industrial area, or even an old building may be made redundant and surrounded by the newer forms and vibrant fabric of the city, ‘flowing’ around it. In the historical era of these spaces and buildings however, there comes a time, due to factors both circumstantial and volitional, when a change is due and through a mechanism, and ‘phenomenon’, they suddenly spring to life in another form; transformed, ‘refilled’ or adjusted to meld into the surrounding fabric again. The explanation of these metamorphic changes are often seen as the forces of gentrification, consolidation of the patterns that have been described earlier.

To fully understand this, one needs to closely follow the transformative agencies, the elements and forces of change which catalyse the seeds of growth. These agents could be seen as actors such as urban designers, town planners, architects and engineers who conceive dreams of the city in plans and blueprints, cardboard models, computer aided design impressions and simulations.

Others might say it is also the realm of the builder, who takes these plans and turns them into the concrete and glass structures of the city. However, there is something missing in the figuring of all these players and their relationships. It lies primarily in the understanding of how these disciplines reign; in the case of the planners and designers it is ‘thought’ and in the case of the builders it is ‘matter’. Figure 3.1 shows this in graphical form.

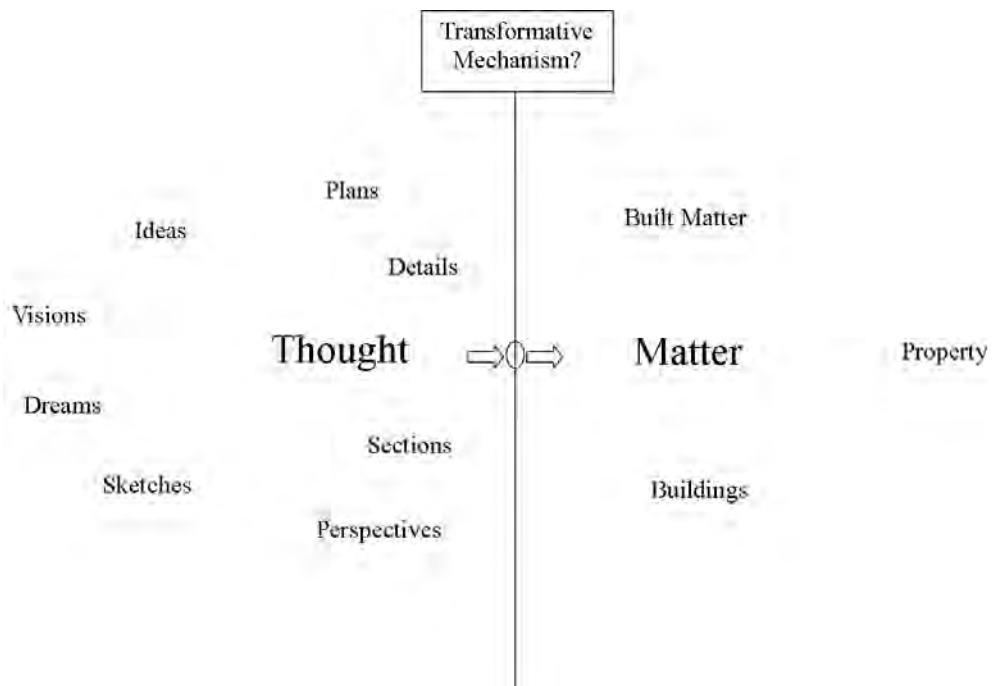


Figure 3.1: Transformative Model: At the conjunction of thought and the creation of built matter (Drane 2014)

Thinking about a city, its plans and designs, does not make a city (as built matter), nor do the contracted works of a builder automatically follow those devices of thought and vision.

Between these two provinces lies a third: a process of metamorphosis or a catalyst, which has at its essence those elements that would turn thought (visions, plans and designs) into matter (buildings). The middle province could also be seen as those who control money and finance; bankers and financiers who might tie the two together, the ‘covert’ world of enablement through funds and deals, contracts and transactions. Yet

this is too simplistic, since financiers dislike to ‘foreclose on themselves’. Instead they need a third party who can be encumbered with the burdens and guarantees of the funding and debt instruments related to the new development.

There is in all this therefore the need for a third party. This third role is carried out by a collective of players who actually combine to enact the middle province, and transforms thought into matter; the property developer/s who transition land parcels toward development. However, the idea of one person enacting this transformative role requires an understanding of parallel actions and mechanisms which are extremely complex, that happen over extensive time periods, rely on the collective action of many, and are mercurial in their modus, locus and strategies of implementation.

This mechanism transforms cities, and is the catalyst for new growth in the shells of our skylines, the grandiose forms which become artefacts of their era. The developer is the primary actor - sometimes viewed with suspicion - the gatekeeper controlling the passage through which cities grow.

This mechanism, is primarily responsible for physically changing our cities and profoundly influencing the nature and quality of urban environments.

The effect is metamorphic, and can turn a semi-dormant area or fringe farm into a ‘growth machine’ (Molotch 1976), where mixed development suddenly proliferates ahead of the needs or desires of a community.

The property developer and his dynamics are covered in the next chapter, where the collective manifestation and its ‘creating parties’ are elaborated. A social and political mixture is described of the public, lobby groups, politicians, authorities, administrators, planners and designers, shown to operate around the divide between thought and matter.

In practice these play out in cityscapes depending on who is actually leading, sponsoring, seed funding or priming the cityscape with new infrastructure. Any of these acts can be performed by state, local or private development interests. A city or state authority may create visions and provide leadership, sponsorship or even seed capital, not relying on the incumbent developer/s to provide these elements.

City West Development Corporation (CWDC), developed the Western precinct, CBD, Sydney (Plate 3.1) and Honeysuckle Development Corporation (HDC) developed the Honeysuckle Port Precinct, Newcastle (Plate 3.2). Leadership was offered through the new development bodies (CWDC and HDC respectively) deploying seed capital from the *Building Better Cities* programme in the early 1990s to provide stimulus to precede and attract developers. These are termed here as ‘city-led’ cityscapes. Alternatively, a cityscape may benefit from the activity of local bodies who create visions for the cityscape; such cityscapes must still attract developers’ leadership, sponsorship and seed funding. The fate of the cityscape is then in the hands of developers reliance on appropriate conditions for activation and operation, and their lack of local knowledge and competing interests elsewhere.


Cityscape Vignette : City West: A City/State Led Development of Sydneys’ Old Port Precinct	
City West 1994-2004 The western precinct of the Sydney CBD was gentrified from its former port and harbour functions. This included Ultimo and Pyrmont Districts. These were controlled under the state formed City West Development Corporation established in 1992 under the Building Better Cities Programme and The Sydney Harbour Foreshore Authority.	Active Developer/s: Consolidation and Release: CWDC: A State development body for consolidation and release of lands. Individual Land Parcels: Plural developers for individual land parcels by tender processes.
	
Background: The vision commenced with the 1992 Sydney Regional Environmental Plan No. 26 – City West. The Building Better Cities Programme, as a national initiative provided valuable funding for the seeding of the cityscape for development. CWDC, as a state body was the consent authority and development body vested with the consolidation and release of land parcels for private development purposes. \$18.2million was initially allocated in 1994 and by 2004 a decade later this had risen to \$223m (1).	
Reflection: The precinct proliferated new apartment offerings to an increasingly affluent city population base which grew from 5000 in 1994 to 13,000 in 2004 together with 365 affordable apartments. This cityscape illustrates the collective power of state, city and local interests and their collaboration with private development interests in the top down creation of a steady proliferation of buildings in a sluggish decade of the 1990s (1). The power of the manifestation was magnified by the influx of previously retrenched private development professionals into key positions in the state development body.	

Plate 3.1: Vignette, City West Development, CBD, Sydney (Sydney Harbour Foreshore Authority, 2004)

In another example, the Railway Precinct, (Plate 3.3) a further dynamic is seen - a substantial land offering was tendered to large groups by the local authority, granting the winner literal ‘ownership’ of the land bank.

Cityscape Vignette : Honeysuckle: A City/State Led Development of Newcastle's Old Port Precinct

Honeysuckle Precinct: 1992 to 2008:

A city led cityscape, seeded by Building Better Cities (1992) with a new city master plan for a hospitality, food and accommodation precinct. The harbour shore of the Newcastle CBD was gentrified from its former port and harbour functions. A city development body (Honeysuckle Development Corporation) was created to provide a consolidated land offering to a plurality of developers.

Active Developer:**Consolidation and Release:**

HDC: A State development body for consolidation and release of lands.

Individual Land Parcel:

Plural developers for individual land parcels by tender.

**Background:**

The Honeysuckle Development Corporation is shown to act as a government development body, consolidating and selling parcels to private developers based on a state/local conceived master plan that manifested a new life-style for the residents of Newcastle. The cityscape flourished in the mid 2000s over a decade after the mid-1990s BBC stimulation. It then returned to a slower pace of development in the post GFC era.

Reflection:


Another state development body similar to the concurrent City West Development Corporation was meant to provide a means of controlling development outcomes of these cityscapes by master planning the precinct and then releasing land parcels to incumbent developers. This structure became fraught politically as millions of public dollars 'disappeared' into the cityscape with no immediate obvious development. The manifestation of the new gentrified precinct took until the end of the 1990s and beyond to show any noticeable fruition. Careers and finances were exhausted in the process. This was a testament to the time lapse nature of the mechanism.

Plate 3.2: Vignette: Honeysuckle Development, CBD, Newcastle.

The winner, local developer Honeycombs Property Group then proceeded over time, to release the land in parcels for their own development purposes. This represented a subrogation of the vesting of development control in the CWDC and HDC cases. In the case of the Railway Precinct, a developer-led, sponsored- and seeded- cityscape controlled all land release in small parcels through their own internal development process. This contrasted with the CWDC and HDC approaches which were controlled and enacted by a state-run development body. With the Railway Precinct, the cityscape might be ushered by the local authorities and interests but not led or seeded by them. This scenario is termed 'developer-led'.

Developer-led or city-led, in all these cases is elucidated the dance for power over the land parcels within the cityscapes. In the city-led case the power and vision is held by the public bodies or local creating parties, whilst in the developer-led example, by private developers.

Cityscape Vignette : Railway Precinct: A City Master Planned Developer Led Renewal: Townsville's Rail Yards

<p>Railway Precinct:2003 to 2008:</p> <p>A developer master planned developer led/seeded development. A single land release, in a land bank owned by developer Honeycombe Properties.</p> <p>Townsville City Council (TCC) released the land for development in a tender which attracted national responses by developers in 2003-4.</p>	<p>Active Developer:</p> <p>Consolidation and Release: TCC: The city council for consolidation and release of lands.</p> <p>Individual Land Parcels: A single developer created individual land parcels for release in a land bank over time.</p>	
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Background:

The land was manifested by a city master plan and a tender to form a new gentrified inner city precinct. The land itself was found to contain toxins which hindered the offers by the various savvy out of town developers. In the end a local group Honeycombe Property won the bid and created a master plan concept then seeded the dusty and disused rail yards for the creation of a new precinct.

Reflection:

The transformation of the precinct relied on a partnership of master planning by the city authority with the local developer. The overall land parcel was then subdivided into sub-precincts. This joint manifestation placed more control in the developer's hands who deployed the substantial seed funds. Surprisingly, proliferation by the market-led developer did not result in similar 'over proliferation' of buildings in the nearby Palmer Street precinct. The result was the initially isolated development of singular land parcels which sat surrounded by the dusty remnants of the precinct's prior use. The developer however adapted the development to successfully meet the needs of the Post GFC era with smaller apartment offerings that were targeted to a predominantly investor market place.

Plate 3.3: Vignette: Railway Precinct, CBD, Townsville.

Here lies an understanding of the determinants of appropriate outcomes for the cityscapes. The case studies in this thesis will show that in both modes, locally-desired outcomes are uncertain. The fact is that as the land is released in parcels, despite prior priming through public seed capital, the future of all parcels will be in the hands of the private developer. The vignettes demonstrate the steps towards the 'vision outcomes' of the cityscape by the local creating parties and external or local developers. These forces and this political economy, elucidate the way in which they play out in modern society. Although they are in the modern setting of high profile, growth-centred cityscapes, the dynamics (political and commercial) are proposed to be timeless. Historical understanding of these forces strengthens understanding of the enduring nature of collective manifestations and the development mechanism. The next section reviews the theoretical foundations of 'Collective Manifestations'.

3.1 Foundations of Collective Manifestations

The theoretical mechanism inherent in Marx's 'human creative powers' and their ability to collectively produce or even 'manifest' objects is asserted to be enduring. Its dialectic and indeterminate emphasis is also enduring and prevalent in the contemporary

‘property development mechanism’. In this section the historical foundations of collective manifestations are described.

Collective manifestations in both theoretical and historical terms, lie within the notion of manifestation in the spiritual dialectics of Hegel’s ‘absolute truth’, the materialist renditions of Karl Marx and the clarifications of Frederick Engels in the concept of dialectic (or historical) materialism. Earlier roots also occur in the spiritual literature of eastern mysticism and the nature of manifestation in modern practice underlying the philosophy of creating parties. I will show that the elements of Marx and Engel’s view of history, their materialist rhythm and movement of the dialectic, persist in the modern property development mechanism, especially in the passion play between ‘thought’ and ‘matter’, played out in the modernist concept of collective manifestations.

When Karl Marx and Frederick Engels created their view of history, emerging from the power of the Hegelian dialectic and its relation to materialism, their world view and focus included capitalist bourgeoisie from a post-enlightenment and Industrialist era. Missing, however, from the landscape of players and their list of suspects was the ‘property developer’, despite his emergence in the new colonies. The Marxist capitalism framework was founded on the feudal system of land, labour and capital. Trading and distribution of land title to third parties - in particular commoners - was not considered.

The twentieth century and its post-World War II era in Australia saw the rise of third party property trading and came to personify a new age of extreme, speculative, property-focused capitalism. The trading of land into releases and the proliferation of new property developments became a hallmark, examples of which have been described in Chapter 1. It is proposed here however, that forces still at work are based on a set of principles underlying the ‘historical materialism’ of the writings of Marx and Engels. The setting may be different, but the people are the same. Although human society is over a century and a half beyond the Communist Manifesto and German Ideology, the embers of Karl Marx’s central understanding of collective human action and its manifestation into matter and product are alive and well. Here they are seen in the form of property developers and their characteristic support systems.

Marx's theories, set in the context of the overall injustice of the systems of capital production in a nineteenth century industrialist, dualist society of the oppressor and the oppressed, had within them central understandings of humanism and its behaviour. This was in the form of a natural right to unleash creative powers in the production of objects and matter (Teows 1999, p. 32). For the sake of clarity here, this quality is referred to here as 'Marxian' as distinct from Marxist.

The working class human under Marxian theory had a natural power to create or manifest objects that would be in balance with the needs of others, "the fulfilled naturalism of man and humanism of nature" (McLellan 1974, p. 26 from Marx *Early Texts*). Naturalism and humanism played a dual role in the creation of objects of use. In Marx's perfect world, if not distorted by the engines of capitalism, "man [sic] would create objects that were mutually used and supportive, and this in turn would lead to a society of harmonic need and production" (McLellan 1974, p. 25 from Marx *Early Texts*). People would in effect humanize the world with human objects sourced from their naturalist heritage.

These utopian ideas, formed in the early 1840s, were precursors to not only the Marxism of the *Communist Manifesto* of 1848 but would in the interim, mature in 1845-6 (due to a series of human and historical influences) into what would become Marx's 'materialist conception of history'. It was later termed by others 'historical or dialectic materialism', a concept which added not only the previous view of human creative power and its manifestation of objects, but the idea of collective action as a guiding force to historical outcomes, held within the rhythmic movement of dialectic forces (Engels 1888, p. 58).

Historical materialism had its genesis in the Hegelian dialectic which, with its emphasis on idealism and metaphysics created a road block for Marx who needed a way through Hegel's strange metaphysical view of the movement of the dialectic in cycles of consciousness and toward an 'absolute truth'. Such an ideal goal was seen to be artificial by Marx and Engels (Engels 1888, p. 53, 55 & 57), because the philosophies of the time were torn between Hegelian and Kantian 'idealism' which placed 'spirit before nature' and materialism, which placed 'nature before spirit' (Engels 1888, p. 31).

As we hear from German ideologists, Germany has in the last few years gone through an unparalleled revolution... a revolution beside which the French Revolution was child's play...supposed to have taken place in the realm of pure thought

(Marx 1845, p. 1).

Idealism and Materialism (Nineteenth century)

The observance of 'spirit over nature' was a concept that would form a foundation of what was to be called 'idealism' in the nineteenth century. In this case nature was seen to be the natural world including humans. Spirit was seen as a reflection of deity or metaphysical entities which could only be perceived through ideas.

The alternative concept, the observance of 'nature over spirit' was to become the central tenet of the 'materialist' view of the time. The word 'materialist', although in the modern context referring to the collection of inanimate objects, in the theoretical climate of the mid-nineteenth century referred more to the natural world in a material manner (Engels 1888, p.33). With the materialist point of view came a strong emphasis on atheism or a naturalist view which dispensed with the idea of deity. Such concepts were about to be drawn substantially by Marx into the substantiation of materialism, through his theory of historical materialism due to a series of influences which came firstly in the form of Ludwig Feuerbach and his 'new age' view of the natural sensual world.

With Feuerbach's *Essence of Christianity* arose the new idea, that:

...nature exists independently of all philosophy. It is the foundation upon which we human beings, ourselves products of nature have grown up. Nothing exists outside nature and man, and the higher beings our religious fantasies have created are only the fantastic reflection of our own essence.

(Engels 1888, p. 28).

In the same era arose the advent of scientific discovery of the cell and Darwinian evolution, which drove the naturalist or materialist agenda to new levels which ultimately culminated with the release in 1846 of 'The German Ideology' by Marx. The idea of historical materialism was embodied with clarity in Engels' reflection in 1888

on Feuerbach, after Marx's death, where he encapsulated the essence of the theory in a series of clarifications as follows:

In the history of society...the actors are all endowed with consciousness, are men acting with deliberation or passion, working toward definite goals; nothing happens without a conscious purpose, without an intended aim...the course of history is governed by inner general laws. For here, also on the whole, in spite of the consciously desired aims of all individuals, accident apparently reigns on the surface. That which is willed happens but rarely; in the majority of instances the numerous desired ends cross and conflict with one another... The ends of the actions are intended, but the results which actually follow from these actions are not intended; or when they do seem to correspond to the end intended, they ultimately have consequences quite other than those intended.

(Frederick Engels 1888, p. 58)

The theoretical mechanism inherent in Marx's 'human creative powers' and their ability to collectively produce or even 'manifest' objects, are seen in this thesis as ongoing phenomena. Their dialectic and indeterminate emphasis are enduring and prevalent in the form of the contemporary 'property development mechanism' described.

Like the capitalist mechanism of that time, the property development mechanism today relies on the 'collective manifestations' of a series of actors and conditions, which culminate or 'align' at certain points in time, to turn the ideas and plans of many into the structures of modern cityscapes. The sponsor and beneficiary of this history of a collective, but separate and distinct collaboration of ideas, or 'collective manifestation' is the property developer. This inheritance can be likened to a 'key to a door', which leads to a change in state from ideas and plans, to production of buildings and in turn artefacts of the development process.

3.2 The Property Development Mechanism

For the sake of clarity, and for the context of this chapter, the mechanism is defined as a 'system of third party title distribution through embodiment of title in the production of buildings and their related forms of accommodation'. The notion of the 'third party' relates to a party who does not own the related land or property, but seeks to acquire an

existing land owner's title to the property for the purposes of property development and profit.

The notion of 'title distribution' refers to the act of dividing a parcel of land or building into several parcels, which in turn are developed by other parties or the third party. A central concept of third party title distribution is the notion of 'arbitrage' or incremental value differentiation between acquisition and distribution of the land title.

Manifestation, Metamorphosis and the Mechanism

The property development mechanism acts as the catalytic bridge between the thought and the creation of built matter in a built environment. In effect the property development mechanism sits at the absolute junction between thought and matter, analogous to the process of germination of a seed.

The effect that this mechanism has on the outcomes of our built forms is dramatic, sometimes leaving in its wake an exaggerated or questioned outcome. To leave so much in the hands of the property developer, demonstrates the imbalance between the collective vision and what preceded it, and the system of title transfer in modern cities. Title transfer and distribution hold supremacy by ultimately forming the shape of the 'cookie cutter', filtering and adjusting prior visions. Before detailing the proposed model, the notion of manifestation, its roots and foundations are elaborated further, alongside its relevance to modern practice.

Manifestation

Manifestation has its roots in eastern thought in the Vedas of Sanskrit (Raghavachar 1978), its most essential meaning in human spiritual terms expressed by scholars of Sanskrit and attributed by some as a Buddhist quote, in the phrase "As you think, so you will become" (Govindananda 2007, p.9). The meaning extends in some related texts to imply a relationship between thought and manifested outcomes at human and material levels:

Thus whatever there is in this world is the manifestation of thought, and thought can only manifest itself through words. This mass of words by which the un-manifested thought becomes manifest, that is what is meant by the Vedas

(Ansel 1900, p. 2).

In contemporary development practice, the manifestation process plays out in the form of ideas, plans and actions. In the creation of buildings, the planner and the architect are one of the earlier agents of manifestation, providing a 'plan' or 'concept' allowing for 'common visualization' of the intended construction. The 'plan' then forms a basis for a collective understanding of the idea of a new building by all those involved. When all parties are singing to the same tune then the plans eventually can manifest into a building. The tune is the subject of this thesis. The only thing preventing or allowing the 'plan' to become a physical reality is the series of factors and actors over long periods, the order and nature of which is as described throughout the thesis.

Many of these factors and actors play a part at the time of conception of the building, but many other factors - and stars aligned sometimes many years before - allow this moment of realization of the physical object to occur. The collection of these actors and their collaborative and distinct, parallel and separate visions for the creation of a new building or buildings comprise what is termed here 'collective manifestation'. The nature of manifestation in the modern design, development and construction processes of today, are inherent in the mechanism.

3.3 Plans and Buildings

A plan is not a building in itself, nor a vision or a blueprint. These are simply the graphical representations and devices of those who desire a building to be built (or in their aggregate, a cityscape). It should be considered that a blueprint can often lead to a thing of reality - a façade, a slab, a block, a column - whose weight, positioning or procurement requires the extensive effort of many hands or machines, and has as its end product, the final artefact.

For such transition there is required the practical understanding of the realms of those who actually turn thought into matter. These are the germinators of our cities, the ones who initiate the momentum, alignments and transactions to unleash the power, energy and conflict to convert visions into the built form.

Some call these actors, 'property developers' however although one party or entity can manage part of the mechanism, the actions that are required in its activation can often require separate roles, triggered by circumstance both random and volitional, and extend

over long, unrelated periods. These roles and actions, can be seen as ‘sponsor’, ‘promoter’ or ‘funder’.

An example is given below of transplanting a vision drawn from extensive overseas research (Plate 3.4), driving deals with key tenants - Qantas and Southern Pacific Hotels - who were used as catalysts for the realisation of the new precinct development. The Sydney Airport Centre development of the late 1980s brought this to life where mercurial, heralded developer Peter Wills created a visionary outcome for a new office park in the brownfields precinct of Mascot, South Sydney.

However, singular depictions of roles and actors can convey only a superficial understanding. For thoughts to turn to matter, requires contracts, plans, deals and transactions, but first the end outcome must be simulated through ‘manifestation documents’ that ‘guarantee’ the desired visual certainty of the creation. This view is deliberately taken at this point (between thought and matter), which in the history of a cityscape or city field may be ‘on the brink of happening’ a number of times, but like the cogs in a combination safe, can only ‘click’ and open when the safe-keeper permits.


Cityscape Vignette : Sydney Airport Centre: A City Rezoned, Developer Master Planned/Led Renewal: South Sydney	
SAC Precinct:2003 to 2008:	Active Developer:
The precinct was rezoned for mixed development use with height restrictions due to the airport flight path.	Masterplan & Consolidation: CRI: A development consortium including CRI Ltd and Japanese investment.
Developer led and seeded, master planned, consolidated, subdivided with anchor tenant Qantas as a catalyst.	Individual Land Parcels: CRI: A single developer created individual land parcels for release in a land bank over time.
	
Background:	
The land was a former industrial or brownfields precinct which was semi-dormant and transitioning from its past uses under the ever growing needs of the nearby central business district. CRI created the vision through a master-plan for a mixed office/light industrial/warehouse use with anchor tenants Qantas and Southern Pacific Hotels.	
Reflection:	
The transformation of the precinct relied on master planning and seeding by the developer using similar models from overseas business precincts. This involved extensive research trips viewing overseas examples. This transplanting of a new ‘lifestyle precinct’ into the dowdy prior industrial precinct was to become a hallmark of the 1990s city building era. The development was however conceived too late in the 1980s decade which was soon to see a market precipice into the early 1990s. The manifestation was visionary, however after Qantas was instated and a new ‘Centra’ hotel, the precinct was victim to the crash of the late 1980s. Bright new developments sat in amongst the un-developed balance land parcels which would take a decade to proliferate and realise the bright original manifestations of 1988.	

Plate 3.4: Vignette: Sydney Airport Centre, South Sydney.

The catalytic nature of the mechanism relates to the fact that although it may play out over long periods of time, there is an acceleration, suddenly combining the prior plays, and in a metamorphic manner and moment, bringing them to fruition.

To elaborate is to not start with the mechanism as a whole, but to build its world in tiny 'easy to explain' pieces which fit together to make the whole. The construction of a building however is a consistent process of design and trade sequence, having different physical shapes across projects but similar methods. The property development mechanism works differently, with a series of players, with disparate actions strung along a common path and stepping stones located according to transaction points in the title distribution process. The end product is multi-variate and does not in any way resemble a traditional construction process or production line, since the latter has standardized flow and product output. A development 'production line' will have indeterminate outcomes depending on factors as diverse as the people operating the land transition chain at a certain time, or the prevailing market for the ensuing titles.

So the smallest (but most important) part of this phenomenon is the primary human actor who drives and fuels the mechanism, preceded by the actions of prior creating parties; the drivers of arbitrage and trade can only enter at times when certain factors conspire for them to do so.

This leaves the task to build the many layered view in a mechanistic manner, since each aspect is complex, with their interaction only able to be explained through a 'moving parts view' of actors and processes.

3.4 Collective Manifestations, Property Developer Dynamics & Alignments

A cityscape is a collection of land parcels, all of which possess their own individual land transition chain profile, all of which will attract property developers, depending upon the stage of the chain which they have reached and the potential for that chain to be transacted. An attraction to a parcel however is just that, and it does not necessarily assure the transaction of the land parcel from one stage to the next. Neither does it assure full movement of the land parcel along the chain toward construction.

For construction to occur factors outside developer power, both the subject of other actions, visions, and circumstance, which if occurring, empower the developer to move the parcel toward a built form. The combination is the key that enables what is called the ‘catalytic mechanism’.

In the history of a cityscape and its constituent land parcels there are certain ‘creating parties’ other than these, which form a trigger to lead to proliferation of the cityscape.

The mechanism, its essential components and catalytic nature illustrated in Model 1 are articulated by taking each part of the model in turn:

1. The prerequisite of ‘collective manifestation’ by ‘creating parties’ who manifest the outcomes for the land parcel over historical periods.
2. A collective of property developers, each of whom are attracted to certain nodes in the land transition chain based on their resource and interests, but whom operate in their own independent sphere with its own dynamics.
3. An alignment of forces, drivers and actions that are both circumstantial and volitional, which occurs in windows of transition, and which are partly the product of the first two factors, but rely on external conditions such as economic climate, local property season, site habitat (site readiness) and seed capital.
4. A transaction chain reaction, which results in transitions or building/s being created, through the application of seed capital by a sponsoring property developer.

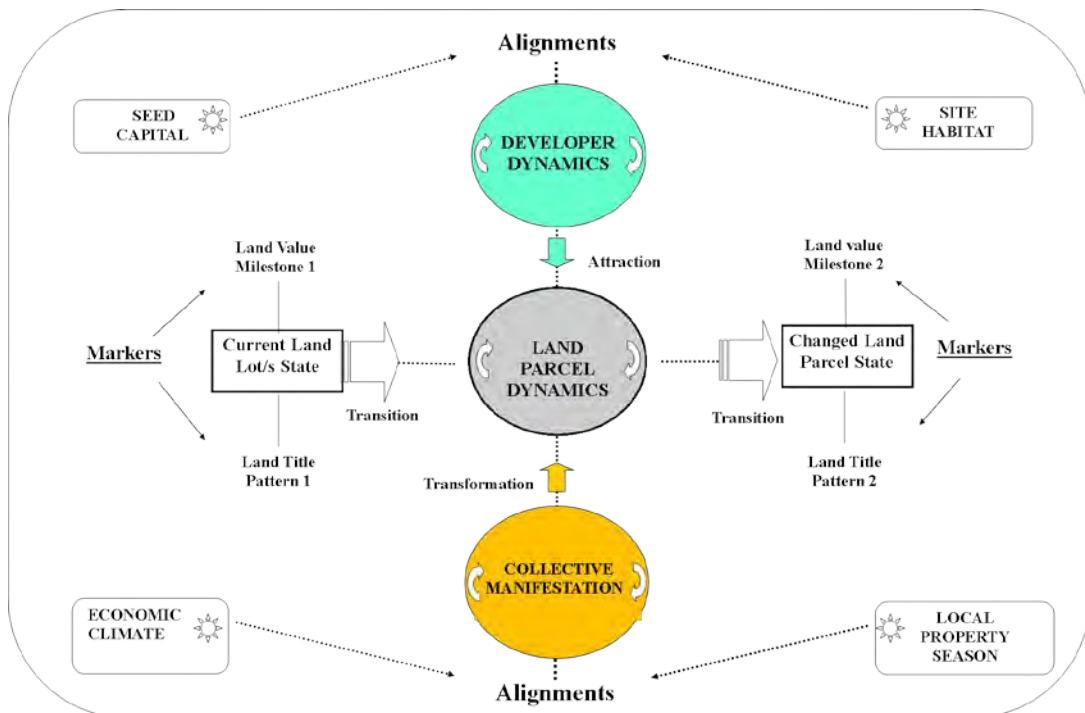


Figure 3.2: Model 1: The Land Transition Model.

The proposed transition model is revisited in its graphical form for ease of understanding and orientation to these concepts (Figure 3.2).

The collective vision of the people of the cityscape has as its genesis, the historical precedents of the foundation location and layout of the city and the related visions of city leaders and place-makers. The city becomes ‘manifold’ from the collective power of these manifestations, which express themselves as if a ‘collective vision’ of what the city should or might be (Engels 1888; Healey 2007; Geddes 1997).

The manifesting parties also have as a subset ‘creating parties’ focused specifically on the field of operation (a cityscape). This will include local authorities, planners, urban designers and engineers, who specifically conceive what the fallow field might become to (potentially) suit community needs. These parties will also play a part in ‘priming’ the field of operation by improving infrastructure in the surrounding area, including stormwater, sewerage, footpaths and plantings. This priming will extend in some cases to promotional activities where highly motivated local authorities and councils will create local visions and implement strategies which promote private participation in the development of the fields. This is shown as an overlay to the land transition chain in Figure 3.3:

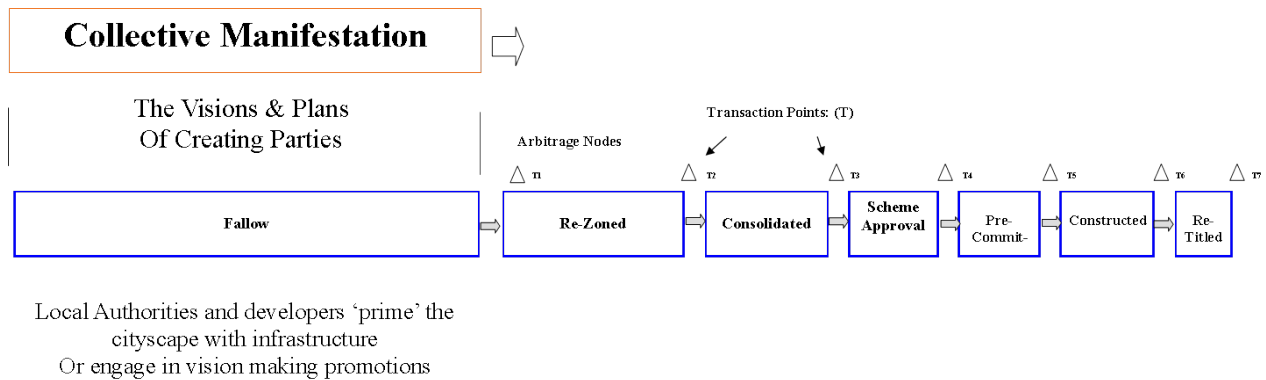


Figure 3.3: Collective Manifestation & The Land Transition Chain (Drane 2014).

These creating parties, their promotions and their visions require to be enabled by not only circumstantial alignments, but the alignment of volitional forces as elaborated fully in Chapters 5 and 7.

Other circumstances, actors, forces and drivers are also required. In Model 1, the land parcel sits in the centre of the graphic as the object of transition, empowered by an alignment of both the action of the property developer, local interests and their collective manifestations, but also external factors which rotate in their own universe. These include economic climate, local (business) season, site habitat (or preparedness) and seed capital. It will be shown that the alignment of all these factors is required for the land parcel to transition from one state to the next (Figure 3.3) and then to construction, in a transaction chain reaction.

This chapter has elucidated the concept of ‘collective manifestations’, which are the collective historical visions and plans of the ‘creating parties’ of a cityscape. This includes a plethora of influencing parties; politicians, state and local authorities, the public and their lobby groups and the planners and designers who crystallise the vision. The part that these parties play in the Model has been explained and the historic force of collective manifestation is seen to have a local dynamic; revolving in an orbit over time, then coming into interplay with the more transient forces of property developers and their dynamics.

Despite the enduring historical power of the creating parties and their collective manifestations, the sole operator of that reaction is the property developer. The developer employs both financial and intellectual capital to effect such a chain of events. The understanding of this and the developer’s world of operation is here called developer dynamics, which like the other elements in Model 1 rotate in their own orbit toward a coincidence that will transition land parcels toward development. In chapter 4 these developer dynamics are explained and brought to life through examples of high-powered developers who have transformed cityscapes over the past 30 years.

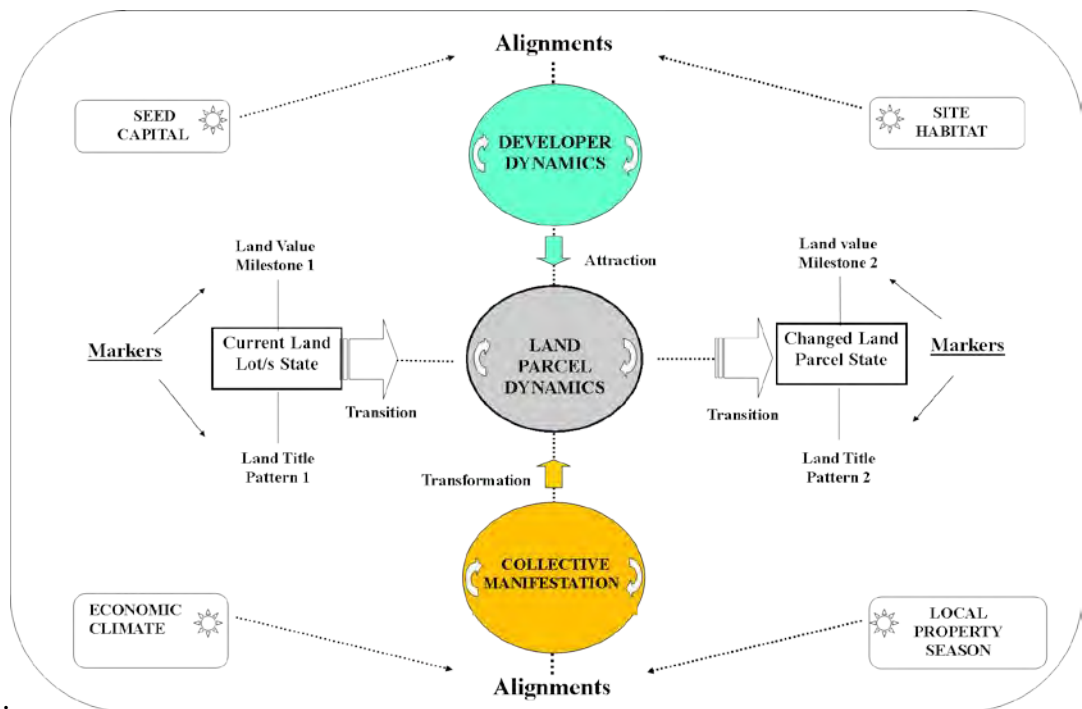
Chapter 4: Property Developer Dynamics

This chapter explains the concept of ‘property developer dynamics’ which involves the world in which developers operate in the act of harvesting land parcels towards development. Their operations are largely nomadic and transient, combing cityscapes locally and regionally to discover trading and arbitrage potential in land parcels. When a land parcel shows potential, there is an attraction to it and the weight of the developer’s financial and intellectual capital is brought to bear for the purposes of its trading and or development. Such a dynamic is not always in harmony with the collective manifestations of local creating parties who have faithfully worked toward the betterment of the land parcel and the cityscape.

Property developers come in many forms as has been shown in the vignettes. There are state-owned public development bodies like CWDC and HDC which stimulate development in cityscapes through the injection of public infrastructure monies, consolidation and parcelling of the lands ready for private developers to harvest. As shown there are also emergent private developers such as CRI Ltd, (in the SAC vignette, Chapter 3 Plate 3.4) an emerging entrepreneurial corporation, which teamed up with Japanese interests. Then, in the Wonderland case (Chapter 2 Plate 2.1), Australand, a mature, institutional developer is revealed with history and assets that can be wielded in the endeavour of acquiring prior farm lands and developing land parcels. In the Gateway vignette in Townsville (Chapter 2 , Plate 2.2) a dormant land parcel attracted a small development syndicate, who then traded the parcel across several transition nodes to another institutional partnership in a Da Vinci-AMP.

The diversity of players is a central tenet of this chapter, as is their *modus operandi* which depends on their geographical predilections and their capital resources, in financial and intellectual terms. The combination of these factors also leads them toward particular nodes in the land transition chain. Guided by these characteristics, each developer type seeks out opportunities for harvesting land parcels in their own orbit, combing cityscapes, lots and land parcels for commercial trading advantages which suit them. This is termed here ‘property developer dynamics’ which is shown in Model 1 to sit directly above the land parcel (and its dynamics) in the centre of the model. The term ‘attraction’ is attached to the arrow which links these two elements.

The intention of this label is to illustrate both dynamic attraction due to circumstance and opportunity, and to show that attraction in itself is a transient state requiring an engagement process for it to be sated or abandoned. This is in direct contrast to ‘collective manifestations’ which describe an historical interest in the land parcel. These two forces (of property developer dynamics and collective manifestations) are engaged in a dialectic between misaligned views, with a common interest in the land parcel but with different agendas.



Model 1: Land Parcel Transition Model



Model 2: Land Transition Chain

Figure 4.1: Model 1 and Model 2

The typology of the various developers and why they are attracted to the various land parcel nodes is shown in Model 2 (the land transition chain).

The foundation of this typology recognises that in one direction developers are marked by their predilection to trade a particular node in the land transition chain

(consolidation, rezoning, scheme approval). In another direction their capacity to engage the land parcel nodes is based on a two key characteristics - their financial capital and intellectual capital. In a third direction their preference for particular project types is also a key factor in engagement with the land parcel. Some developers only concentrate on residential development, whilst others might specialise in commercial office buildings. By this categorisation it can be seen that there is a relationship between resource capacity (financial and intellectual), node engagement and project type that provides a clearer understanding of each developer's modus operandi - an ability to engage the land parcel and transition it toward a built scenario - a titled property. Developers who try to trade along the land transition chain outside their capacity are left to wallow, go broke or trade out of the parcel to leave it to another more relevant developer type. This was exemplified in the Gateway case where the smaller syndicate group (PJ Group) attempted to develop the land parcel from its fallow state to final construction and development. Along the way they ran out of capital resources and had to trade out to Da Vinci-AMP at the pre-commitment phase (Chapter 2, Plate 2.2 and Chapter 8)

This range of developer types is essential to understanding why land parcels in cityscapes stay dormant (or spring to life) due to a mixture of circumstance, alignment and developer type.

4.1 A Collective of Developer Types

Property development is depicted in the literature at its final material stage in the newly built property, ceremoniously built by a heralded (or disdained) developer. If one was to track the events that led to this new creation however, there would be a history of preparation of the site for this event, through a number of acts, parties and phases over many years or even decades. A collective of parties from individuals to corporate entities and corporations with a 'land-based interest' operate the common objective of transition of a particular node toward development.

Land Value Chain & Arbitrage Nodes

Model 2 is revisited here to elaborate upon the actors who engage at each of the nodes in the chain. At each node there is, through certain actions, a potential increase in the

value of the tradable land. Land is rezoned, rehabilitated, consolidated, receives development approval and finally is the subject of a development scheme with pre-commitment transactions attached.

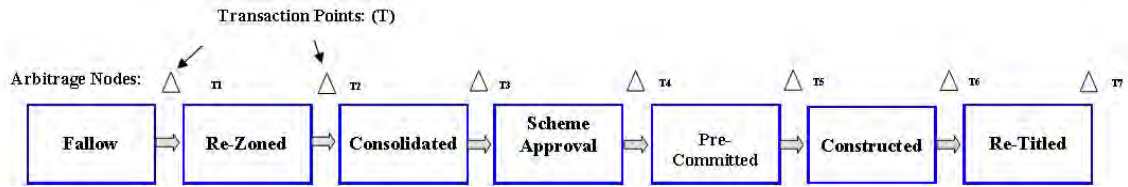


Figure 4.2: Model 2, Land Transition Chain

The required activities for achieving each of these demand different skills and resources, often of specialization by specific types of property developer who gravitate toward a specific phase in the chain, and collectively cause ‘sequential site preparations’ that move the chain forward toward the creation of buildings.

Different Developer Types and Sequential Site Preparation

The development of land from a raw – maybe rural - zoning to a commercial building type requires a number of steps including re-zoning, subdivision and Development Approval (DA) at title level before a building type is developed on the land. The developer-types will ‘compartmentalize’ risk related to involvement in one or all of these phases based on their own resource capacity and intellectual property.

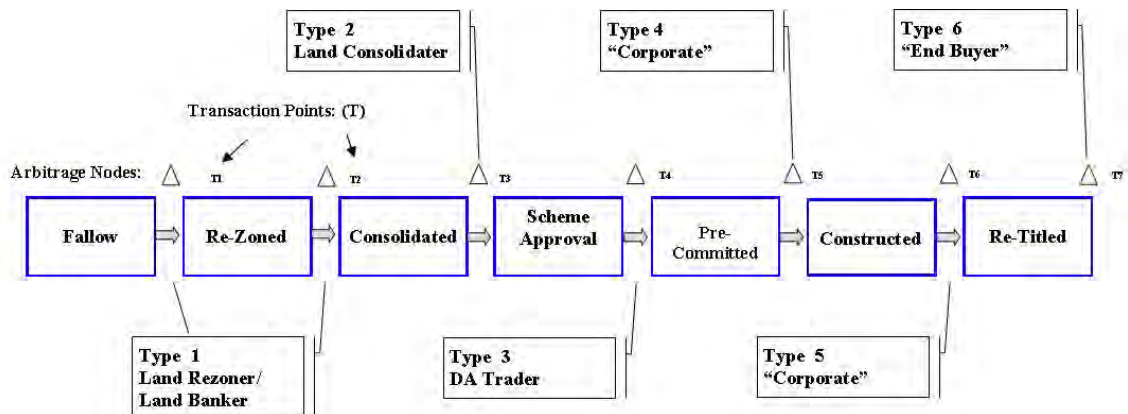


Figure 4.3: Developer Typology along Land Transition Chain

Figure 4.3 shows the variety of developer types and roles, which are determined by the transaction point to which they are attracted. Here a typology is created based on the

role that a developer plays in each of the steps of the land transition chain. ‘Land bankers’ for example may operate the earlier nodes and have greater financial holding capacity. ‘Re-zoners’ or ‘land consolidators’ may also have financial capacity or be simple traders, depending on the subject land parcels. As the chain progresses, the prerequisite quantum of resources increases, with what is defined here as ‘corporates’ often being the only members who are capable of carrying the project through the later stages nearing construction. It should be noted that some developers do have the capacity to operate at every step in the chain. For clarity, the separation of each activity is described here in roles aligned to the chain.

Land Bankers

A land banker will usually invest in land over time with the view to eventually either sub-dividing, facilitating the development of the land by others, or actually developing the land in their own right. Since this activity involves extensive holding costs of the land over long periods of time, those who engage successfully in this activity are usually of substantial financial capacity, with a financial strategy and backers who are prepared to capitalize their interest in the land.

The land banker will follow the patterns of city expansion and choose areas that will eventually feel the pressure of the city’s growth. This is not always enacted on the frontier of the city in rural zones, but can be played out in old industrial areas or in inner city areas that have become semi-dormant. In this situation it could be said that a farmer is a land banker by natural progression of time, however it is usually a third party land banker developer who will either buy out the farm, or create an option arrangement over the land which allows the land banker to buy the land at a pre-determined price agreed with the farmer.

Vignette 4.1: Land Banking, Eastern Creek Business Park, West Sydney

The prior Wonderland vignette illustrated Australand’s capacity to acquire Wonderland and surrounding tracts of prior rural land. Over time it subdivided and then released sections of the land in parcels to market for tenants and their new facilities to be built by Australand. This is an example of a land banker who can trade at every phase of the land transition chain due to capital resources.

During the option period the land banker will pay the farmer an option fee to keep the land off the market.

Land Rezoners

The land banker will usually participate in the land banking activity, as well as the rezoning of the land to create a new value or arbitrage point. It is usual that in a farm example, for instance, the option agreement will allow for the land banker to apply for a rezoning application and approval as a precursor to selling and/or subdividing the land. However rezoning is not always the subject of third party developers who intervene in the land value process, and can be the subject of public authority development as described in the Honeysuckle vignette in Newcastle (Chapter 3, Plate 3.2). Public rezoning also occurred in the Eastern Creek Business Park vignette where the NSW Government rezoned lands under SEPP59 to employment use. Blacktown City Council was the local Authority in that case (Chapter 2, Plate 2.1).

Vignette 4.2: Rezoning Based on a Masterplan, Sydney Airport Centre, Mascot, Sydney.

The prior Sydney Airport Centre vignette is an example of acquisition and rezoning of land in the 1980s industrial cityscape of Mascot. Developer CRI Ltd acquired the land for sub-division and development of individual land parcels. Rezoning was the precursor to these activities.

Land Consolidators

The consolidation of land title requires the erasing of residual historical parcels as a precursor to development as is shown in the MLC Vignette 4.1. The end result of consolidation is to return the various previous lots into a single lot upon which further subdivision can occur. Such subdivision can include strata subdivision in the case of large developments.

**Vignette 4.3: Erasing Old Title Patterns,
MLC Tower , CBD Sydney, 1973.**

This is an example of a developer led cityscape involving development of a high rise office tower with shops from former historic smaller scale offices shops and the historic Australia Hotel. The project is a cityscape in its own right extending a whole city block south from Martin Place. Developed by Lend Lease, it subsumed 23 properties in its wake. The developer acquired numerous titled properties and consolidated the land parcel for development purposes.



MLC Tower, Sydney.
sydney-city.blogspot.com

*Plate 4.1: Vignette on MLC Tower, an example of consolidation of numerous titles
(MLC Centre, Sydney 2013).*

Development Approval (DA) Traders

Development approval is a site-specific (or land parcel-specific) activity, requiring the action of parties who have not only bought land from the land consolidator and rezoner, but have as their intention, the creation of a scheme which can multiply the potential end titles that can be created on the land parcel through construction on the parcel. DA traders also undertake these activities based on arrangements with land owners that may precipitate sale of the land to the developer upon receipt of the DA. Because this involves conceptual design and business skills, the actor must have an integrated knowledge of not only the authority approval process, but the design and marketing of the concept.

Vignette 4.4: Trading a Land Parcel with a DA: Gateway Project, Townsville.

In the Gateway Project, the land parcel was bought and consolidated by the same developer who then continued to create a scheme for the project for DA approval. In this case the developer (PJ Group) acted as a DA trader and holder with the eventual intention to develop this scheme, however a lack of financial capacity precluded it continuing with the actual development of the scheme. The site was on-sold to a major funds management group consortium (DaVinci/AMP).

There is however a degree of misalignment that is inevitable between the scheme that a DA trader creates, and the final scheme that is built, and it is not uncommon for the scheme to be resubmitted by the developer who buys the scheme-approved land parcel.

Corporate Developer (Pre-commitment stage)

The pre-commitment stage requires certain undertakings to be contracted as ‘conditions precedent’ to the actual commencement of construction and its associated funding. This may include presale or lease pre-commitments as well as a firm price construction contract.

The developer who brings these factors together will usually need a mix of conceptual, legal and marketing skills, a particularly strong financial capacity and a determination to pull together all the necessary contracting parties who underwrite the pre-commitments. Since a large project may also require large corporate players, such as large brand supermarkets or hoteliers to underwrite the various contracts, the developer will usually require a corporate-level financial profile and capacity.

Corporate Developer (Construction Stage)

The undertaking of a construction project involves three layers of funding: seed equity, mezzanine and parent debt (bank funding). Bankers and financiers like to have recourse to the project promoter where possible in the form of personal and corporate guarantees and charges, as well as recourse to the land and project in the form of mortgagee rights. The promoting vehicle therefore needs to be financially and track-record substantial. Due to the tendencies of the act of promotion to require protection of assets, a corporate entity or corporation suits this developer activity and its associated risk profile. Non-recourse finance arrangements also occur where there is no recourse to the promoter and only mortgagee rights to the land. Corporations operating in this node will also create special purpose project vehicles which separate risk away from the main corporate entity, and which are able to include other project equity and debt interests which might not be suitable to encumbering the main corporation.

Vignette 4.5: Pre-commitment by a Major Tenant: Eastern Creek Business Park.

In the prior vignette of the Wonderland/Eastern Creek Business Park, land parcels were created for specific business park uses. Tenants were then sought for the land parcel, who would underwrite the development of their facilities through committing to a long term lease. Makita was an example of this. Makita called for expressions of interest by various land estate owners and one of these, Australand, won the right to develop Makita's facility on a land parcel.

Underlying all these nodal activities and collective of developer types is a common trait of entrepreneurship and its application to the trading of title along the various nodes.

Entrepreneurship is the realm and right of any individual and has its history in the act of trading and mercantilism. Whilst political economy concentrates more on the machinery of industrial capitalism and then its institutions, entrepreneurship focuses on the individual and his endeavour to take risk and trade across value opportunities. The next section deals with the entrepreneurship of land trading and development. Later the sub-traits of this entrepreneurship, in the form of intellectual and financial capital, are revealed.

4.2 The Entrepreneurship of Property Developers

Property developers are entrepreneurs with a land based interest. Land can be traded not only as a single parcel which enjoys the benefits of value tension, but alternatively as a 'divisible instrument' involving a series of sub-parcels which in themselves embody their own arbitrage value. The division of land title parcels by an incumbent land owner is termed here 'first party title subdivision' whilst the division of land title parcels by third parties who buy the land from the incumbent land owner, and on-sell them, is termed here 'third party title distribution'.

Contemporary models of the property development process as discussed in Chapter 2 have given little attention to the intrinsic nature of title trading. The property development mechanism not only embodies the central driver of all entrepreneurial activity, in the original familiar form of 'title trading of simple goods', but in the context of 'title trading of land' by third parties.

Barreto provides a useful categorisation of the dimensions of entrepreneurship and provides a summary of key theorists in this area (1989). The central roles of entrepreneurship according to Barreto (1989) are ‘coordinator’ (Say 1964) ‘arbitrager’ (Kirzner 1973), ‘innovator’ (Schumpeter 1952) and ‘uncertainty bearer’ Cantillon in 1730 (Blaug 1991), (Hawley 1893), (Knight 1921). The use of the term ‘role’ to describe such a peculiarly different human act (entrepreneurship) falls well short of capturing the essence of the mode and type of person who chooses to use capital to buy land for which there is sometimes little surety of being able to sell.

Any manager can ‘coordinate’ and indeed ‘innovate’, yet be paid under an employment or service arrangement by a company which ensures that he is not disadvantaged commercially, if he chooses on behalf of the company to take ownership of stocks for which there is no surety that a sale will be made. Similarly, the same manager can display in this act the quality of ‘uncertainty bearer’ or the skill of ‘arbitrager’ but have no immediate personal financial stake in the loss of a positive outcome. For this reason entrepreneurship holds central tenets of ‘ownership’ as well as a person who performs a role involving daily risk and uncertainty, and the honing of predictive skills. In the nature of this also is the notion of ‘abstinence’ (Hawley 1893) where within the personal and human make-up of the entrepreneur, something drives them forward to await a fortune sitting somewhere in the future.

For the entrepreneur, these roles are merely the foundation of his skills, and are honed to a fine degree by the fear of loss of his own money through the placing a personal financial stake in the ownership of things that are intended for sale (objects or land). Considerable skills and intellectual capital are compelled by this, in the realm of entrepreneurship.

In the Australian context, there has been a rich history of land entrepreneurship, from land speculation in the earlier settlement releases, ‘the white shoe brigade’ of the Gold Coast of Queensland, the legendary acquisitions of Christopher Skase and Alan Bond, and the enduring legacy of Dick Dusseldorp’s Lend Lease. The notion of property developer entrepreneurship is portrayed in vivid form. The power of these people to engage and drive the property development mechanism is a matter of both fantasy and public record. The power of these parties to influence banking institutions and engage project parties is a phenomenon in itself. Vignettes of six high profile property

developers are given to bring this dynamic to life. The six developers (Dusseldorp, Bond, Ray, Wills, Skase and Peterson) are traced with their history of growth, development and demise to bring such eras to life with actual examples. A summary is provided in the next section showing their entrepreneurship and power to precipitate not only land parcel transactions but to enrol sometimes massive institutions in their successful or less successful outcomes. The entrepreneurial skills of these developers is discussed and seen as relevant to their ability to create developments and influence the growth of cities.

4.3 Six Australian Property Developers 1970 to 2010

In this section a summary is provided of six key developers related to their entrepreneurial profiles and their ability to influence and precipitate development projects,. This entrepreneurial nature is seen as the human dimension of property developer dynamics.

Dick Dusseldorp is renowned for his creation of Lend Lease (Murphy 1984; Clark 2002), Alan Bond famous for Bond Corp (Barry 1990) and Skase for the Qintex and Mirage developments and his eventual demise to exile in Spain (Van Der Plaat 1996). Brian Ray was a recognised Queensland developer and was earlier renowned for his involvement in Western Australian land deals (1970s) and in later years a recognised Gold Coast developer. Peter Wills was the creator of CRI, a late 1980s phenomenon exemplifying the use of ‘other people’s money’. Paul Peterson is more known nationally and regionally for his creation of Girvan Corp through the late 1980s, which prevailed over the creation of developments typical of the entrepreneurship of that time.

Their working life has coincided with the maturing of industry practices and structures over the decades including the development of integrated design and construct delivery

systems from traditional architect/master builder practices; the rise of the speculative developer function from the prior institutional hold on commercial property; the separation of ‘development’ from ‘take out’ functions in the rising of property trusts and then more sophisticated trust vehicles; the emergence of investment banking from traditional banking practices, the volatile effect on the empowerment of development activity in the 1980s, and finally the reaction and resultant maturation of the industrial unions and their approaches to resolution, from the militant Builders Labourers’

Federation (BLF) era to the era of awards and Occupational Health and Safety practices (Thomas 1973; Munday 1981; Clark 2002). Particular boom and bust decades strongly influence not only development outcomes but structures and practices. The most obvious depiction of this is the 1980s with the deregulation of finance markets during the Hawke-Keating federal government. The deregulation went beyond the traditional banks to include investment banking from overseas sources. The impact of this was felt substantially on practices and structures for a decade beyond, through the 1990s.

Dusseldorp's legacy included the ongoing structuring of construction with development and take out functions, resulting in the separation of Civil and Civic, Lend Lease and General Property Trust (GPT). This is not to mention the incredible longevity of operation and survival of the Lend Lease model, as it weathers the storms of many decades; the 1970s green bans (environmental bans on new development), the 1980s bubble and the GFC of 2008 (Clark 2002).

Despite the volatility of development practice, most of these six developers showed remarkable resilience and longevity. Lend Lease has operated over (six decades), Ray and Bond (four decades) to Wills (three decades) and Skase and Peterson (each approximately one decade).

These people and their positions as catalyst agents for proliferation of cityscapes place them in a special place in creation of our cities. It is one thing to say that developers lead the creation of buildings in our cityscapes, and another to say that through their entrepreneurial skills, they fostered proliferation, given circumstances and opportunities.

Of particular interest in the study of these developers are that particular career attributes such as engineering (Dusseldorp) or real estate (Ray) have not played a great part in their resultant rise, longevity and demise. It is proposed that engagement in property development itself by the nature of risk and adventure is self-teaching, and is not easily taught by traditional theory based educational processes, although such processes assist in entry to the industry. Dusseldorp, for example, shows great adaptation to the role of developer from his prior role of engineer. The social origins of these developers range from working class to merchant middle class. Earliest vocations vary from Skase's journalistic background to Wills as an architect, Ray in real estate and Peterson in

construction project management. Business origins also show how entry points varied from merchant banking (Skase) to Dusseldorp and Peterson's construction, to Ray's real estate background.

The corporate vehicles enlisted by the developers in their projects have a similarity, and a consistency in the industry structures of delivery and end take-out mentioned earlier. Project-related vehicles are created to encapsulate risk to a particular venture, whilst other vehicles such as property trusts may be the eventual receptacle of the properties involved. Longevity is perhaps the most surprising attribute with all six developers enduring over a decade of activation, with the longest - Lend Lease - over six decades (still extant 2014).

The next section explores the commercial natures of such developers by considering their entrepreneurial profile, with the help of Humberto Barretto's typology (Barretto 1989).

Developer Entrepreneurial Profile.

So what does it take to be a successful land based entrepreneur? Clearly from the prior section it is not about inherited wealth, affluent background or class origin in any particular form. It does not require a university degree nor expertise in construction, nor are all developers aided particularly by professional background. Entry into the industry can be through many sectors from journalism to media, construction and real estate. For many who engage in this endeavour there are however some key aspects that relate to the nature of the undertaking, involving venture and entrepreneurship.

The entrepreneur is different from other categories of manager, as there is an aspect of speculation and venture where capital is deployed against an uncertain outcome, with a view to a greater result. Risk is measured and undertaken. Futures are divined. Outcomes are managed toward these factors. Personal fortunes are put at risk (along with others' fortunes). Reputations are threatened. Whilst organisation can enact these with large balance sheets, self-made developers may draw upon 'illusory capital', sweat equity and 'other peoples' money. Personal guarantees are provided and banks are allowed to seize houses and other personal assets, should the developer's venture not succeed. This is not the realm of the faint-hearted. The true long-term developer will

commence here and then form corporate structures and vehicles to cushion latter ventures from direct personal risk over personal assets.

Drawing from Humberto Barreto's key traits of an entrepreneur including coordinator, innovator, uncertainty bearer and arbitrageur (1989, p. 5), these categories ring true with the profiles of the six studied developers. One can see signs of these attributes from their histories. Dusseldorp's extraordinary coordination skills born of his engineering background, Skase's innovative Mirage creations, Bond and Skase's breathtaking ability to arbitrage based on merger and acquisition; all are masters of uncertainty-bearing. Barreto's categories do not seem to go far enough, especially considering the longevity of involvement in high risk endeavours which may finally, after decades fall into receivership.

Entrepreneurship does not encompass the other traits that underlie the actor and property developer dynamics. The developer acts as entrepreneur, but the tools and strategies employed are found to be distinct due to the land-based interest. Land itself is an illiquid asset and not easily tradeable. It is not a share in a liquid stock market nor an apple in a grocery store. The trading of land parcels along the land transition chain requires distinct intellectual and financial capital that arises from land's unique static nature.

There is a need to understand the methods that a developer applies to land parcels to make successful transactions along the land transition chain, including surveillance and harvesting strategies. Developers keep an eye and/or a foot on a land parcel to ensure that when the right alignment occurs there is a project in the making. The next section elaborates the notion of intellectual and financial resources and surveillance and has been drawn from the autoethnographic reflection (appendix) and associated vignettes.

4.4 Financial and Intellectual Capital

The developer typologies explain the developer types and how they might be suited to operating along various land parcel nodes, depending on their size and financial capacity. The other form of capital is their intellectual capital, which comes in the form of surveillance and harvesting.

Developers use surveillance methods to filter and to stake out territories and to 'prime' sites which fall into their area of operation. Their ability to harvest parts of the land transition chain is determined partly by strategies including a combination of their resource base and their intellectual property, and manifests in specific strategic tools (here termed) 'illusory capital', 'vision trading' and 'adaptive deal templates'. Upon activation of a particular parcel, what is termed here a 'mobile production system' is also used.

Illusory Capital

A developer may look at numerous potential projects before finding a project that will come to fruition. In many cases this limits his ability to apply seed funding to each site, and involves a filtering process which will lead to some sites being considered worthy of promotion to test whether they gain further seed funding support. In this case, associated promotional activities allude to the ability to raise substantial funds to support the various stages of the development. Corporate profiles will be spruiked, funding capacity generously stated and resource capacity collected from numerous prior projects. Legal Product Disclosure Statements (PDS) will be produced to meet legal guidelines, but may be lacking in realistic detail of return. Confusion can be driven into the words of the PDS, on distribution of funds due to complex corporate and trust structures described legally, despite details being hidden because the vehicles have either no history, or have been created for this specific project purpose. All the above is a partly illusory undertaking is to entice seed and mezzanine funds to the project. The Gateway project involved such methods, with information memoranda which were used to enrol equity - then mezzanine - funding from the various early investors.

Vision Trading

Since the creation of illusory capital centres around the proposal for a particular land parcel, strong emphasis concentrates on visualization of the end property asset contained in the proposed Product Disclosure Statement. Imagery using Computer Aided Design (CAD) generates simulations of buildings and products is used to entice the seed investor to invest. New technologies allow for the simulation of vivid representations of the proposed building and its occupants so it is difficult to envisage real people and images from the mock-up.

Vignette 4.6: Vision Trading Using CAD (Gateway on Palmer Apartments).

In the Gateway case study, a milestone was achieved where the tower was ‘topped out’ and a view of it sitting on Ross Creek was photographed from the other shore of the creek. This same vantage point was chosen due to the same being used in a cad generated image several years before for the purposes of raising funds from equity and mezzanine investors. The two images, though one was real and the other virtual were virtually indistinguishable despite several years separation in their creation. This gives weight to the concept of vision trading- the act of creating vision outcomes even in the initial investment phase at the commencement of the project which are then realised in the project outcome.

These tools have allowed developers to fantastically present the ‘virtual’ creation well ahead of construction and as a lever for gaining funding support. This adds extreme value to the power of illusory capital.

Adaptive Deal Templates

A developer will use an assessment template which is applied to the numerous land parcels that will be reviewed. Such templates are created to analyse the diverse nature of the parcels, and their position in the land transition chain, or even their suitability to different sector outcomes such as commercial offices, hotels or apartments. The templates will reduce the projects to commercial outcomes and targets. They will include the assessment of feasibility, budget and programme duration and simulate the various outcomes that might arise. Developers will adapt such templates to assess shopping centres or hotels depending on their suitability to operate in that part of the chain and in that sector. These templates were used on the developer-led case examples and case studies including the Palmer Street Precinct (Chapter 8) and Sydney Airport Centre project (Chapter 3, Plate 3.4).

The templates are usually in the form of financial simulations of the end development and associated title distributions and products. Working backwards from such end outcomes, a residual land value (determining the purchase price) and an associated deal structure is established quickly through the use of spreadsheets and other tools.

Mobile Production Systems

A normal industrial production company will enjoy the benefit of a fixed location for production (a production line) and a variable destination for the various products to be distributed to customers. The property developer operates in various places of production with variable production inputs (different sites and possibly different builders for each project).

This factor means that the normal economies occurring in a standard production line are not prevalent within the property development process, which leads to the investment in intellectual capital adaptable to a range of sites, nodes and situations. Since the attrition rate of potential deals is high, with a rule of thumb being that 'one in one hundred', deals will come alive, these machineries are honed to a fine edge to allow for quick assessment of sites and deals, and a sophisticated surveillance and filtration system as described below. The production line (the building site) is constrained by a finite number of title/product offerings within it. After this is completed a new production line is set up on another site, often with a different builder.

The end product of the development (the titles and associated entitlements) occurs at the place of production- customers or end users eventually occupy what was once 'the production line'. The entitlement 'distribution flow' therefore works in reverse to that in normal industrial production. The customers come to - and occupy - the production line.

Collectively, when it is a certain business season and the collective of developer types bring their machinery to bear on a cityscape, they will rely on macro indicators and collectively supply similar building types in response to the indicators and resultant building proliferations.

4.5 Developer Dynamics and Windows of Alignment

This chapter has described the nature of developer dynamics by recognising the collective of developer types that trade along the various nodes of the land transition chain. Examples of high profile public and private developers have been given along with institutions and smaller emerging developers. The interactions of each developer type and their engagement with the land parcel through intellectual and financial capital

has been exemplified and strategies have been revealed for unlocking such land parcels for trading and transition.

The collective of these traits and actions across this community of developers only partly explains the phenomenon where a cityscape which has been fallow for years is suddenly brought to life with a proliferation of buildings, sometimes not in keeping with demand, nor in the form desired by the community.

Despite these dynamics and the application of all these skills and strategies by developer types, parallel with local creating parties and their collective manifestations, a land parcel and a cityscape can remain without any transition. The joint action of developers and local creating parties can however lead to transition in the land parcel and cityscape that causes what is termed here a ‘window of operation’. In that window, if the local business season and economic climate is conducive and the site has been primed, a transition can occur. It may even occur under these circumstances in only an invisible sense, with a series of parcels at earlier phases in the transition chain. It may also be manifested in a proliferation of transitions and development.

In the next chapter the concept of windows of alignment is covered, where there is an active operation of the land parcel or cityscape through the joint action of local creating parties and developers, but with the vital ingredients of an aligned local business season, economic climate and site habitat (or site preparedness). These are the first three essential elements denoted in Model 1 as necessary alignments to create the momentum of transition and the seeds of development and proliferation.

Chapter 5: Windows of Alignment

This chapter builds on the previous joint action of local ‘creating parties’ (and their historical collective manifestations) and the more transient action of property developers on land parcels. These joint actions are seen to create what is called a window of operation that also requires alignment of other key elements and conditions for transition of the land parcel. These include site habitat (preparedness), local business seasons, economic climate/sentiment and public and private seed capital. Some elements are circumstantial and some volitional. The coincidence of these is needed to prime the land parcel for transition. This chapter again draws upon vignettes to illustrate, with particular reference to one land parcel (Gateway on Palmer) in the Palmer Street Case Study, since it is unique in providing a snapshot of a window of operation and alignment in action, in a land parcel in the lead up to the Global Financial Crisis.

The world revolves like ancient women, gathering fuel in vacant lots

From Preludes by TS Eliot.

Land lots and land parcels in cityscapes can sit in dormant states for what appear to be decades. Yet whilst they languish, the city continues to grow and change all around them, rotating in its own orbit, slowly transforming itself and affecting the potential for its dormant areas to change also. These land parcels, when they are finally in states of transformation where new buildings are being spawned, are often then depicted in a snapshot around the immediate period of their constructed state, although may have had several eras of transformation. Such earlier states are often invisible to the casual observer of the land parcel - the re-zoning, the sub-division, the development approval. The constructed state however is what is often depicted in the limelight, as a view of urban states and transitions in the urban theories. This is perhaps understandable, for after all, who is able, in a time lapse manner over large periods, to watch the transition of land parcels, many of which are invisible.

The factors that activate these transformative events are reliant on alignment of external forces and factors both circumstantial and volitional, and which coincide and empower the prior and new transitions of a land parcel as if in a window. The alignment must include coinciding actions of local interests - ‘creating parties’ as part of the ‘collective

manifestation’, as well as the committed actions of interested, often transient property developers. When these alignments do not occur, any attempts to move the land parcel along the transition chain is fruitless.

Vignette 5.1: A Missed Window. Gateway on Palmer Project, South Townsville, January 2005

“this story starts in one of the most painful of memories - in a man staring through a fence ... There was one important thing missing in this view - the apartment tower which was meant to have started construction behind the fence.

Our development group due to market perceptions, had not been able to settle on the mix of apartments, and time was running out. It was running out for two reasons - we were self-funded and had eaten through several million dollars, which had been raised privately. Secondly I had the distinct and nauseous feeling that we were missing an important market window which was upcoming.....That market window was in fact to be played out in vivid form in late 2007 and early 2008 to become one of the most historic cataclysmic economic events since the great depression” (Drane 2014, Autoethnographic reflection)

The vignette depicts my own desperate ruminations as a developer trying to move my project forward. As was revealed elsewhere in the reflection, prior to this, over two decades, the local authorities had primed the Palmer Street Precinct ready for emergence as the new ‘eat street’ and accommodation offering of the city. Zonings were changed, infrastructure invested, height limits relaxed, political support offered. To no avail. What happened? Interestingly, the answer as it relates to this chapter is revealed partly in a bookend statement which occurs much later in the reflection.

**Vignette 5.2: Another Window: Gateway on Palmer Project, Townsville
November 2008**

“The Gateway on Palmer apartments were finally completed in November 2008 - three and a half years after my ‘fence with a view’ moment and over 18 months later than the window we so desperately wanted to achieve in early 2007. It in effect missed one window and landed in another, possibly the one it was meant to land in” (Drane 2014, Autoethnographic reflection)

In the vignette lie a number of aspects which elaborate the notion of alignments and windows of transition - the subject of this chapter. The vignette illustrates the concept of developer action and collective manifestations into a key aspect of the property development mechanism, which reveals its most indeterminate nature - the notion of alignments and windows of operation and transition.

Often this concept is covered in the traditional finance and marketing literature, but invariably in a snapshot at one point in the land transition chain, and through individual lenses related to specific disciplines. The risks inherent in a viable project’s commencement (or non-commencement) are reduced to the notion of risk analysis through concepts such as internal rates of return (IRR) and discounted cash flow (DCF) methods in the case of financial discourses. In the marketing literature, in a similar fashion, the target market is established, the viability measured and predicted, the programme of delivery of the project charted, and the relevant finance and equity structures assayed and assumed to be activated within a period of viability.

The land transition node relates to a potential building ready for construction and completion. Such a view will often only span one of the nodes depicted in the chain, in this example the pre-commitment stage just prior to construction. Little is said however, of the sequential, historical transition of each prior or latter node, or the collection of property developer actors who activate and transact with each node, in the portraying and measuring of these scenarios in the business literature.

The five stages of development depicted for example by Corgel (Corgel & Ling & Smith 2001, p.280) in Figure 5.1 are relevant, practised and helpful, but only relate to

the lead up to a certain node in the chain (in their case prior to 'improvement' or construction).

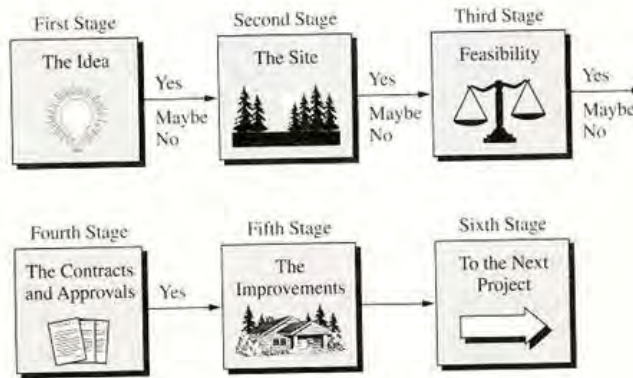


Figure 5.1: Six Typical Stages in Development and Construction.
(Corgel & Ling & Smith 2001)

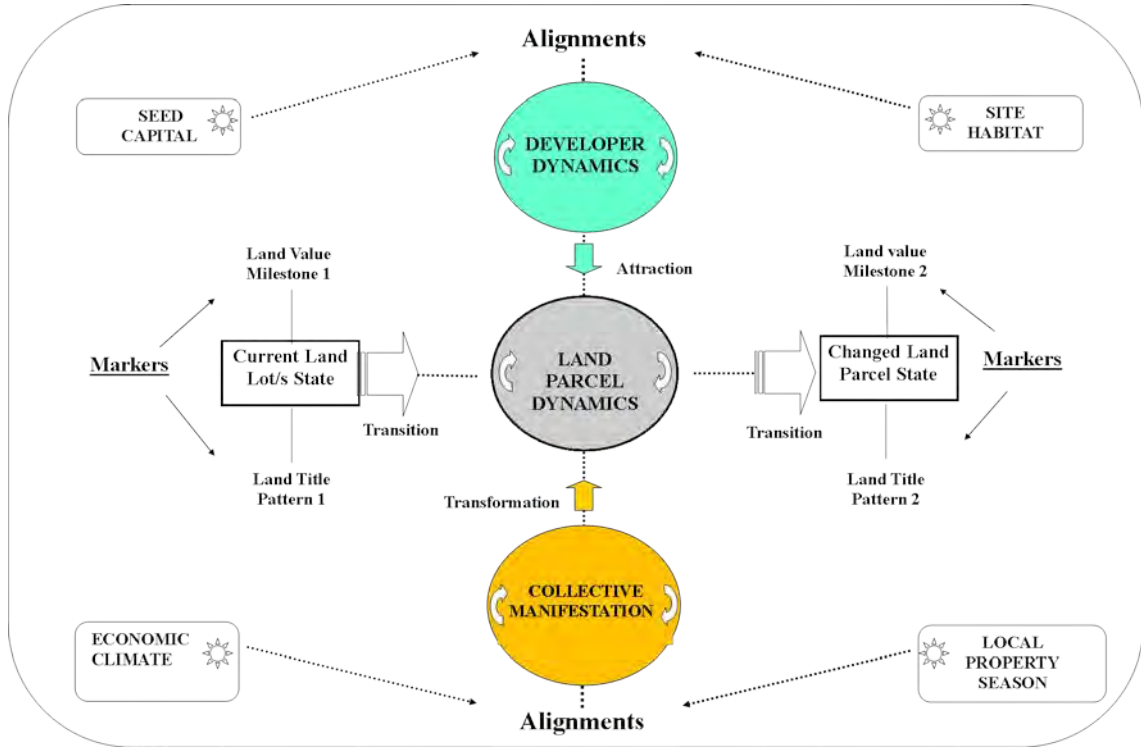
The detached, singular nature of this depiction does not lend itself to the various interactions along the transition chain, and although viability and financial analysis is a relevant tool at each of these nodes, it does not provide a time-lapse view of the various transaction points. This is because as a tool it is flexible and adaptable to each node but not omniscient of the other nodes, before and after. Such a longer view would help greatly in the assessment of development projects and the fickle nature of the windows of operation that empower the transition of a node in the chain.

The project in these accounts, it seems carried with it no relevant history, no understanding of the indeterminate factors that need align to allow such an analysis to occur or be considered. Ignored are the node transactions that preceded the project, often transacted by several prior parties each of whom farm the nodes based on their own ability and resources, the re-zoner, the consolidator, the DA trader, the sponsor who provides the tools of pre-commitment.

Vignette 5.1 demonstrates that moment, looking through the fence and one window, then seeing the project proceed in the next market window nearly three years later. This vignette brings the phenomenon to life, of windows of operation and alignments, marked particularly by their independent and self-deterministic nature.

Here these factors are broken down and include economic factors, local business season, site habitat. An initial review of the notion of seed capital in both the private and the public realm is provided as a precursor for Chapter 6 where seed capital is covered in

more detail. Again Models 1 and 2 are revisited in Figure 5.2, articulating how the factors revolve in their own spheres around the land parcel and its dynamics.



Model 1: Land Parcel Transition Model



Model 2: Land Transition Chain

Figure 5.2 Model 1 and Model 2

The key elements in the four corners of the Model are described as economic climate, local property season, site habitat and seed capital. These all act on the land parcel as external environmental factors and forces of empowerment which act as a power source for the machinery which moves the land parcel from one stage in the chain to the next. Not only are these required to align with such circumstantial higher forces, but with the two other key functional, volitional elements in the Model (developer dynamics and collective manifestations), each operating in their own sphere. Again it is like the

complex combination of cogs and levers in a safe, which combine on a certain number to release the latch.

The Model in this thesis is based on the graphical style (not the actual conceptual model) used in the Porter Five Forces Model, (Porter 1979, 2008), (Chart sourced from Marshall 2013, p.2) shown in Figure 5.3.

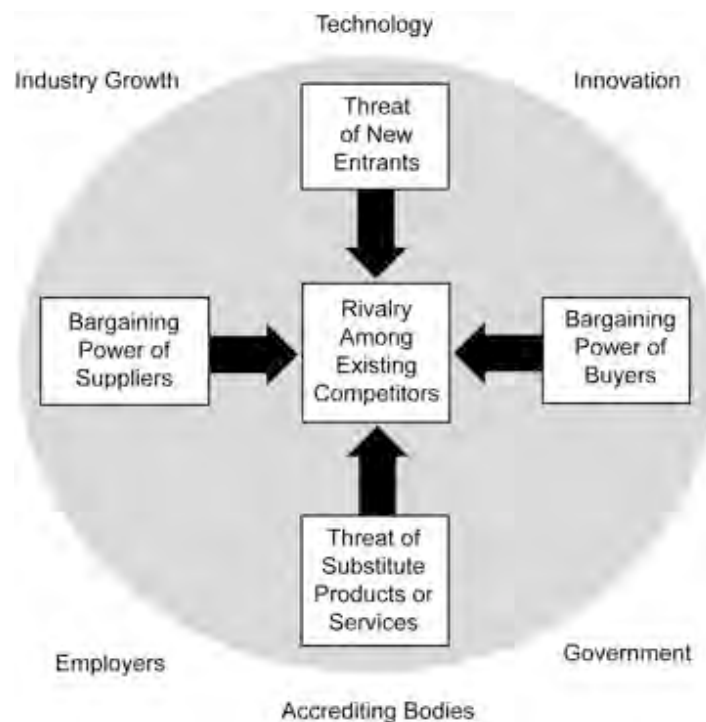


Figure 5.3: The Porter Competitive Framework - Five Forces (Marshall 2013)

The Porter Model is known in business for its depiction of the competitive forces and structures of industries and markets. At the centre of the model, rivalry is depicted as the key force which is influenced in a competitive and strategic sense by four surrounding forces: Threat of New Entrants, Threat of Substitutes, Bargaining Power of Suppliers and Buyers.

These are the competitive forces acting on an industry or a marketplace, clustered and connected by relational arrows in the centre of the figure. Floating around these central dynamics are the external or environment factors within which the central forces operate. These external factors include industry growth, innovation, technology, government, employers and accrediting bodies. The relationship between the forces in a

particular marketplace or industry determines competitive advantage, as do the overall environmental factors.

Similarly, the proposed Model 1 depicts external forces as an external environment within which the land parcel exists, awaiting alignment of these factors together with alignment of the two more localised forces – collective manifestations and developer dynamics. The graphical Model reflects as its central concept, the notion of transition of land parcels, whilst Porter's model depicts competitiveness of industries and marketplaces. The proposed Model is not to be read as an input-output model typical of the neo-classical economics view. Here these concepts are expanded further.

5.1 The Circumstantial and Volitional Alignments

Certain things are the subject of chance and circumstance, and so it is in the timeline of a cityscape which turns from vibrant to semi-dormant and then transforms back to vibrant again in another era and context. All the visions and creative plans, promotions and priming, through what has been termed collective manifestations may not lead to fruition unless there are circumstantial factors (those not under the direct influence of either the collective manifestation of related 'creating parties' or the active property developers). Here the term 'creating parties' is re-introduced to depict the local and state authorities who usher the actual development of the land parcel or cityscape through the application of master plans and related plans such as Local Environment Plans (LEPs) and Development Control Plans (DCPs) (termed differently in each Australian State). Such creating parties are a sub-set of the broader group of actors described in Chapter 3 as Collective Manifestations. This sub-set controls the actual implementation of the master plans, through the use of other priming methods including the use of public seed capital.

Circumstantial alignments include factors such as economic climate and local property development season that provide sentiment and incentive for development activity. Should these align, and the land parcel/cityscape has already been primed by creating parties and the developers, there is an opportunity that has a tangible possibility for developer enactment, then there can be exertion by developers of 'volitional acts'. Such acts are aligned with the circumstantial external factors, which involve the empowered enactment of their intellectual capital and energies in the metamorphic process of which they are about to become a part. These alignments have been overlaid on the previous

chart and are shown below in Figure 5.4. These circumstantial and volitional alignments are outlined below.

Circumstantial Alignments:

These involve the occurrence of factors through external forces unrelated specifically to those who are involved in the ushering and development of the land parcel. These are described using the terms noted before, including economic climate and local property season.

Economic Climate

This includes macro-economic indicators that provide a prevailing broader climate for development which may apply to the whole city or state and provide a positive ‘sentiment’ for development activity.

Vignette 5.3: Low Economic Climate/ Local Business Season: Gateway on Palmer Project, Townsville (April 2003)

The Gateway site was first purchased in April 2003, when there was a lack of local or national property sentiment for Townsville and the acquisition itself. Such sentiment was certainly not for the proposed higher level apartment product which was proposed, and which was well outside what the local market had reliably supplied to that date. The economic climate and sentiment at that time was less than buoyant but it was positive, and there was a perception of a boom in 2006 to 2007, three years away. (Vignette written for this chapter by author)

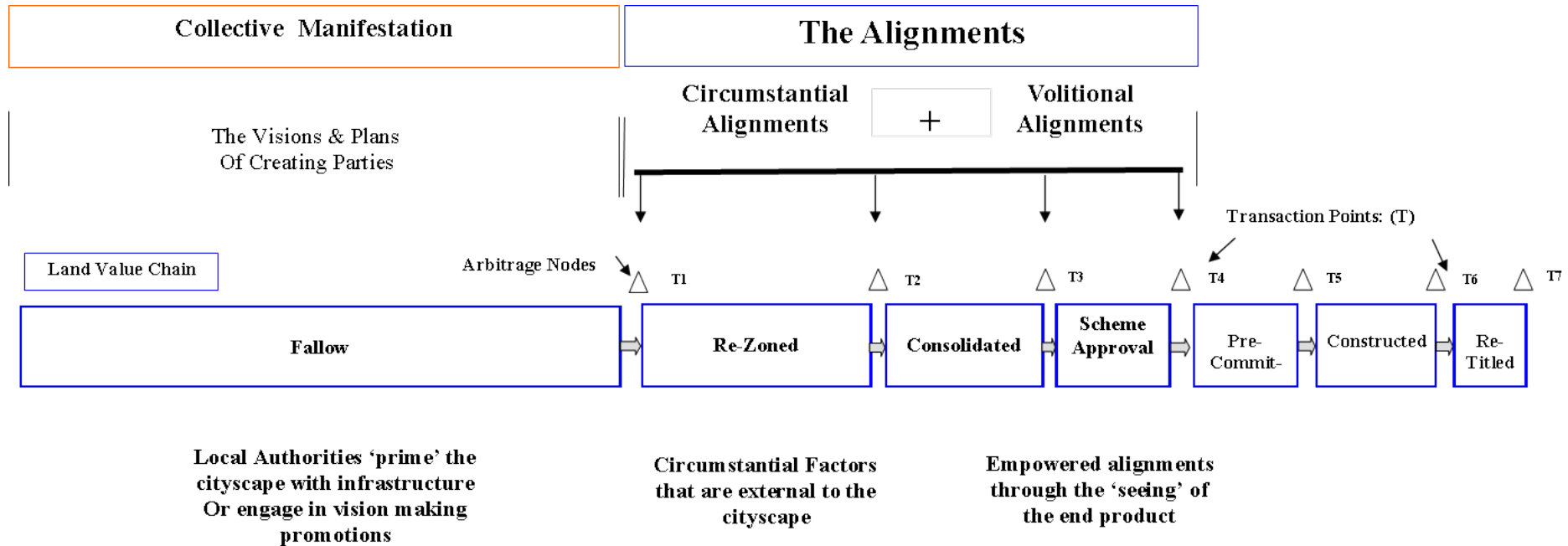


Figure 5.4: Circumstantial and Volitional Alignments along the Land Transition Chain (Drane 2014)

Local Property Season

This factor relates more directly to the city and cityscape such as its vacancy rates, interest rates, demand and supply factors of a local economic and business nature, and relates to a relevant sector which provide broader but focused incentive for development activity.

Vignette 5.4 Buoyant Economic Climate: Gateway on Palmer Project, Townsville. Early 2005

In the economic climate of the time in early 2005, optimism had risen in intensity to the perception that 2006 would be a boom year that anecdotally would rival few before it, and even be reminiscent of the 1980s. This would turn out to be partly true; however the bust that followed would be what actually rivalled few before it! By this time, local property sentiment was rising and large development groups were entering Townsville and buying up sites at a much higher relative price than what was paid for the Gateway Tower parcel over two years earlier. (Vignette written for this chapter by author)

These factors have been overlaid graphically in Figure 5.4 for clarity. It should be noted that such alignments do not precede the land parcel node depicted as ‘Rezoning’, because prior to that it is seen that any movement from the fallow state to the rezoned state was through collective manifestations, as previously defined and described. The reason for this is that although the creating parties can ‘prime’ a precinct ready for developers to enter and engage the land parcel, it is unusual for the local creating parties and authorities to actually participate in the development itself and its associated risks due to their usually public profile. Such a risk would normally include the application, for example, of a rezoning of land. There is however a cross-over of this principle in the Palmer Street example, since the rezoning in that case was not site-specific but cityscape-specific, and involved a major part of the street to be changed to mixed use. This was well within the realms of the local authority to enact, and this was the case in this example. In other examples a developer will call on the local or state authority to precipitate a rezoning for a site or series of sites and land parcels. For the sake of the proposed model and for these reasons, collective manifestations have been demarcated to span only the fallow period.

Moving beyond the fallow period into the other land transition nodes, requires an alignment of economic climate and local property season, however other alignments are required that are less circumstantial and require the action of parties who have an interest in the land parcel. For this reason these alignments are termed volitional.

Vignette 5.5 Mixed Seasons, Different Products: Gateway on Palmer Project, Townsville. Early 2005

In this rarefied commercial atmosphere, the irony was that despite the demand for land parcels, the demand for our off-plan apartments was less than enthusiastic due to the fact that they were predominantly managed apartments. At the time the market in managed apartments had its own national complexion and was being entered and operated by the larger more experienced project marketing groups, who reduced the apartments to a passive investment instrument that gained national and international interest. Competing with mainstream city apartment products, the Gateway's managed apartments languished in the sales room. This shows the complexity of alignments of the economic climate and local property sentiment over this period and even with the dual alignment of each in early 2005 in general terms across the town, the local sentiment in managed apartments diminished. All three sentiments were needed to align. (Vignette written for this chapter by author)

Volitional Alignments

These involve the empowerment of sponsors and actors who bring other relevant factors into alignment. Volitional alignments occur when the creating parties and property developer/s conspire to bring the land parcel and its collection in a cityscape to fruition. There are several factors that need to align through these empowerments including what are termed here Site Habitat and Seed Capital.

Site Habitat

The land parcel itself requires to be 'prepared' for development, and this includes not only the initial priming of the parcel and its surrounds by creating parties (through collective manifestations) including infrastructure works, but the legal preparation of the land parcel, including land consolidation or subdivision, development and statutory approval. The use of the term 'habitat' here, assumes that the land is taken from its

original fallow state to a state which is ready for transition toward development (and construction). The activation of this status can be done through an ‘initiating’ developer whose specialty is preparing a site for on-sale with a development approval. This type of developer will usually not continue to develop the whole project due to limits on its own strategic resources and profile, which limits it to certain levels of operation.

Vignette 5.6: Gateway on Palmer Project: Priming Palmer Street 1992 to 2003

The cityscape was primed by the local authorities effecting a mixed use zoning and relaxing height limits. However 20 years earlier the precinct had been the subject of Building Better Cities funding (in the early 1990s). This was used to improve roads and infrastructure. The street slowly came to life with subsequent planting. At the time the Gateway site was purchased in 2003, these enhancement works primed the cityscape, but it was still only partially activated as a thriving accommodation and ‘eat street’. The street still had old industrial sites that were dilapidated, and mixed strangely with the new offerings of the time. You could eat around the world on one side of the street, and gaze across to old warehouses from a bygone port harbour era. (Vignette written for this chapter by author)

Site habitat extends beyond the notion of the priming by local authorities of the public domain in such precincts, to the further enhancement of the particular site by acts such as remediation, fencing, dewatering, improving services and drainage or title consolidation.

Vignette 5.7: Palmer Street: Individual Site Priming, 2003 to 2005

Individual site improvements were enacted in part by the new recipients of the variety of historical land lots and sites that stretched along the street, and by those who set about the race-to-market that ensued. The race-to-market would however see many of these developers and their developments fall into the black hole of the GFC in 2007. This is brought to light vividly in the case study. (Vignette written for this chapter by author)

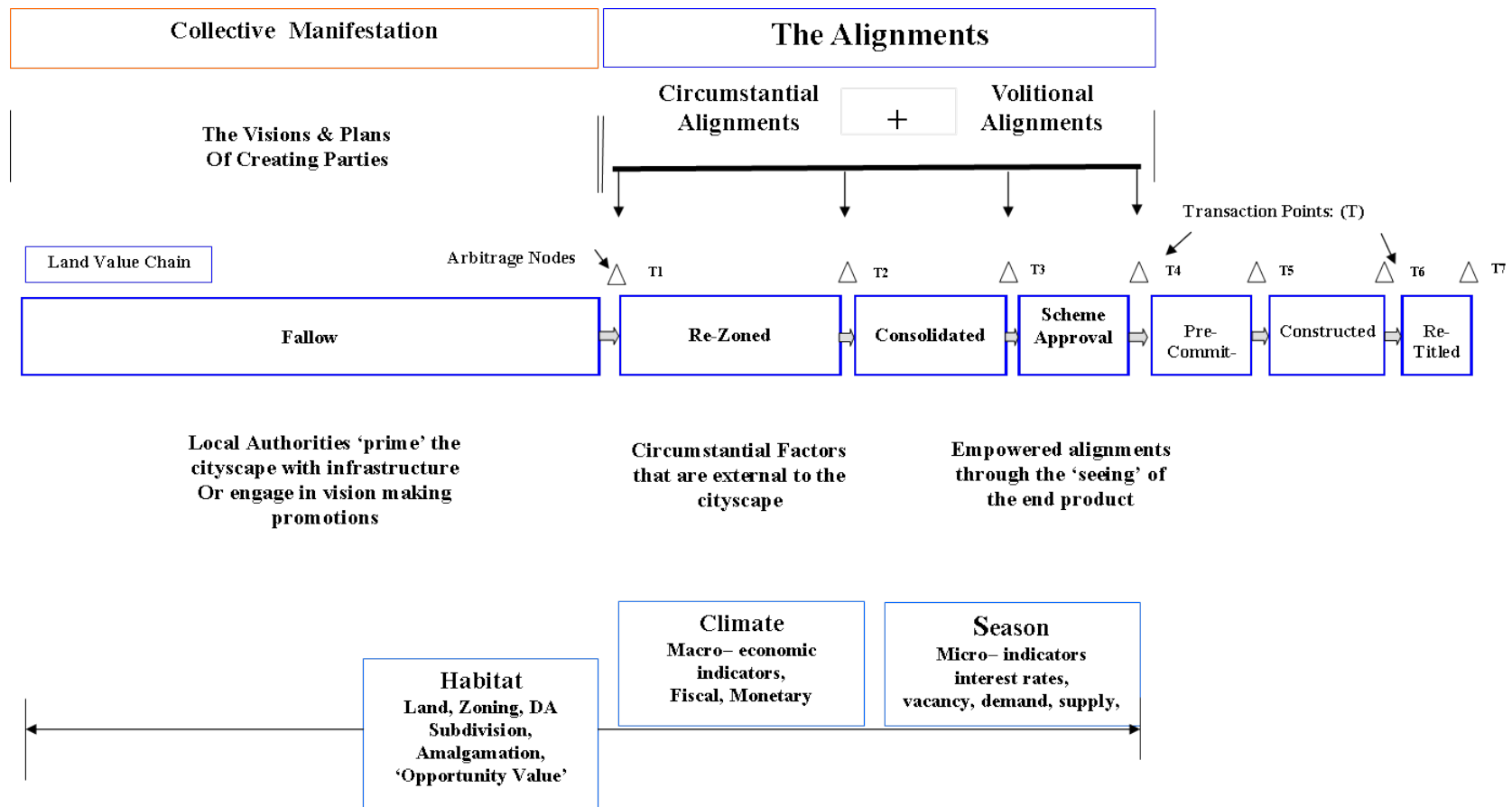


Figure 5.5: Alignments: Habitat, Climate and Season along the Land Transition Chain (Drane 2014)

Vignette 5.8: Gateway on Palmer Project: Priming Palmer Street Early 2005

Improvements over extensive periods of time did prime the sites along Palmer Street for development, and with the circumstantial alignment of economic climate and local property season in early 2005, the land lots and parcels soon changed hands along the street, out of the hands of local and historical interests, and into the hand of property groups and developers. Such players varied from a small syndicate group of individuals in the case of the Gateway parcel, to large development and hotel/accommodation groups like Lang O'Rourke, Accor/Ibis and Oaks across town. (Vignette written for this chapter by author)

It should be noted that such works although termed 'volitional alignments', may not have moved any particular land parcel to a new transition stage and, as with many sites along Palmer street in the vignettes, that had been the subject of earlier failed development attempts through priming by developers, there was a need for circumstantial and volitional alignments beyond site habitat and priming.

Vignette 5.9: 'Bathtub' Site: Palmer Street: Priming Palmer Street, Early 2005

An example of failed site priming is what is termed in the case study, the 'bathtub' site in Palmer street, which had in an earlier apparent frenzy of enthusiasm by a particular developer, been excavated, several levels into the ground below the water table. At this point due to lack of funding and alignment, it stayed and filled with water. No building soared out of the site (then at least). For this and other reasons, a further volitional alignment was required in the form of private 'seed capital'. (Vignette written for this chapter by author)

Seed Capital

The cityscape and its respective land parcels all require seed capital to fund the development preparation activities required to allow the projects to obtain 'parent funding' for construction. The three layers of capital in a project are seed, mezzanine and parent (or bank) debt. The seed provider takes the highest risk and potential return, and needs to show volition and commitment. The 'seed' funds include activities like

marketing, pre-sales, site preparation, ‘legals’ and others. The provision of seed funding is one of the final triggers that can unleash the mechanism.



Figure 5.6: The ‘bath tub’ site, Palmer Street, an example of premature site priming with the excavation of a car park below water table that then sat idle (Drane 2014)

Seed capital must be provided by someone who not only promotes and underwrites but ‘carries’ the development - a sponsor. For this reason the sponsor needs to show resolve and will require specialist skills, capital and strategic resources, and initiatives to take the development into construction. With the action of ‘seeding’ comes also the onus of ‘carrying’ the project due to the risk of loss of seed funds. The seeder becomes the most important and influential party in the final steps towards unleashing of the mechanism.

5.2 Unleashing the Mechanism - Transaction Chain Reaction

Here it should be restated that transitions can occur in each node over long periods of time. A land parcel may be the subject of a Development Scheme Approval that includes the site being consolidated and remediated. Another may have been the subject of development approval years earlier based on a current window of alignment, then sat idle for years. Such a site might then due to other circumstance and alignments, attract a developer with the means to take it from the former development approval through construction to a titled property. Such transitioning in each case however requires the

co-existence of the circumstantial economic and local property sentiments together with the relevant volitional acts of alignment.

In the case of each node, but in particular the node called ‘pre-commitment’ however, for the land parcel to transition and move closer to construction, there is what is termed here the need for a ‘conspiracy of circumstance’ that leads the sponsor-developer to precipitate a ‘transaction chain reaction’.

This chain reaction, due to its transactional nature is often conducted in the setting of board rooms and meeting rooms, with copious transaction documents (in the case of the pre-commitment node). This fascinating and power-based phenomenon is part action, part politic and part mechanism since harvesting a land parcel towards titled property development engages the mercurial aspect of the property developer’s arsenal. Here the land transition chain accelerates toward proliferation of built matter when circumstances align to provide habitat, climate and season for proliferation. In Figure 5.5, the graphically decreasing length of the various nodes is deliberately depicted to show an ever-diminishing width as the chain approaches construction. The notion of historical acceleration and chain reaction is behind this concept.

This notion leads us into the final acts of empowerment required even when the alignments are in place. These acts rely on the gatekeeper, the sponsor developer who takes the risk and injects seed capital into the venture to allow the transition to occur and the land parcel to move towards construction. In Chapter 4 the world of property developers and the mercurial style of intellectual property required by developers that varies across project type and land parcel node, was revealed. Even with the window of operation in alignment, the intellectual property and seed capital employed, land parcel may still fall into another historical dormancy, waiting for the next alignment, the requisite sower and of course another season for sowing.

This chapter has introduced the concept of windows of operation where there is coinciding action by local creating parties and the transient developers attracted to a land parcel. For a parcel to transition it has been shown that there is a need for the coinciding alignment of both circumstantial forces (economic climate and local business

season). Volitional alignments have been shown to be required (site priming and public/private seed capital). These alignments may empower a transition in the land parcel in the invisible nodes of consolidation or scheme approval but may not be enough to precipitate the nodes at the construction end of the land transition chain. To unleash those nodes, there is a need for the empowerment of a sponsor developer and what is termed a transaction chain reaction. The next chapter explains this final concept, the empowerment of such a chain reaction by developers and a view of the mechanism in action at the construction end of the land transition chain.

Chapter 6: Seed Capital

This chapter explains how the engagement of seed capital in a window of operation and alignment by creating parties together with a committed private developer, can lead to a ‘transaction chain reaction’ which precipitates the construction of a titled property on a land parcel. Whilst prior chapters have dealt with the less visible transitions along the nodes of the land transition chain and stimulation by public capital, this chapter focuses on the pre-commitment and construction phase and the transactional forces and drivers that are at work. The development mechanism is seen in its most material form with its power being sufficient to precipitate the construction of a building. The notion of Healey and Hooper’s machine with a power source (Healey 1991, p. 232) is revisited and the mechanistic nature of the proposed model is placed in context with the theory base.

In the transition of land parcels toward construction of a titled property, it may be the case that there is an active window of operation where both local creating parties and a committed developer interact with the joint objective of creating a building, but even then, no construction occurs. The economic climate may be conducive, the local development season active and positive, the site already primed by public capital and developer/s may have traded and transitioned the land parcel towards construction. Notwithstanding all these coinciding circumstances and volitional acts, a land parcel may still languish in a pre-construction state. Here it may wait for years or even decades to reach that final transition toward a constructed scenario. So what does it take to make the final transition? What forces and actions are critical?

The answers lie partly in the concept of engagement of seed capital by a private developer committed to the development of the land parcel and who is prepared to risk the investment in such seed to precipitate a development. The node that this operates in is the pre-commitment node, which requires a series of related and coinciding transactions to be pre-determined by various parties to the development. Of all the nodes prior to this point, none require the level of capital investment that is required to actually precipitate the construction. Whilst the earlier, less visible phases required seed capital and commitment, the scale of those levels of commitment pale in the face of the commitment toward construction. At this point a developer will be required to assemble

a transaction chain that includes pre-committed contracts for funding, marketing, sales and construction, all of which require pre-commitments that will underwrite the surety of the proposed development. The banks, for example, will require pre-sales of end products or pre-committed leases by anchor tenants, a firm price construction contract, and personal guarantors and mortgagee rights.

The precipitation of these intricate contract arrangements will all hinge on a window of operation which assures business success. This may include a strong market, a low interest rate, an appropriate product and price, a low price in construction materials, a willing council and a positive sentiment overall. This window is so crucial to the transactions that if they are not enacted expeditiously, the window is lost, the engaged parties lose interest, the developer pulls out and he and the bank move to another deal.

Engaging and empowering this window is done by the sponsor developer and their seed capital. Seed capital is usually scarce and precious and is employed to provide surety to precipitate the deal. To achieve this, seed capital is used to market the project to potential buyers, on legal agreements, on construction contracts and on lease agreements. All are called 'soft costs' with which banks will not deal. Banks will only fund 'hard costs' related to the physical act of the asset being built - the 'bricks and mortar'.

Alternatively, should the transaction occur, a chain reaction occurs where all aspects of the transaction chain are triggered and the overall funding for the project is realised.

Using the Gateway on Palmer Street case example from the author's autoethnography, an example of such a transaction chain reaction is brought to life using vignettes.

6.1 A Transaction Chain Reaction

In order to trigger the construction of a building on a land parcel, a 'sponsor developer' must champion a transaction chain along prior alignments and will empower a 'transaction chain reaction' that eventually forms the 'bridge' toward construction. In this final act there is a 'conspiracy of circumstance' that, like a frenzy, results in the deal being sealed!

Vignette 6.1: Transaction Chain Reaction: Gateway on Palmer Project, South Townsville, Early 2007

It transpired that with the pressure of the (fence) moment (see Vignette) we eventually decided on a product mix but our presales were sluggish and time was running out. Banks at that time in some cases would lend up to a loan to value ratio of even 90% but this was fraught with danger and is not possible today (2014). We were lured by this ratio, and gathering our own debt funds in the mezzanine layer through private funding arrangements. Even with this we could not obtain bank funding and so with much deliberation, we were forced to sell the project. This we did after many months, to a group called Quantum who were engaged in the creation of a superannuation product called a warrant. The warrant allowed you to basically borrow money (in another form) through your self-managed super fund. This could then buy investments - in this case apartments. After torrid negotiations the site was sold based on an acceptable level of pre-sales gained by Quantum, and we marched forward as the project manager toward an urgent construction programme. In the end instead of completing prior to 2007, we completed by late 2008. (Autoethnographic reflection)

The act of binding parties to the deal and to bridging the project funding from the ‘soft (seed) end’ to the ‘hard (bank) end’ of the funding process is a pre-requisite of parent funding of actual hard costs (costs related to actual physical construction). The former refers to seed funding that the parent funder requires to be provided to test and secure the transaction by securing presales and pre-commitments to the third party titles and entitlements related to the site/s. This transaction chain reaction is shown in Figure 6.1 with the culmination of alignments and deployment of seed capital, like a state of germination.

Vignette 6.2 Sealing the Deal, Torrid Negotiations: Gateway on Palmer Project, South Townsville, late 2006.

The board room was set up like a nerve centre and was full of people, chatter and documents. If placed one on top of each other the documents would touch the ceiling. The representative for the funder Quantum (to be bought by Da Vinci) was sitting quietly chipping away at any erroneous clauses, the managing director of Quantum on the other end of the phone hanging on any contentious item. Both the builder's project manager and managing director from the proposed builders Matrix were there. My co-trustee James and I ran the session which was designed to not only sign the building contract but determine all the conditions precedent to triggering the building works. Lawyers for all parties sat on standby in their own offices awaiting any query and to get a taxi to the meeting. All this had taken weeks to prepare and this was D-Day. There was only a small window of opportunity available and the sale of the site by PJ Group to Quantum depended on the signing as well as the construction commencement. This was a 48 hour continual ordeal designed for signing the documents that would seal the deal for the development of the \$65 million dollar project. The pointy end of the negotiations were in progress. Quantum had already secured the apartment presales to the bank's requirements. Quantum had secured mezzanine funding to fill the gap between equity and the parent debt. PJ Group had secured initial presales, development approval and sponsored the earlier stages of the project. All that was needed was a good build price and builder. Matrix had a good reputation and were like a key to a door that we could not open ourselves. (Autoethnographic reflection written by the author for the chapter).

The indeterminate and circumstantial nature of the above mechanism explains how cityscapes can lie fallow for years and then suddenly 'spawn buildings' in a relatively short period of time.

6.2 Machines and Power Sources

Earlier in this chapter the question was raised "So what does it take to make this final transition? What forces and actions are critical". The partial response was to attribute this to the transaction chain reaction and the end game of the developer who has the

intellectual and capital resources to effect the transition toward construction and titled property.

However this is again only a snapshot of the land transition chain at a certain moment that could not have occurred at that point in time without the complete engagement of all the prior land phases. The pre-commitment/construction transition could not have occurred without all the prior transitions, the hands and forces that were engaged with the land parcel across the historical transition of the various nodes. The developers include the land trader and consolidator, the DA trader, then the final developer/s with sufficient seed capital and volition to effect a transition toward construction and development of a titled property. Parallel in time with these acts are the collective manifestations of local interests translated into a material vision by local creating parties.

The council planning officers, the State-based development body which provides seed capital are also needed. The alignment of the economic climate and local business seasons across all these transitions, the priming of the cityscape for its enhancement and development and the preparation of the land parcel itself for development are also necessary. All these myriad acts have led to this point, in waves of alignment over time. The combination of these acts and forces is here termed mechanistic and phenomenological in nature. Model 1 and 2 are again shown below to illustrate.

As has already been shown, the theory supporting the concept of property development lacks the mechanistic view that is embodied in the proposed Model. Such a view was only briefly entertained in a comment by Hooper to Healey in the concept of the machine and the power source. The prior literature shows both a process-based and snapshot view of what deserves a more time-lapse and phenomenological understanding.

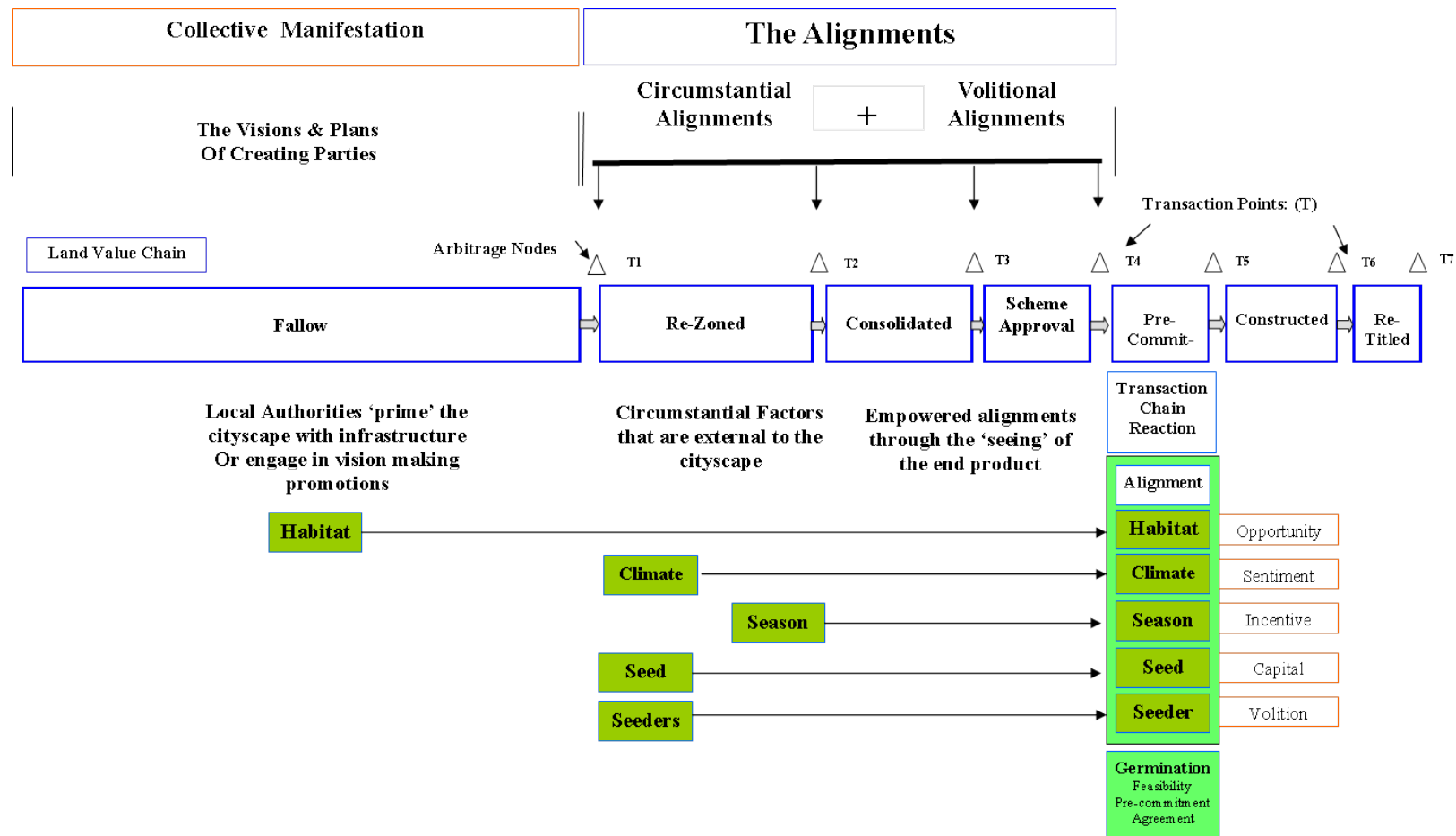
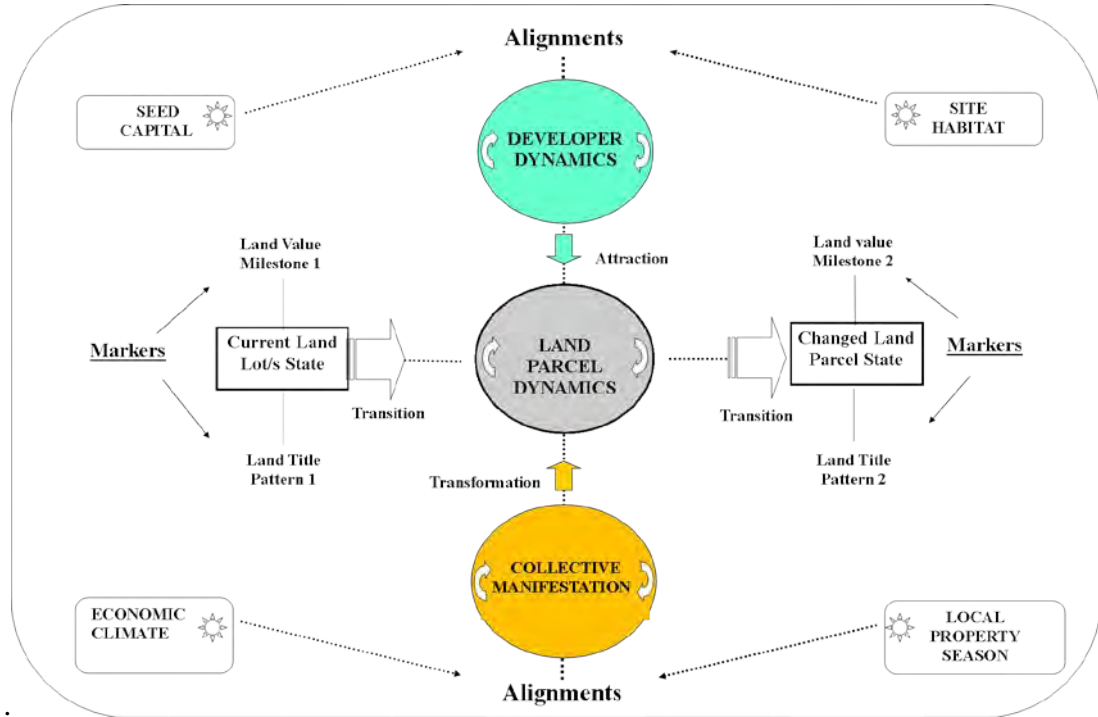


Figure 6.1: A Transaction Chain Reaction at the Pre-commitment Phase (Drane 2014)

The proposed model, however provides a multi-dimensional view of the mechanism. In one direction it tracks the land parcel and its transition from raw or fallow state through the invisible improvements of consolidation and DA to construction and titled property.



Model 1: Land Parcel Transition Model



Model 2: Land Transition Chain

Figure 6.2: Models 1 and 2

In another direction it elucidates the changing external circumstantial forces empowering the actions of the actors who engage in the particular land transition node. In a third direction it illustrates the dynamics of not only developer actions upon a land parcel but also the prior and coinciding dynamics of the collective manifestation of local interests and creating parties. Land parcels are shown to not be a static resource, but as having their own dynamic, operating in cityscapes and responding to surrounding events and improvements, in both the overall cityscape and adjacent or related parcels.

This multi-layered aspect however is not without its grounding in the theory base. Healey for example provided an embryonic glimpse at these layers in her institutional model (1992) whilst the forces at work in empowering and shaping the overall phenomenon, are reminiscent of the dialectic of Marx, Engels and Hegel and the more modernist institutional theories of Giddens.

In the next section the proposed model is placed alongside these theories in a contemporary context.

6.3 The Theory Base of the Mechanism in Property Development

How is one to ‘capture’ something that throughout its operation remains mostly invisible, and yet is the catalyst responsible for manifesting something that is so physical; a building, or a series of buildings? How have researchers who are on the ‘outside looking in’ on this phenomenon, been able to grasp something so elusive, that one has to sometimes literally ‘be there’ while it is happening to understand it. How, when the collective of practitioners who participate ‘within’ the mechanism, each hold only a piece (or several pieces) of the puzzle, do researchers survey the whole. How, when the purveyors of the mechanism (property developers who might be expected to hold the whole picture) actually only operate certain parts, can the description of the whole become complete? And how finally, when the mechanism sits waiting for outside societal forces to precede and guide it, and also to engage and empower it, can the society, the purveyors, the practitioners and their mechanism be fully grasped?

It is through this series of questions that the state of theoretical knowledge has been surveyed, established and dissected. The survey has tried to show its considerable progress, its enlightened views, its oversimplifications, its vulnerability to research frameworks and views, and a way forward to guide further enquiry. All this, building on the wisdom of those who have been its students, scholars and educators, and who laid very strong foundations to seemingly leave them in an unfinished state, that has seen little apparent direct development since the 1990s (Healey 1991, 1992, 1998).

The writer takes the perspective of both a ‘purveyor’ and a practitioner’, to elaborate this. The endeavour has been assisted by the knowledge and insights offered by the scholars and their theories and graphical models over many decades, to depict the complexity of the process. Scholars of sociology and urban planning, economy and

political economy, entrepreneurship and capitalism, neo-classicism and neo-Marxism, finance and micro economics, land economic theory and property rights, real estate and valuation and many more, have enlightened the subject and illustrated its breadth. And yet something appears missing. It lies not only in the expansive (seemingly unknowable or at least un-chartable) nature of the development phenomenon but mainly (for now) in the limitation of view and predominance of ‘researchers’ as the authors of these works. Taking Patsy Healey’s words from her defining works on development theory (1991) and her subsequent ‘institutional theory’: “researchers tend to lack detailed knowledge of actors and agencies in the development process but are aware of general models of their behaviour” (1992, p. 43). This she contrasted with practitioners’ views which “are very knowledgeable at the level of agents and events in the process” (1992, p. 43).

This thesis does not create a ‘practitioner account’ and ‘handbook’ of the mechanism, but it does move toward a synthesis of the two enquiry types. To oscillate between these forms is no mean feat, based here upon theory plus evidence from case studies and autoethnographic reflection. It is therefore a concept of practice - in the depiction and operation of the development process, or the preferred term in this research, ‘mechanism’.

Based on the relevance of Patsy Healey’s important and yet unfinished attempt to build ‘four layers’ of understanding of the process (two empirical and two theoretical) predominantly on a ‘Giddensian’ frame (Healey 1992), this author remains drawn by her ‘layers’, and to follow the same path by revisiting them. This starts in the areas of the author’s own practitioner modus in the mapping of the sequence of Healey’s: ‘events and agents’, ‘roles and power relations’ of the first layers, then ‘strategies and interests of actors’, and ‘resources, rules and ideas governing the process’. Finally Healy moves into the ‘social relations and ideologies’ that the prevailing process operates within. By this stage she is in the Giddensian perspective (1984), or the Healey synthesis of the same, which is partly in context with her Hebburn case study (Healey 1991) and in light of her Venezuelan squatter invasion and real estate subdivision’ examples (Gilbert 1985).

This placement of the process within the Giddensian framework, adds richness and texture to the more mechanical depictions (in the first two layers of her model) and within her earlier literature around ‘equilibrium’, ‘event-sequence’, ‘agency’ and ‘structure’ models (as classified by her) (Healey 1991). The apparent predilection toward the Giddensian framework has its advantages, however one senses that firstly, the earlier layers need considerable reinforcement given the predominance of ‘researcher-led’ neo-classical and Marxist foundations, whilst the melding of the earlier layers with the societal layers are somewhat prescriptive in the use of key Giddensian markers such as ‘roles and power relations’, ‘strategies and interests’, ‘resources, rules and ideas’, and ‘societal ideologies’. It does however provide a disciplined framework to her attempt to discover a total model, which Healey sought to offer as a goal in her ‘institutional model of the development process’ (1992). On this point Healey attempts to guide a total model which:

needs to avoid implicit context-dependence. It should be comprehensive in form, relevant to a complex mixed-use project in a city centre as well as a 5-dwelling housing scheme or a barn-conversion project. It should apply to a social housing scheme for the elderly as well as a private sector science park project... It should apply under regimes which exclude private ownership in land, and in the circumstances which are now replacing such regimes, as currently in Eastern Europe

(Healey 1992, p. 33)

This is no easy task, and this thesis does not achieve it (if it was possible), as this study is limited to the definition of a property development mechanism in a free market situation in a democratic framework, bounded by Australian examples.

The property development process as studied by Healey however (and herein) unashamedly has its roots in capitalism and entrepreneurship (which will be addressed later) and it is perhaps more fruitful initially to consolidate this ‘free market version’ of the model, prior to any adaptation to other ‘less than free markets’ or ‘less than democratic societies’. Although it is acknowledged that free market based societies can have their own problems related to autocracy and authoritarianism. It is within these bounds that the analysis herein is made.

Returning to the upper strata of the layers, and into realms of the Giddensian framework, the author has found, clear aspects of Giddens' framework denoted in both his critique of historical materialism, (1981) and his treatise on the constitutions of society (1984) which were clearly relevant to the proposed theoretical Model herein, in the realms of the 'structuration', 'juggernaut', 'storage' and 'distanciation'. It is around these concepts that this analysis first focuses, proposing that the societal layers that Healey seeks to connect with the 'lower' layers, is clarified and enlightened. Her layers are summarised below for assistance and further reference (Healey 1992, p. 36).

Empirical Layers

- 1 Focusing on events in the production process of a development project, identifying the agencies involved and the outcomes produced.
- 2 Agencies involved in the process, identifying roles, in the production and consumption/use of the development, and the power relations which evolve between them.

Theoretical Layers

- 3 The strategies and interests of actors, particularly with respect to the most significant sets of relationships within the process, in order to identify what governed the way different roles were played and relationships developed. This assessment may then be related to the resources, rules and ideas governing the development process in the instance examined.
- 4 The fourth level of analysis...involves theorization - of the nature of modes of production and regulation, of ideology and of the relations between them - and description of the particular societal circumstances.

For reader clarity the layers are abbreviated to 'events and agents'; 'roles and power relations'; 'strategies and interests' related to 'resources, rules and ideas'; and 'social

relations and ideologies’. They are then revisited in each of the accounts to the relevance of ‘juggernaut’, ‘structuration’, ‘storage’ and ‘distanciation’.

As for the ‘lower layers’ (1 and 2), it should be clarified first, that this dissertation provides a theoretical model based on a concept of practice, which grounds all aspects of the layers of the process in what is termed the ‘land transition chain’. This is built on the notion of land parcel transition and evolution, defined in clear and separate transitory states that move from raw land through transaction points based on arbitrage nodes, to a completed building with associated entitlement distributions that occur with each transition. Inherent in this classification is the identification of the plurality of invisible improvements that occur along the chain, and which are tradeable or indeed traded, by a plurality of ‘purveyor agents’, (developer types) who may not trade anywhere else along the chain.

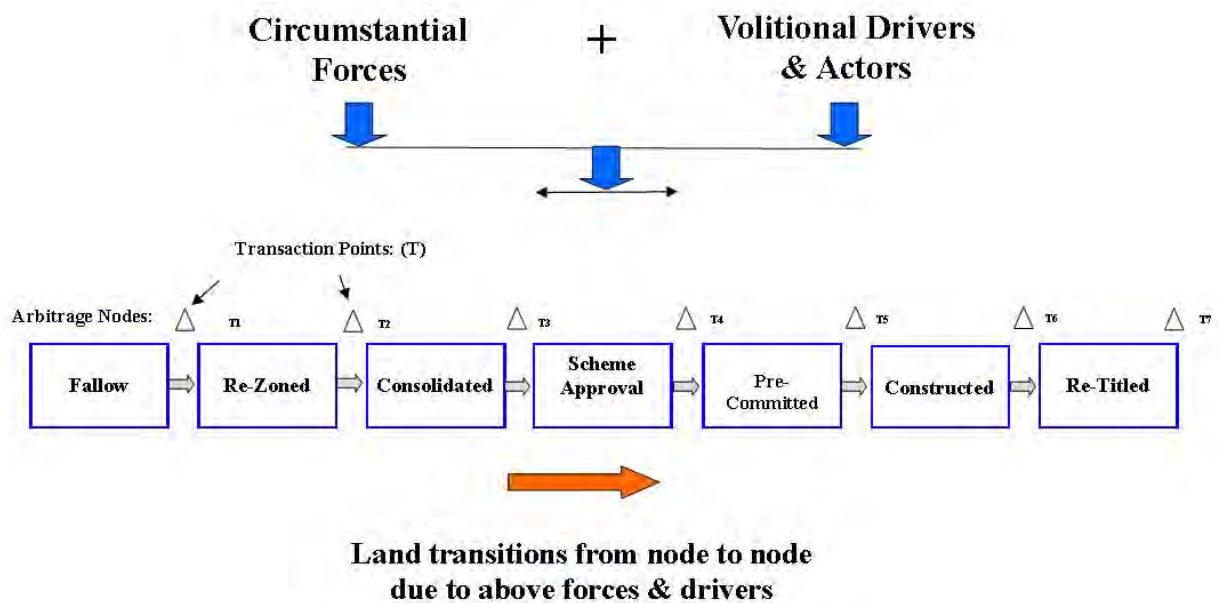


Figure 6.3: Forces Driving Transitions in the Land Transition Chain (Drane 2014)

The foundation elements of the transition chain are revisited here in Figure 6.3, however as an introduction to the higher forces that act on the land parcel, the notions of ‘circumstantial forces’ and ‘volitional drivers and actors’ are added to the transition chain depiction shown earlier. This is also consistent with the theme of the machine and the power source.

This division of the amorphous nature of representation of the process (in the literature) into sub-transactions and sub-development projects, which in aggregate explain the overall ‘amorphous project’, adds clarity to the overall view, and the prevailing illusion of the neo-classical and neo-Marxist visions of the process which Healey herself explains:

It is argued that while these approaches-institutional analysis, neo-classical location theory and land economics, and Marxist economics-provide useful directions for understanding the development process, they lack the capability to address a fundamental dimension of our understanding of development processes. This is the relation between the way actors behave in deploying resources to realise specific investments, with which much of the real estate literature is concerned, and the broader processes which drive the strategies and interests of the various actors involved.

(Healey & Barrett 1990, p. 89)

Within the foundation described, prior simplifications of the land development process which even in Healey’s case use such ‘amorphous process identifiers’ as shown below, are clarified and moved from their generalist context to actually become potential and varied markers of individual aspects of the chain. The following, drawn from Healey’s institutional model (Healey 1992 p.38) is an example.

- land comes forward
- finance comes forward
- land is subdivided into plots
- subdivided plots are allocated to builders or occupiers
- service are provided
- buildings constructed
- buildings allocated to occupiers.

For clarity, land can ‘come forward’ in any of the arbitrage transaction nodes of the land value chain, and then recede and sit idle at any point in the chain, due to changing prevailing market conditions, actor interest or sentiment, whilst ‘land is subdivided into plots’ can occur from raw land to consolidated land, or from consolidated land to subdivided land. The generalist terms are therefore applicable and valid, but lend no understanding to their use in the separate sub-projects and sub-actions that go to make up the whole. This may be over extended periods, well outside the ‘snapshot approach’ in the literature, therefore the illusion of ‘amorphousness’.

In reading Healey's attempts at defining the development process, finding roots in neo-classical and neo-Marxist views (Healey & Barrett 1990), then is drawn into empirical models as reviewed earlier (Healey 1991). Finally she moves quickly into a Giddensian institutional framework (Healey 1992). The rest of her works throughout the 1990s explore aspects of the models from urban regeneration and supply-side blockages, (1991) to regulation of the development process (1998). The further construction of the layers of the actual 'development process' is not as evident in her later works, and instead she builds on the upper layers through her exploration of the imagining of cities "On Creating the 'City' as a Collective Resource" (Healey 2002), then "Relational complexity and the imaginative power of strategic spatial planning" (Healey 2006) and then, "Urban Complexity & Spatial Strategy" (Healey 2007). These aspects meld well with the key concept proposed in the Model called 'collective manifestations', which as described, depicts the power of creating parties, who set the scene and visions for the 'developer types' who transact along the land transition chain.

Of interest here to the purveyor and practitioner researcher, are the roots of enquiry in a purely macro-economic and political economic foundation which are themselves disconnected from the raw 'agency nature' of the day-to-day life of a developer, and the land transition chain that he 'harvests'. Healey is to be commended for having started with such an abstracted view of this world, and for her quick orientation to the detailed, more practical layers of the system through her study of the specific development models, which were viewed by various researchers through the prevailing economic and political economic visors. Even though the development models were 'modelled' by these researchers they have been left (by Healey) as a foundation of sorts, for building the other layers. The proposed model rebuilds this earlier layer (as will be shown based on practices demonstrated), whilst revisiting and respecting each of the foundation models that Healey herself critiqued (what may be termed here as 'macro' models). To reinforce this point and the limitations of the foundations implicit in the earlier layers, Healey is quoted as saying that they: "barely penetrate into the detail of the events of the development process and the nexus of agency relationships which might surround each" (Healey 1991, p. 235) she also comments on the foundation ontologies behind the models of neo-classical as a "preoccupation with the processes and consequences of the formation of prices in markets", (p. 232) and neo-Marxist ("an interest in the way

markets are structured through the power relations of capital, labour and landowner” (p. 232).

Healey, herself a town and urban planner by profession, has charted this mire to create a deep understanding of the realms of the process across the four layers, thus transcending not only over-simplistic, praxis-based understandings, but researcher limitations. For this reason, Healey’s layers and the model herein, form a basis for strengthening these first ‘empirical layers’ and then adding to the upper theoretical layers of her model.

The Proposed Model and Healey’s Model - Building The Layers

Returning to the ‘layers’, the proposed Model provides a clearer transactional and interactive view of the first two layers in the form of ‘events and agents’, ‘roles and power relations’, and even ‘strategies and interests’. ‘Events’ clearly unfold along the land transition chain in a hybrid event-sequence/agency-structure model, based on the transaction nodes of the chain. ‘Agents’ are clearly identified as developer types (and other ‘creating parties’) who ‘harvest’ the areas of the land transition chain, which are within their intellectual and financial capital resources. ‘Roles’ are clearly defined in the nature of the developer types’ interactions with the land transition chain, and ‘power relations’ are (at developer level) elucidated in the form of their power to dominate certain parcel types at specific transaction nodes. The nature of power related to local interests, lobby groups and authorities are covered in the conceptual element noted ‘collective manifestations’.

‘Strategies and interests’ are clearly outlined by the various developer types which relate strongly to their ability to operate in specific ‘plays’, due to their accrued intellectual capital, born of the transient nature of opportunity along the chain and across the land parcels of the city.

These aspects will be revisited as each of the layers is explored in more detail in this chapter. It is preferred here to actually first address the ‘contextual upper layers’ that the proposed model sits within, to demonstrate how firm the foundations of the proposed Model are, and how aspects of the upper layers entwine with the components and constituents of the Model itself. The lower empirical layers are left here to explore the upper reaches of ‘strategies and interests’ related to ‘resources, rules and ideas’ and

‘social relations and ideologies’. These are central tenets of Giddens’ theory of structuration which is simply defined as "the structuring of social relations across time and space, in virtue of the duality of structure" (Giddens 1984, p. 376).

Those aspects of Giddens’ theory which are clearly relevant to the proposed theoretical Model herein, are reviewed; ‘structuration’, ‘juggernaut’, ‘storage’ and ‘distanciation’.

The Upper Layers: Giddens’ Theory of Structuration and the proposed Model

Giddens suggests that the ‘nation-state’ embodies a temporal, cultural and spatial vigilance which seeks, through ‘prevalence’ and ‘surveillance’ to ensure that its existence is not only extended, but protected across space (and place) in the form of its cities and territories and across time. This is all through the idea of its existence and prevalence, through the symbolism of the artefacts that it produces. The very essence of the ‘nation-state’ is not only embodied in the social customs of its constituent society/s, but is perpetuated in the symbols and structures of the city and its urban and suburban fabric. Rome spread its empire across the planet and ‘marked’ its new and vanquished territories with flags and aqueducts, roads and arenas, swords and chariots, art and language; the artefacts of which, long after the end of empire, still pock the face of cities and inscribe the tombs of their leaders and gods. All within the regions of other later and newly formed nation-states. Whilst such a state is in forward motion, its attempts to control not only its own cities, but those of other ‘lands of interest’ are secured through the surveillance of other states - contentious to its own cultures and objectives - but seen to be the focus of intervention and influence, from covert or subtle actions, to the extent of cultural or military invasion. This manifests in the penetration of forms as diverse as the proliferation of popular western music into an Islamic holy courtyard, to the creation of a ‘green military zone’ in the heart of an invaded city. This ‘juggernaut’ is, in the case of western societies, often fuelled by materialism, entrepreneurship and capitalism, but any expansive empire can achieve it with its own customs, markers and symbols. Markets become the subject of global penetration in both demand and supply; American iPads are built in Chinese cities, South American fruit is sold in an Australian grocery market.

Central to the notion of this system in motion, are three key concepts which embody not only the empowerment but prevalence and sustainability of the presence of the nation-state, namely structuration, storage and distancing. Firstly the idea of 'structuration' which is the interaction between agency and structure, which in turn informs, transforms and perpetuates ongoing agency and structure. A cultural norm which embodies a structure (in roles, rules and normative behaviours) is questioned or challenged through the action of free agency to re-form the structural norms.

The new norms then feed back into the prevailing structure, which effect or control the agents activity, until the next round of interaction; embodied in this concept is the idea of dialectic exchange between agents and the structures by which they are bound. This is Marxist (and Hegelian) in nature and whilst Marx's interacting forces were of labour and capitalist production, the essence of the conflict with the Giddensian world view, still lives on in the idea of structuration and is not dissimilar to the Habermasian concept of 'communicative action' where the conflicting factors are human 'life world' and 'systems' (Dews 1999). Two supporting concepts to structuration are first the concept of 'storage' and second 'distancing'.

Storage is seen by Giddens to be a means of perpetuating a culture through its artefacts which extend beyond the physical, into language and even how language modifies our understandings through interaction in conversation. The city of the nation-state is seen to store through embodiment, not only in the form of facilities and accommodation, but through ways of interacting and even by 'being with' and 'in' these objects. A western church in a middle-eastern city, a high rise commercial office tower in an ancient Asian city clarifies the concept.

Distancing expands the earlier-mentioned notion of surveillance of other territories and nation-states, and invading these states with the symbols, customs and artefacts of the prevailing nation-state culture. In relating the proposed model to these concepts, a bridge is used in the form of Healey's definition of the development process which encapsulates these concepts, and is here divided into two statements:

- a) It is taken to be the transformation of the physical form, bundle of rights, and material and symbolic value of land and buildings from one state to another, and
- b) through the efforts of agents with interests and purposes in acquiring and using resources, operating rules and applying and developing ideas and values

(Healey 1992, p. 36).

Taking the first part of the definition, the proposed Model is founded in the idea of a single generic land parcel, which undergoes a series of transformations from 'raw state with associated entitlements' to 'built state with associated entitlements' due to the action of developer types, who farm the chain at windows of opportunity, within the realms of their intellectual capital and *modus operandi*. Each interaction may only move the land parcel along to the next land transaction node, and then sit waiting for the next window of opportunity. As shown in the above chart of the proposed model, this mixture of volitional actors and circumstantial forces is the driving (and intermittent) force behind the chain. These factors are the power source that fuel the machine as noted previously by Hooper (Healey, 1991, p. 232).

The notion of entitlements is addressed earlier in the dissertation, and is built on the central principle of third party title distribution. Embodied within the notion of title is the 'bundle of rights' that exist not only around the land parcel of the end building and its physical rights, but also its other implicit rights of use. Embodied in turn within these rights are the constitutional statutory legal imperatives handed down by the nation-state. If that nation-state had no system (or sense) of title, (as in the case of contemporary Chinese nationalised land dealings) then the empowered outcomes would be different from those of the nation-state that embodies title with its associated rights over the land. Here, in the case of the democratic Australian (and by historical extension the British) system, provides for not only end user/owner rights, but the rights of those who trade the land to the end user/owners along the land transition chain. It does not act in the sense of Giddens' nation-state which is portrayed to have a sense of oppression and autocracy. In Australia, the British heritage of centuries of law, rights and tradition precede this state of land that is either dealt and/or occupied. For land that is on the fringes of a city and has become semi-dormant, fallow, these factors constitute the foundation of how such land will be dealt with by default, in terms of invisible rights of dealing and improvement or maintenance. This default system

however is not prescriptive of ‘symbolic rights’ which underlie the way in which the land is to be developed with facilities and improvements that conform to the rules of the state or local authority. Here another level of rules apply with local statutes, visions, Local Environment Plans and the like. It is not here to explore these instruments, but the intentions behind them, and how they conform to the rules and norms of the nation-state. Such rules are transferred from government bodies or authorities, by democratic process, to what are termed in the model as ‘creating parties’. Such parties are vested with the local statutory power embodied by the city or state, to ensure that the raw land parcel in the land transition chain ‘conforms’ to the overall vision of the city through the authorities and creating parties. Implicit in these visions and plans are the ‘stored’ norms, rules, ideas and resources of the nation-state.

The case studies in this thesis are examples of cityscapes that have gone fallow and lie dilapidated, semi-dormant and unused. Through these mechanisms, such cityscapes change from being a vibrant port area such as Palmer Street Case Study to a semi-dormant state, and then later become another vibrant precinct such as a mixed restaurant and accommodation precinct. In between these events however, were three decades of semi-dormancy, and the need to ‘fill’ the place (over time) within the city where dereliction was seen to become the main community legacy and threat.

The Palmer Street cityscape in turn became filled with the physical and symbolic markers of the city; the managed apartments and hotels of familiar brand that mirrored the affluence of the city, and international restaurants that completed the scene of a cityscape filled with the buildings and symbols of the rest of the city. A form of distancing was in play here, with the surveillance of a dead area of a city over many years with associated creating parties prevailing over the vision of the cityscape. The prevailing buildings and the symbolism that they embodied, protected the essence of the prevailing culture of wealth, commerce and gastronomic diversity. Prevailing values were everywhere, in the signs, shop windows, the streetscape and landscaping, the towers of apartments, the glass facades and balconies, all parading the symbols of affluence and the commercial and cultural diversity of the city. Nowhere to be seen were austere stone city plazas, or political banners of prevailing dictators, armed guards or secret police, nor even a huddle of squatters or homeless people. . The filling of such cityscapes is here liberally called ‘re-distancing’, the term

‘distanciation’ meant for the surveillance and storage of the nation-state’s symbols in distant territories. Those imperatives can also occur in the heart of a city in a dilapidated cityscape, which is at a perceived threat of becoming controlled by ‘unsavoury’ elements of society. Distanciation-like forces move into these places as they would in a distant land, which provides a threat from afar. Here the threat can occur from within the city and be ‘re-distanciated’ in this form. Taking the second part of Healey’s definition again for convenience: “through the efforts of agents with interests and purposes in acquiring and using resources, operating rules and applying and developing ideas and values” (Healey 1992, p. 36).

The Model in this thesis is analysed and reviewed to address Healey’s lower layers and their links to the upper layers in more detail. To do this the model is dissected into its constituent components and the various aspects of the Healey layers revealed and discussed, where relevant or possible. In the process however, dissection allows the analysis in light of key theorists including aspects as diverse as entrepreneurship, land valuation theory, urban morphology and land economics. In this way the past view of economy and political economy is transcended and tested in the journey. Healey’s layers remain a point on the compass but not the overall guiding light of the study. Emerging from the dissertation comes a revisionist concept of practice of the property development mechanism, which builds on Healey’s layers model, and is grounded in the theory and practice of purveyors and practitioners of property development.

6.4 The Model in Action in Cityscapes

This chapter has provided a view of not only the transaction chain reaction which is enacted by property developers as a precursor to construction on a land parcel, but the supporting history of land parcel transition through engagement by prior developers, and the collective manifestations of local interests and creating parties. The requisite alignment of external forces, and the engagement of actors are brought to bear as historical foundations for this final, construction transition in the land parcel. The complexity of this mechanism has been revealed and placed in context with theory based on Healey’s and Giddens’ institutional theories and the foundation dialectic theories of Marx, Engels and Hegel. The property development mechanism is seen as a phenomenon with many parts that move in a mechanistic manner toward transition of land parcels, and construction of a titled property.

The proposed Model has focused on the land parcel in a singular sense with case examples of how it acts with adjacent land parcels in a cityscape. The next three chapters (in Part B of the thesis) show the Model in action in three cityscapes, to illustrate how a collection of land parcels within a cityscape engage toward a proliferation of buildings. Until now the seed in the cityscape has been explained and illustrated by the study of land parcels. The case studies represent three development situations in semi-dormant cityscapes:

1. The semi-dormant old port precinct of Palmer Street in South Townsville, Queensland which in 2003 involved development of numerous stand-alone sites under a new mixed use zoning and earlier Building Better Cities (BBC) funding, which proliferated buildings beyond market demand,
2. The defunct railway yards of South Townsville which were master planned to create new mixed use developments in 2003, and which remained predominantly semi-dormant with only periodic development and
3. The dormant old port good yards of the Honeysuckle Precinct in Newcastle, New South Wales which involved the stimulus of BBC funding (1993) controlled by a state development body, and which resulted in the proliferation of a new mixed use precinct through private developers over two decades.

Part B: Case Studies: The Model in action in three Australian cityscapes.

Part B illustrates the proposed Model in action in three cityscapes (the Palmer Street and Railway Precincts, Townsville and the Honeysuckle Precinct, Newcastle) and justifies these case studies, as well as the previous autoethnography, its derived **case** examples and vignettes as representations and substantiation of the Model. The theoretical substantiation is provided in Chapter 7 through use of the analytical frameworks of Yin (2003) and Flyvbjerg (2006). The three cityscapes illustrate different situations related to land parcel dynamics, developer dynamics, collective manifestations, engagement by state and local creating parties and public and private seed funding. These cityscapes are described separately as **‘organic’** (Palmer Street) **‘inertial’** (Railway Precinct) and **‘empowered’** (Honeysuckle). The case studies are based on historical analysis, field study and key informant interviews to demonstrate the Model in action. These three case studies are elucidated separately in Chapters 8, 9 and 10. Part B also includes findings from comparison and observation of the three case studies which substantiate the thesis and the model.

Chapter 7: Case Study and Case Example Substantiation.

Chapter 7 provides a method of substantiation of the model based on Yin’s justification of ‘case study’ as the appropriate method of analysis (2003) for the particular phenomenon under study. Further substantiation is provided using Flyvbjerg’s analytical framework, which offers a method of categorising cases by a more deductive process aligned to falsification versus generalisation (2006, p.5). The developer behaviour vignettes from Part A are also continued and analysed, using these frameworks to provide a basis for comparison with developer behaviours in the case studies.

This analysis provides a reasoned substantiation and support for the relevance of the model across a diverse sample of Australian cityscapes, determined by the prior autoethnography, case examples and then the case studies in the Honeysuckle, Palmer Street and Railway Precincts.

In Part A the model was described and substantiated based on theoretical analysis, supported by autoethnographic reflection, from which case examples and vignettes were drawn. Diverse cityscapes were portrayed to bring the Model to life such as: Sydney

Airport Centre, a business/light industrial park in Mascot; Eastern Creek Business Park on the western fringe of Sydney; City West Precinct's mixed use developments on the western edge of Sydney's CBD; the MLC commercial office tower in the heart of Sydney's CBD and Gunghalin Market Place, a supermarket-led development on the outskirts of the Australian Capital Territory (ACT). The Gateway on Palmer project in Townsville was also used as an exemplar case of the model, to illustrate land parcel dynamics, developer behaviours, employment of private seed capital and other elements.

The Honeysuckle, Palmer Street and Railway Precincts were introduced and in the former two, their common genesis in the public seed funding of the *Building Better Cities* programme. The examples have involved a spread across residential, commercial, retail and industrial sectors. They have also shown different land parcel dynamics from the major land release of Eastern Creek in Sydney into large industrial parcels, through to the consolidation of 23 properties into one development parcel in the MLC Centre, institutional (Australand), emergent (CRI) and embryonic (PJ Group) development groups have been described throughout the thesis. Renowned developers have been described, from the legendary Dick Dusseldorp (Lend Lease) to the corporate phenomenon of Alan Bond (Bond Corporation). Their power to catalyse massive projects has added weight to demonstrating the influence that developers have on the growth of cityscapes. The examples have been provided across four decades from 1973 to 2008, in different economic periods with different climates and booms and busts that elaborate the external economic environment that relates to the Model.

The proposed Model has been built and supported by these examples. Here, a method of collecting these cases and examples along with the case studies, is provided based on the logic and analytical frameworks provided by Yin (2003) and Flyvbjerg (2006). This is undertaken using their key criteria of phenomenon, contemporary and historical context, exploratory form and the supposed lack of required data control that goes with the nature of case study and example. This analysis provides a reasoned substantiation and support for the relevance of the model across a diverse sample of Australian cityscapes.

7.1 Case Substantiation Method: Based on Yin and Flyvbjerg

The proposed Model focuses on the understanding and explanation of a *phenomenon*; a mechanism which is seen to be at work in the growth of buildings in semi-dormant cityscapes.

The phenomenon is seen to have both a *contemporary* and an *historical* context which are inseparable. A central proposition of the research is that the phenomenon can only be explained over long time periods. In turn, the absence of this view in the literature and a tendency toward process-oriented, snapshot views is questioned.

The research seeks to explain *how* the property development mechanism influences the growth of cities. Study of the phenomenon is posited to require *no influence or control* by the research methods or the researcher as is the case in some methods such as those related to experimental research.

The combination of these factors – its phenomenological nature, the historical context, the lack of required control in its analysis and the exploratory form of the study, supports the use of case study as a collection strategy as outlined by Yin (2003). Figure 7.1 by Yin explains these traits relative to a range of data collection strategies.

Strategy	Form of Research Question	Requires Control of Behavioural Events?	Focuses on Contemporary Events?
Experiment	How, why?	Yes	Yes
Survey	Who, what, where, how many, how much?	No	Yes
Archival analysis	Who, what, where, how many. How much?	No	Yes/No
History	How. why?	No	No
Case study	How, why?	No	Yes

Figure 7.1: Yin's Framework (reformatted by the author) (Yin 2003)

Furthermore, as a complex phenomenon in its own right, which includes a concept of practice, according to Flyvbjerg, the Model is better studied through a multi-faceted understanding. This involves a collection method that is not limited to the often 'context

independent' nature of statistical analyses, which lack the rich context-based information offered by a case study:

Common to all experts...is that they operate on the basis of intimate knowledge of several thousand concrete cases in their areas of expertise. Context-dependent knowledge and experience are at the very heart of expert activity. Such knowledge and expertise also lie at the centre of the case study as a research and teaching method; or to put it more generally still, as a method of learning.

(Flyvbjerg 2006, p. 5)

Yin also adds:

As a research strategy, the case study is used in many situations to contribute to our knowledge of individual, group, organizational, social, political, and related phenomena.

(2003, p. 1)

Case studies are criticized for their inability to be generalised, however Yin disputes this:

...case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes. In this sense, the case study, like the experiment, does not represent a 'sample', and in doing a case study, your goal will be to expand and generalize theories (analytic generalization) and not to enumerate frequencies (statistical generalization).

(2003, p. 10)

Flyvbjerg goes a step further by extending the notion of the context-rich nature of case studies, which in itself provides not only a deeper understanding of the study field but a tendency also toward natural associated falsification:

The case study contains no greater bias toward verification of the researcher's preconceived notions than other methods of inquiry. On the contrary, experience indicates that the case study contains a greater bias toward falsification of preconceived notions than toward verification.

(Flyvbjerg 2006, p. 21)

This is because case studies are based on an often intricate web of details that are all reliant on each other to substantiate. The integrity of the case study relies on this interdependence between the actual physical setting which is bounded, the actors who operate within the setting, the higher (economic and social) forces at work, the circumstances they create and the phenomenon that results. Remove any of these and

the story just does not make sense, the logic is interrupted, the context inexplicable. In these factors lies the natural verification of a case study.

Flyvbjerg also provides a framework for selection of case studies that mirrors the deductive processes of more positivist methods by categorising cases into several types: typical, extreme or atypical, critical, paradigmatic and maximum variation. The *extreme* case for example, is similar to an outlier in the more statistical language, the *critical* case provides an example where there is either little to no correlation with the theoretical assumptions (or extensive correlation) and the *paradigmatic* case is the case that seems symbolic or metaphoric of the type of phenomenon being studied.

Figure 7.2 classifies these types and their characteristics as outlined by Flyvbjerg based on: 'Information Oriented Selection' (as distinct from representative sampling): 'To maximize the utility of information from small samples and single cases. Cases are selected on the basis of expectations about their information content'. (Flyvbjerg 2006, p. 34).

The case studies and examples chosen for this thesis, provide a spread of traits and natures that align with the above framework. Flyvbjerg is specific in noting the problems with actually matching exact definitions noted. Figure 7.3 takes the three main case studies and figure 7.4 takes the other case examples drawn from the autoethnography, and categorises them based on their alignment to the categories of the above framework. From this it is shown that the cases in general have a reasonable spread across the above framework, thus adding strength to the cases' generalizability of the proposed model.

Here, the framework is applied to the above case studies, then to the case examples (smaller vignette-based cases) and then to the developer behaviour vignettes which are depictions of behaviours that support the concepts in the model.

Case Type	Characteristics	Notes /Limitations/ Examples
Typical Case	A case that is representative in general terms of the phenomenon being studied. When the objective is to achieve the greatest possible amount of information on a given problem or phenomenon.	A representative case or a random sample may not be the most appropriate strategy. This is because the typical or average case is often not the richest in information
Critical Case	To achieve information which permits logical deductions of the type, 'if this is (not) valid for this case, then it applies to all (no) cases.'	Either 'most likely' or 'least likely' cases, that is, cases which are likely to either clearly confirm or irrefutably falsify propositions and hypotheses
Case Type	Characteristics	Notes /Limitations/ Examples
Paradigmatic Case	To develop a metaphor or establish a school for the domain which the case concerns.	A scientific activity is acknowledged or rejected as good science by how close it is to one or more exemplars; that is, practical prototypes of good scientific work. It operates as a reference point and may function as a focus for the founding of schools of thought.
Extreme (atypical) Case	<p>Extreme/deviant cases. To obtain information on unusual cases, which can be especially problematic or especially good in a more closely defined sense.</p> <p>Atypical or extreme cases often reveal more information because they activate more actors and more basic mechanisms in the situation studied</p>	Can be well-suited for getting a point across in an especially dramatic way, which often occurs for well-known case studies such as Freud's 'Wolf-Man.'
Maximum Variation Cases	To obtain information about the significance of various circumstances for case process and outcome;	e.g., three to four cases which are very different on one dimension: size, form of organization, location, budget, etc.

Figure 7.2 Flyvbjerg Framework for Case Study Types (Flyvbjerg 2006)

Case Study Selection

The case studies are field-based investigations of semi-dormant cityscapes and refer to the three cityscapes: Palmer Street Precinct and Railway Precinct in Townsville and Honeysuckle precinct in Newcastle. Geographies extend across two states; Queensland for the Palmer and Railway cases and New South Wales for the Honeysuckle case. The case studies are based on a field analysis of a whole cityscape, its individual land parcels; their dynamics are explained by proliferations. These include a study of proliferations in an historical context. The three studies were chosen due to the following key characteristics related to the phenomenon under study:

1. the mechanism is clearly at work in the form of dynamic proliferation of buildings,
2. the mechanism is clearly dormant or there is no evidence of proliferation of buildings and/or
3. the mechanism displays both dormant and dynamic aspects of the prior conditions.

The case studies therefore provide a spread of examples of the dynamic or dormant nature of the cityscapes in context with the overall dynamics of the proposed model. These three parameters informed the development of the model and are used as descriptors of key themes in these cityscapes related to the model, shown in Figure 7.3.

Case Examples Selection

The case examples involve a study of both land parcels and the cityscapes they sit within, from the point of view of their dynamics related to key elements and forces depicted in the proposed Model. This might include, for example, an elaboration of land parcel dynamics, collective manifestations, site readiness/habitat or alignment or misalignment of local business season with any of the former.

Case Studies (Independent Field Studies)	Profile of Cityscape:	Key Characteristics of Model Exemplified:	Alignment to Flyvbjerg Case Type
Name/ Place/ Description/ Developer/ Period of Study	Roles, actions and nature of participation.	Dynamic, Dormant, Mixed, Overall dynamic profile.	
Palmer Street, Townsville (Mixed Use Hospitality & Accommodation Precinct) <u>Developers:</u> Multiple developers. 1992-2010	City seeded, city master planned, developer seeded and led. Plurality of stand-alone sites and developers.	Historically dormant and occasional periodic growth. Then sudden dynamic proliferations with oversupply and bankruptcy leading up to GFC.	Typical and then Extreme
Railway Precinct, Townsville (Mixed use office, retail and residential) <u>Developer:</u> Honeycombs Properties 2003-2010	City master planned, developer seeded and led. Single land release, land bank by developer.	Dormant response with relatively controlled and measured release of buildings to suit market up to GFC.	Critical then Typical
Honeysuckle Precinct, Newcastle. (Mixed Use Hospitality & Accommodation Precinct) <u>Developer (Public):</u> Honeysuckle Development Corporation (HDC) <u>Developers (Private):</u> Multiple. 1992-2010	City seeded, city master planned, city led by a development body (HDC). Consolidated stand-alone sites offered to plurality of developers. (Also like CWDC see figure 7.4)	Historically dormant and spasmodic proliferation. Then followed by dynamic proliferation leading up to GFC, then semi-dormant.	Typical and Paradigmatic

Figure 7.3: Case Study relevance to Flyvbjerg Framework (Drane 2014)

The case examples are not as detailed or expansive as the three key case studies and are presented in more specific vignettes that exemplify specific aspects of the model. The case examples arise from the autoethnographic reflection, and in some cases a related historical or biographical study. They are based on the author's life path and involvement in such projects over four decades of professional practice. This provides a more random selection of cases and projects across two states in Australia, Queensland and New South Wales. At the time of involvement in such projects, this thesis was unknown to the author and so there is no bias in the selection of them toward proving the Model.

Case Examples From the autoethnography Name/ Place/ Description/ Developer/ Period of Study	Profile of Cityscape: Roles, actions and nature of participation.	Examples of Model's Elements/ Forces at Work: Land parcel dynamics, collective manifestations, developer dynamics , macro/micro alignments.	Alignment to Flyvbjerg Case Type
MLC Tower, CBD Sydney (High rise office and retail precinct). <u>Developer:</u> Lend Lease 1973	City supported, developer led and seeded, developer master planned, a stand-alone development precinct surrounded by a city CBD.	Land Parcel Dynamics- Consolidation, pre-commitment, constructed, re-titled, on-sale to MLC. Developer Dynamics- Disproportionate dynamic scale in the form of a single tower proliferation which consolidated 23 former titles in a recession period.	Extreme
Maritime Plaza, Western CBD Sydney (High rise office and support retail) <u>Developer:</u> Leighton Properties 1985-1988	City planned western precinct of Sydney, attracted developer who seeded new major office related project.	Land Parcel Dynamics- Consolidation , pre-commitment, constructed, re-titled, on-sold to BT. Developer Dynamics- Disproportionate dynamic scale in the form of a twin tower proliferation which consolidated former titles in a boom period.	Extreme
Sydney Airport Centre Precinct, Mascot Sydney (Office Park/Light Industrial Precinct) <u>Developer:</u> CRI Ltd 1988-1990 (continued over page)	Developer led and seeded, city rezoned, developer master planned, consolidated, subdivided anchor tenanted as catalyst agent. (Also like Wonderland see below)	Land Parcel Dynamics- -Consolidation, subdivision, pre-commitment, construction, on-sale to CRI Trust. Macro & Micro Alignments- -Seasonal & economic alignment in a boom period. -Landmark catalyst developments stimulated further entrants.	Typical and Paradigmatic

Case Examples From the autoethnography Name/ Place/ Description/ Developer/ Period of Study	Profile of Cityscape: Roles, actions and nature of participation.	Examples of Model's Elements/ Forces at Work: Land parcel dynamics, collective manifestations, developer dynamics, macro/micro alignments.	Alignment to Flyvbjerg Case Type
Sydney Airport Centre Precinct, Mascot Sydney (continued)		-Spasmodic, dynamic proliferations in late 1980's boom then dormant then gradual infill through 1990's.	
City West Development, Western Precinct, Sydney. (Mixed use hospitality, retail and accommodation) <u>Developer (Public):</u> City West Development Corporation (CWDC) <u>Developers (Private):</u> Plural 1985- 1995	City seeded, city master planned, city led by a development body (CWDC). Consolidated stand alone sites offered to plurality of developers. (Like Honeysuckle)	Collective Manifestations- The power of local creating parties with the formation of a state owned development body (CWDC). Developer & Land Parcel Dynamics- Consolidation of lands, offer to plurality of developers by CWDC.. Public Seed Capital Extensive contiguous precincts stimulated by BBC and city development body across boom and bust periods.. -Darling Harbour precinct. -Pymont renewal. -Australian Technology Park.	Typical
Gunghalin Marketplace, Canberra, ACT (Retail and residential suburb) <u>Developer:</u> Strand Estates/ Woolworths 1996-1997 (continued over page)	A suburban master plan for new housing and retail facilities in a rural fringe area. A supermarket as a catalyst development brings it the suburb to life.	Developer Dynamics- Supermarket led stimulation to attract suburban residential houses and Collective Manifestations- A new suburb seeded and led by developers. Steady proliferation of housing.	Typical and Extreme

Case Examples From the autoethnography Name/ Place/ Description/ Developer/ Period of Study	Profile of Cityscape: Roles, actions and nature of participation.	Examples of Model's Elements/ Forces at Work: Land parcel dynamics, collective manifestations, developer dynamics, macro/micro alignments.	Alignment to Flyvbjerg Case Type
Wonderland- Eastern Creek Office Park, Eastern Creek Western Sydney. <u>Developer:</u> Australand 2002 to 2004	Developer led and seeded, city rezoned, developer master planned, consolidated, subdivided anchor tenanted as catalyst agent. From a prior use as Wonderland entertainment park and a prior rural use. (Like SAC)	Land Parcel Dynamics- Rezoning, consolidation, subdivision, brand tenants pre-committed, on sale to related trust. Macro and Micro Alignments- Tenancy market conditions lead spasmodic development patterns.	Typical and Paradigmatic
Exemplar Case: Gateway on Palmer Project, Palmer Street Precinct, South Townsville Medium rise apartment tower with owner and serviced apartments (112). <u>Developers:</u> DA: PJ Group Construction: Davinci/AMP 2003 to 2008	City seeded, city master planned, developer seeded and led precinct. Plurality of stand-alone sites and developers. Gateway site consolidated, pre-committed, on-sold at DA then constructed by second developer.	Developer Dynamics- Plurality of developer types exemplified across arbitrage node of pre-commitment. Land Parcel Dynamics- Consolidation, pre- commitment, construction, on-sale to public. Macro and Micro Alignments Missed windows of opportunity due to lack of seed capital.	Typical and Paradigmatic

Figure 7.4: Case Example relevance to Flyvbjerg Framework (Drane 2014)

The autoethnography has been created using a free flowing historical reflection in a chronological life path. The reflection focuses on cityscapes, land parcels, and their dynamics and then on developers, local interests, their dynamics and behaviours. It provides an elucidation of the complex processes involved in activating the land parcels and cityscapes toward transition and development. It is a subjective narrative written in the first person, by one person, and then extraction of data from the reflection has been used for the purposes of analytical objectivity

7.2 Autoethnographic Data

The creation of the autoethnography consists of two processes; one is the reflection in a chronological life path following projects or events that were seen to be of significance to the thesis in contextual and theoretical terms. This meant that some projects in the reflection provide contextual background to the nature of construction or development in a particular era, whilst others provide specific examples of the Model in action that supported the tenets of the proposed Model.

The second process involved the creation of case examples from which vignettes are drawn objectively from the reflection, to provide insight examples of the Model. In this way the author acted both reflectively and subjectively in the creations of the first process, then objectively in the second in the manner of a third party who used independent analysis to report on the aspects of the reflection which were salient and relevant to the thesis. This method is true to the principles of both autoethnography outlined by Ellis and Bochner and case study outlined by Yin and Flyvbjerg.

Exemplar Case Example: Gateway on Palmer Project, Palmer Street Precinct

A case example is used to provide a view of the mechanism in its most applicable form; the Gateway on Palmer Street apartment tower which is one of the developed land parcels in the Palmer Street case study. This case example is also categorised here as both ‘typical’ and with ‘extreme’ aspects of the mechanism at work. The Gateway on Palmer Street project involved an apartment tower with a mixture of 112 owner and serviced apartments which was a key catalyst project, that led to the proliferation of a wave of other buildings in the precinct. Due to its extensive applicability it is used to provide elaboration of the land parcel transitions in particular, in a step by step manner throughout the thesis, which aids in its elucidation.

7.3 Case Relevance and Justification of the Model

The case studies and case examples chosen, illustrate a spread of types based on Flyvbjerg’s framework, from the typical to the paradigmatic then the critical and extreme, and in some cases a mixture.

The case studies and case examples chosen, also offer a spread across sectors - retail, residential, medium density residential, commercial, hotel and hospitality precincts.

They further illustrate a spread of developer types from the entrepreneurial seed syndicate (PJ Group) to the institutional developer (Lend Lease, Leighton) and the catalyst developer (Strand Estates) as well as the quasi developer mode of Woolworths. The cases have an historical context across several eras of property development in the 1970s recession, the 1980s booms the 1990s city building programmes, the forces of the 2000 Olympics and the intense build up, and then precipice of the GFC in the 2000s.

To add to this substantiation, and to elaborate the nature of developer dynamics exclusive of the above particular cases, developer behaviours have been illustrated in Part A in several vignettes of developers who represent the ‘big end of town’. In some cases they are celebrity developer types - Bond, Skase, Dusseldorp. In this chapter these vignettes of these developer types are continued and reviewed using the Flyvbjerg framework. In addition, in chapters 8, 9 and 10, further vignettes of less celebrity developers are provided, and include those drawn from the interviews in the three case studies. This includes the more institutional public developer bodies of HDC and the private developers and actors, who acted out the transitions under the stimulus/enticement of the BBC and/or public bodies or authorities in Townsville’s two case studies.

7.4 Developer Behaviour Vignettes

To elucidate developer dynamics and their typical and extreme forms further, examples are provided to represent the nature, scale and influence of developer behaviour which goes to the heart of developer dynamics and the catalytic and potentially prolific nature of the mechanism in action. The power of singular, self-made developers to create what in turn would become in some cases troubled undertakings, magnifies the ability of such development groups to also precipitate development and proliferation of buildings, informing the influence of the mechanism on the growth of cities.

Vignettes of the power and intellectual capital of renowned developers from the 1960s to the 2000s are provided: Dick Dusseldorp and Lend Lease, Alan Bond and Bond Corporation, Christopher Skase and Qintex, Paul Peterson and Girvan Corporation, Peter Wills and CRI, Brian Ray and The Ray Group. Selection of these is based on the author’s industry knowledge at the time of Dusseldorp, Bond and Skase, and personal involvement with each by the author in the case of Wills, Ray and Peterson.

Using the autoethnography and the Developer Vignettes, particular themes that recur are depicted, including: the speculative nature of property development; the power and influence of developers and their effect on building proliferation; the unreliability of the practice as a balanced source of creation of building stock; the volatile effect of over-eager finance houses; the rampant effects of the collective action of developers competing for a cityscape and the arguably more balanced but monopolistic result of land bank based schemes, which allow for more measured supply in keeping with demand.

Figure 7.5 shows these vignettes and the themes are distilled into: The Power of One, The Vagary of Seed Capital Employed and The Alchemy of Intellectual Capital. Flyvbjerg's framework is applied again to Developer Behaviours as typical, paradigmatic and extreme in terms of the developer dynamics and their power to activate the mechanism in proliferations.

Developer Case Examples (From the autoethnography) Developer Name/ Setting/Situation/Date/Period	Vignette Example of Developer Behaviours.	Themes Exemplified: -The Power of One. -The Vagary of Seed Capital. -The Alchemy of Intellectual Capital.	Developer Behaviour Type. Alignment to Flyvbjerg
Dusseldorp, Lend Lease Era: 1950s to 2000s The buoyancy of the 1960's (continued over page)	“Having and controlling it all” After a defining development where he found he did not hold all the cards, Dusseldorp whilst on a Tahitian holiday, envisages the control of all aspects of the development process.	The integration and control of all seed capital and outcomes with the processes of design, construction and end sale. The power of one to create a development empire. The power of the empire created to develop landmark high rise projects.	Paradigmatic

The Seed in The Cityscape - Jonathan Drane

Developer Case Examples (From the autoethnography) Developer Name/ Setting/Situation/Date/Period	Vignette Example of Developer Behaviours.	Themes Exemplified: -The Power of One. -The Vagary of Seed Capital. -The Alchemy of Intellectual Capital.	Developer Behaviour Type. Alignment to Flyvbjerg
Skase, Qintex Era: 1970s to 1990s The heady 1980s	Mirage: “too good to be true”. Skase’s media and then property development empire is built with breathtaking speed and with the use of extreme forms of imagery and intellectual capital, only to be felled by media magnates when he steps on their turf.	The extreme use of seductive vision, as a means for creation and proliferation of developments. The obsession with acquisition and use of intellectual capital in a distorted proactive manner.	Extreme
Wills, CRI Era: 1980s to 2000s The treachery of the late 1980s (continued over page)	“Straw men and the use of other people’s money” Reviled by his jealous competitors as a straw man due to his lack of use of his own equity funds, Wills creates an empire which proliferates some of the land mark buildings, deals and developments of the 1980s.	The use of other people’s money as seed capital for the equity layer. The domination of a market place for development deals by one player with a different business model. The enlistment of overseas funding houses in Japan who provided what was to become dangerous opportunistic capital.	Paradigmatic

The Seed in The Cityscape - Jonathan Drane

Developer Case Examples (From the autoethnography) Developer Name/ Setting/Situation/Date/Period	Vignette Example of Developer Behaviours.	Themes Exemplified: -The Power of One. -The Vagary of Seed Capital. -The Alchemy of Intellectual Capital.	Developer Behaviour Type. Alignment to Flyvbjerg
Peterson, Girvan Era: 1980s to 1990s The wall of the late 1980s	“The power to proliferate”. Unperturbed by the looming recession of the late 1980s Peterson continues to develop a string of properties well into the 1990s which will go under, attract the attention of a Royal Commission and nearly fell a major bank.	The power of one to create a prolific number of projects into a recessionary period. The ability to enchant a banking industry for support funds which should not have been provided. The lack of an ‘off switch’ well into troubled waters.	Extreme
Bond, Bond Corp Era: 1960s to 1990s The precipice of the early 1990s (continued over page)	“I am in the hands of my bankers” After being supported through the most avaricious acquisition programme by the banks, and in the face of imminent bankruptcy Bond is placed in the hands of those who possibly should have seen the fall.	The power and influence of a developer over banks and vice versa. The vagary and volatility of quasi equity capital. The sycophancy of banks in the 1980s.	Extreme

Developer Case Examples (From the autoethnography) Developer Name/ Setting/Situation/Date/Period	Vignette Example of Developer Behaviours.	Themes Exemplified: -The Power of One. -The Vagary of Seed Capital. -The Alchemy of Intellectual Capital.	Developer Behaviour Type. Alignment to Flyvbjerg
Ray, Ray Group Era: 1970s to 2000s The millennia illusion and the lead up to the GFC	“It is harder to keep than to make” Ray as a younger man made tens of millions in a land deal with an Asian prince as backer, only to see it slip through his fingers in the space of a couple of years. He recounts that it is always harder to keep than it is to make.	The alchemy of making money and losing it. From gold to lead to gold across several boom and bust eras and the resilience of the developer type in the face of adversity. The spirit of adventure and the courage and madness of the entrepreneurial adventure and venture.	Extreme

Figure 7.5: Developer Behaviour Vignettes and Flyvbjerg Framework (Drane 2014)

Protagonist Interviews: Depictions and Quotations

The above table yields a specific view of developer types which include a self-made entrepreneurial nature, celebrity, acquisitive behaviours, extreme resilience and in some cases questionable ethical approaches. The categorisation of the ‘big end of town’ developers using the Flyvbjerg framework also enlightens and orientates an understanding of other developers working in a less celebrity mode. To represent the more mainstream, sometimes institutional depictions of developer behaviour and dynamics, the case studies are used. Materials and themes from the interview of key developer protagonists are used in ‘quotation vignettes’ across chapters 8, 9 and 10. These are brought to light as part of the case studies as mini depictions with quotations by such protagonists.

7.5 Justification of the Model

The analysis in this chapter has supported the proposed Model's applicability to a broad range of cityscapes across sector, geography and history as represented by case examples and case studies. It has also provided an introduction to the three case studies that are to follow in Chapters 8, 9 and 10 as well as their substance relating to the model.

Whilst the case examples in Part A have provided vignettes which have supported the Model and its structure, Part B further substantiates the practical illustrative aspects of the thesis and the model in action.

In the next three chapters, the case studies reveals the Model's dormant and dynamic nature in a different way and each has been provided with an overall theme title. The **'organic' Palmer Street Precinct** Case Study showed natural historical growth without the empowerment of a state development body. Here, the stand-alone sites that string along the old port harbour precinct are brought to life over two decades by the gradual and then frenzied over-supply of development in the lead up to the GFC in 2007. The **'inertial' Railway Precinct** in the old rail yard of Townsville enjoyed no public seed funding through the BBC, but was the subject of a city-led land release, which saw one development consortium create a land bank which then engaged in land parcel development based on market need. The result was a more dormant and intermittent development proliferation resulting in large modern developments sitting alone amongst undeveloped former rail yard land. Finally The **'empowered' Honeysuckle Precinct** on the old port harbour foreshore of Newcastle, had a similar genesis as Palmer Street with the BBC public seed funding of the 1990s but development was engineered by a State-owned development group, which prepared the land into releases for subsequent parcels for private developers. The precinct suffered from a lack of development response in its earlier era followed by a proliferation of buildings in waves and then a dormant aftermath.

In each, the proposed Model is shown in action firstly using historical description and timelines which illustrate the windows of proliferation and alignment over two decades (1990 to 2008). Secondly, the specific proliferations in the timelines are visited to illustrate specific parcels that were developed (or not) and how these events showed the

Model in action. Along the way, 'quotation vignettes' from key informants are used to add context to the history and complexity of the phenomenon: the property development mechanism in action in cityscapes.

Chapter 8: An Organic Proliferation, Palmer Street Precinct, Townsville.

Chapter 8 provides a case study of Townsville's Palmer Street Precinct which exemplifies the Model in action, in a semi-dormant cityscape in a regional port city of Far Northern Queensland. The case study is seen as an **organic** example of the mechanism in action due to its natural historical growth stimulated by the *Building Better Cities* (BBC, 1992) programme but without the empowerment of a state development body. Here the stand-alone sites that string along this old, port, harbour precinct are brought to life over two decades, by the gradual, then frenzied over-supply of development in the lead up to the Global Financial Crisis (GFC) in 2008.

The chapter provides a brief background to Townsville, its multi-faceted economy and one side of its old port area, called here the Palmer Street Precinct. A history of the precinct is provided which covers its dormancy from a working port area to a backwater, and the factors that were then pivotal in its transformation into a modern accommodation and food precinct of Townsville over 40 years leading up to the Global Financial Crisis.

An historical analysis is then provided to support the Model with particular focus on key events and building proliferations over a period from 1970 to 2010 covering its initial gentrification in the 1970s through to 1992 with the advent of the *Building Better Cities* Programme to the GFC in 2008. A time line of these proliferations is shown to illustrate the spasmodic nature of the proliferation windows and their magnitude in each growth era. These proliferations are studied to exemplify the model in action in both dormant and dynamic states. The model's elements are shown in action in a real cityscape setting.

Vignettes from autoethnographic reflection, further reflections and quotations from interviews with protagonist actors are provided throughout the chapter to elucidate the complexity of the phenomenon and mechanism, and its reliance on diverse actors over long and related periods.

8.1 Townsville and Palmer Street: Background

Townsville is a regional port city of Australia which sits in the far north of Queensland (Figure 8.1). It has a population of 217,897 (Australian Bureau of Statistics 2011) and due to its distance from the State's southerly capital (Brisbane), is seen as the 'capital of the north' by Queenslanders. This has been reinforced by the duplication of governmental departments in Brisbane and Townsville.



Figure 8.1: Map of Australia and Townsville (Google Maps, Drane2014)

Townsville has a diverse, multi-sector economy including military, port, transport, government, tourism and mining and other derivative and sub-sectors. It has shown resilience throughout its history across many economic climates due to this diversity. Its gross regional product is \$13.37 billion including key sectors: “defence (\$2.1b), manufacturing (\$1.3b), real estate (\$1.4b), mining (\$892m) and construction (\$834m)” with no sector greater than 17.6% (Townsville Enterprise 2014).

It has a modern working port that sits in its harbour which is called Cleveland Bay, which was a recognised northerly Australian defence position in the Second World War. The remnants of these times are seen in the historic gun emplacements in the hills of the

bay's tourist destination, Magnetic Island facing out to sea. The broader world will in part remember some of this history in the advent of General MacArthur's visit and stationing there during the Pacific Campaign of World War II.

The port sits at the entrance to Ross Creek, an offshoot of Ross River, both of which flow into the bay. The modern port sits out proud in Cleveland Bay facing the ocean and providing depth for modern maritime containers and vessels (Figure 8.2).

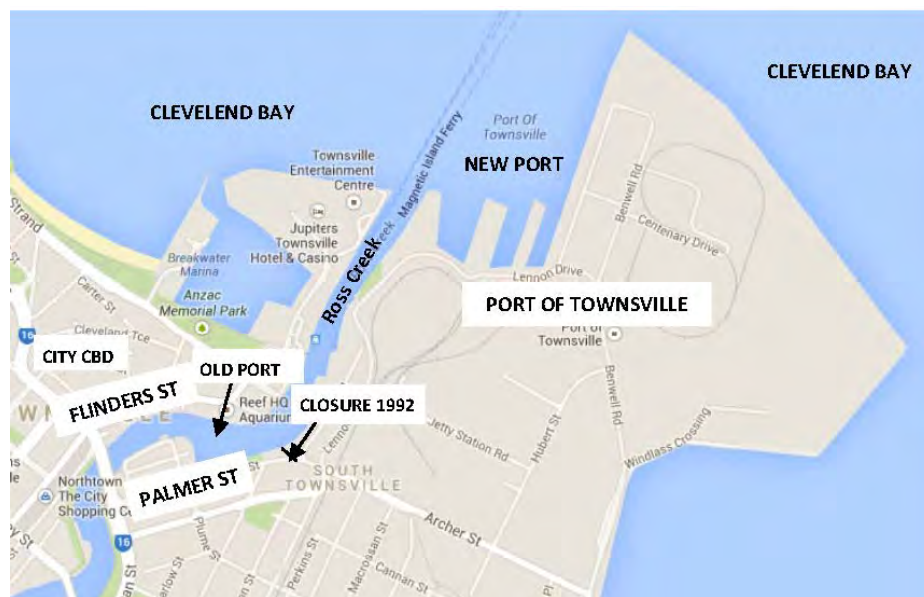


Figure 8.2: The Port of Townsville and Palmer Street (Google Maps, Drane 2014)

Further upstream along Ross Creek one can see the remnants of the old port area, or 'the inner harbour' which allowed the tall ships of the pioneer era of Townsville to sail right up to the main centre of the town. Now, small craft, yachts and shallow-hulled Sun Ferries ply these waters, and moor along the edges of the creek, or stop at the Marina positioned in the heart of the old port area. Along the southern edge of Ross Creek is Palmer Street which, until one end was closed off to large vehicles (1992) (Figure 8.2), allowed all motor vehicles to access the old and later, the new port area. Palmer Street, due to its southern hold on the creek edge also holds half of the history of the old port, which can be re-discovered at its Maritime Museum at the eastern end of the street.



Figure 8.3 Aerial View of Palmer Street 2005 (Townsville City Council 2005)

Palmer Street was slowly emerging from a long period of decline leading up to the closure in 1992, and halted for a decade after with smaller but significant building events. A recent article from the Townsville bulletin quotes: “the street was little more than a collection of doss houses for drunks” (Raggatt 2008, p. 6). Palmer Street was however, in the mid-2000s to be transformed into a modern hospitality and food precinct where one could stay in international standard apartments, drink at modernised hotels and eat ‘around the world’. This case study is in part the story of this phenomenon. Another part is to explain how the property development mechanism was responsible for the change.



Figure 8.4: Palmer Street 2014 New Developments in an Historic Port Streetscape (Google Maps 2014)

8.2 Palmer Street History

The traditional owners of Townsville were the Bindal and Wulgurukaba People whose archaeological footprint dates back approximately 10,000 years (Townsville City Council 2014a). Townsville was settled in 1865 (Townsville Maritime Museum 2012a) when ships which would moor along Flinders Street (Figure 8.2) on the north side of the creek, opposite what would become Palmer Street on the south - the fastest growing suburb by 1888 (Plate 8.1). One of its earliest hotels, the Hotel Metropole, was established in 1886 and still operates. By the early 1870s, Ross Creek could not handle the volume of shipping and so an ‘outer harbour’ was created in 1890 by connecting a causeway with Magazine Island which sat just south of the mouth to the creek. This was to later form the base for the modern outer harbour called ‘the eastern breakwater’ and ‘swing basin’ that is seen today and formed over decades from the late 1890s (Townsville Maritime Museum 2012b) (Figure 8.2).

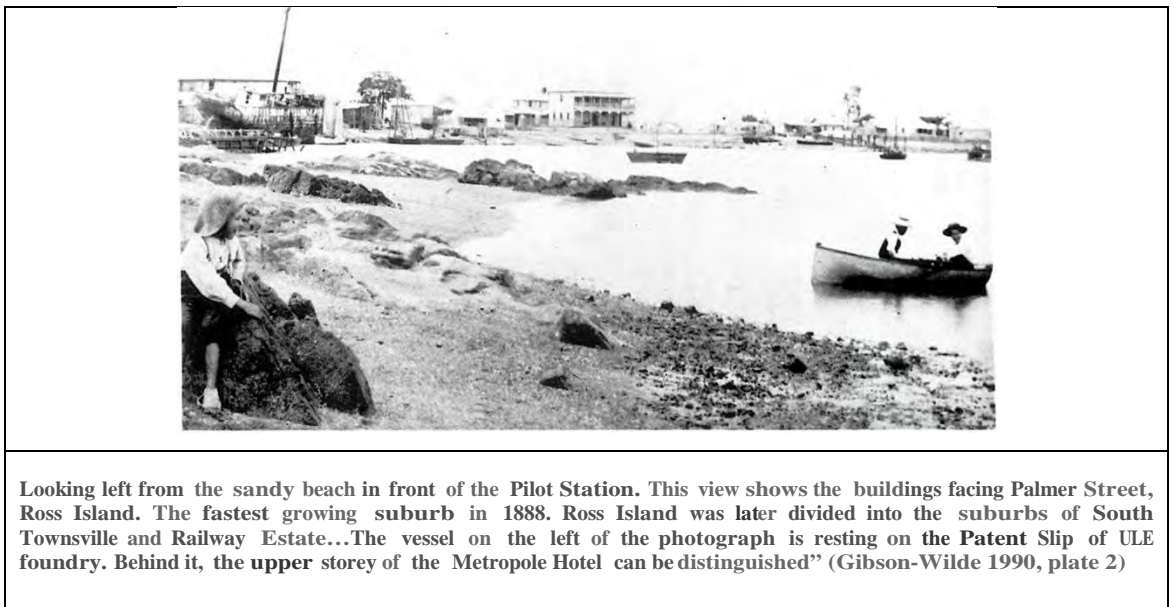


Plate 8.1: Palmer Street 1888 (Gibson-Wilde 1990)

Before the closure of its eastern end, Palmer Street provided a key conduit to the old port functions and then to the new port from 1890 and the modern swing harbour today. This section concentrates on catalyst events in the development of Palmer Street in chronological order, beginning with an historical account of hotel proliferation in the late nineteenth century, bearing similarity to the proliferations, one hundred years later in the early 2000s, that are covered later in this chapter. It then provides a view of the

street from the mid-1990s, an era which marked its gradual decline as a port precinct. A more detailed view is then given of how it was slowly transformed into a modern accommodation and food precinct through the second half of the twentieth century and up to the Global Financial Crisis (GFC) in 2008. A foundation is provided of an understanding of the dynamics of the Precinct related to the Model, analysed later.

A Proliferation of Hotels 1865 to 1914.

Ross Creek is the remnant historical channel of the nineteenth century era of Robert Towns (the city's namesake), Dalgety & Co. and Burns Philp & Co. The flooding of the Burdekin River and the associated need for a stable port for pastoral, gold, then sugar interests precipitated this. Ross Creek became the first port for modestly sized tall ships (Plate 8.2) and as time went by could accommodate larger transport vessels. The port had two interfaces with the town, one in Flinders Street on the north whilst Palmer Street grew from the late nineteenth century to house many maritime service functions. These were strung along the street with intermittent shops and pubs. The history of this development era had its catalysts, as later did the post closure modern era.



(Townsville) “was founded in 1864 as the coastal outlet for European settlers... engaged in pastoralism, then the only industry in the region. Within three years a major goldfield was discovered in the hinterland; in the succeeding five years to 1872 four more rich goldfields opened, all dependent on Townsville as their main source of supplies. Throughout the 1870s, as the pastoral and mining industries expanded, sugar planters opened the lands ... to the north, ... to the south. These areas too, depended on Townsville. By 1890 it had become the major commercial, social, ecclesiastical, legal, medical and educational centre for the entire region from Bowen to Cape York” (Gibson-Wilde 1988, p.1)

Plate 8.2: Panoramic View of Townsville from the North Side across Ross Creek to the future Palmer Street opposite, c1870 (Townsville City Council 2014b)

The 'tall building' equivalent of that era was the public hotel,

In the earliest views of the Settlement on Cleveland Bay, hotels literally stand taller than any other building. In the central business area, as it was shaped by the gold-fed building boom of the 1880s and remained with few major changes until the 1960s, hotels were ... not surpassed by other commercial buildings in scale and architecture.

(Gibson-Wilde 1988, p. v)

The hotels of Australia's eastern coastal migrations were a pivotal part of the provision of accommodation, food and meeting places, to what was often a migratory and transient population from graziers and gold diggers to merchants and workers. The old cityscape of Palmer Street in this sense is seen to this day with the three hotels (Metropole Hotel, 1886, Australia Hotel, 1888, Shamrock Hotel, 1889)¹ each providing a hub for the contemporary population or a target for redevelopment.



Figure 8.5: The Shamrock Hotel, Palmer Street established 1889 (Google Maps 2014)

The hotels were built quickly and of timber (Gibson-Wilde 1988, p.79) initially,

The first hotel in the Kennedy District (in fact the first in north Queensland) literally arrived with the first settlers at Bowen in April 1861. The owner-licensee Captain Robertson brought with him material to build it on the first vessels to arrive

(Gibson-Wilde 1988 p. 2)

Other shops and facilities provided the mix of functional elements needed at the time. The hotels formed oasis-type nodes in the city and streetscape which allowed for a transient resident population and the working population to function in a harsh frontier environment.

¹ Establishment dates of the hotels are shown on each of the hotel's frontages.

Townships developed rapidly; stores, butcher shops and smithies opened almost simultaneously with hotels. Although they were undoubtedly among the first and most important buildings, single hotels did not form the nucleus for a town; at Ravenswood, Charters Towers and other mining settlements, townships clustered around the mines, not around an hotel...

Of all the edifice types however, hotels were the most prolific:

Hotels dominated the street until the 1880s when substantial commercial buildings began to challenge supremacy; even then, outside the main commercial centre of the town, hotels remained the dominant buildings. By 1914 it could be said truthfully that in travelling in whatever direction you may, you are bound to encounter an hotel. Forty-hotels existed for a population of approximately 17,000, or one hotel for 360 persons

(Gibson-Wilde 1988, p. 7)

The growth of hotel building up to 1914 was surveyed by Gibson-Wilde.

Established hotels filled the needs of the population and of the diminishing numbers of travellers; therefore no new hotels were necessary. By 1914 the shape of the city was established: the business centre extended along Flinders Street from the wharves to the railway station.

(Gibson-Wilde 1988 p. 78)

This history of the proliferation of hotels which dominated the streets of Townsville between 1864 and 1914 provides a glimpse of the time lapse and spasmodic nature of development over that fifty years. The four phases of Gibson-Wilde's Townsville from 1864 to 1914 provides an impressive insight into not only the rich history of hotels; their relationship to other buildings show how they sat during periods of 'initial settlement', 'surety of future', to 'prosperity' then 'depression'.

The proliferations under study in Palmer Street's modern development history cover a period of four decades from that before the closure (1980s) to 2008 - a similar parallel period of four decades a century later. It will be shown that although the building forms are different a century later, the proliferation patterns that follow the waves of prosperity and decline are the circumstances that the community of Townsville has not been able to escape in the modern Palmer Street.

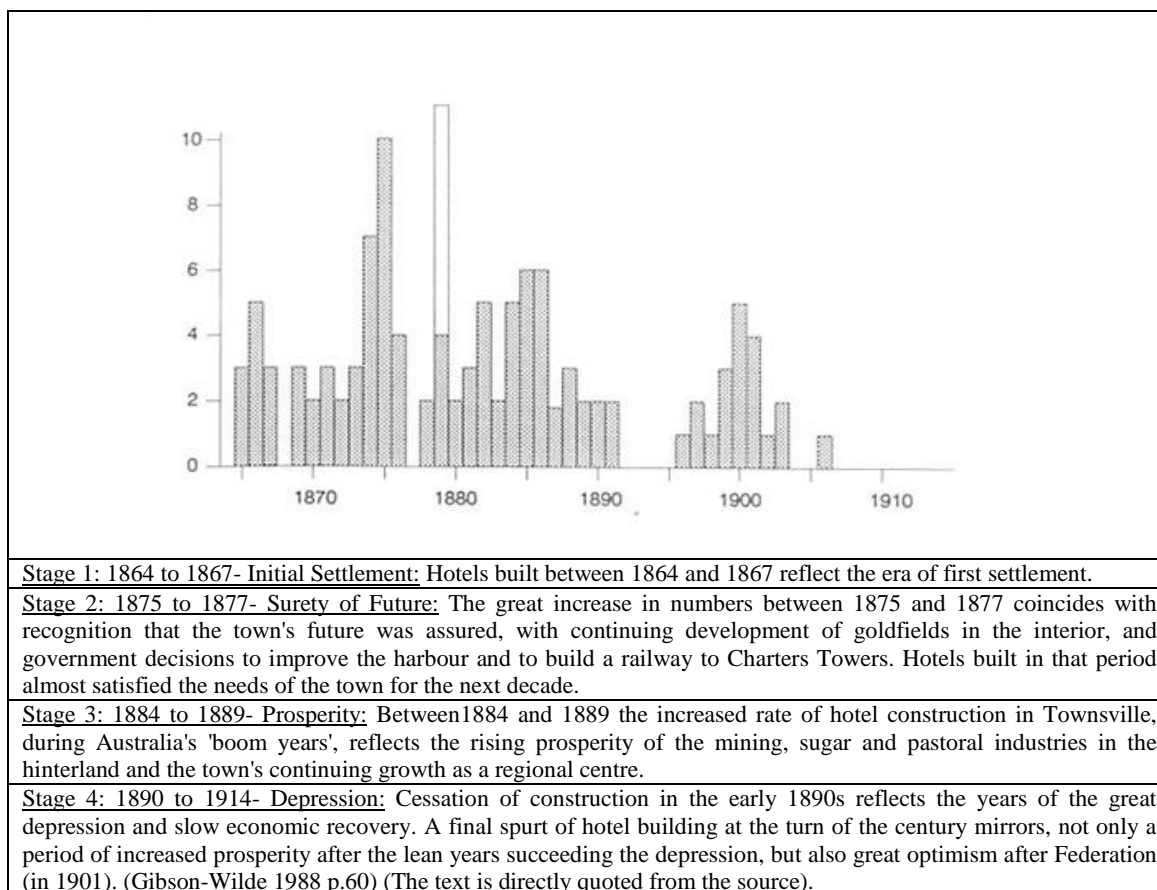


Plate 8.3: Numbers of hotels built annually at Townsville, 1864-1914. Four periods of major new hotel construction are apparent. (Gibson-Wilde 1988)

A Declining Port Area in Transformation, mid 1900s

Townsville grew from its early emphasis on cattle and gold in the nineteenth century to the shipping of ore from Mount Isa mines along with sugar and meat exports. The new port developed from its nineteenth century causeway and jetty connecting Magazine Island to the mainland, to subsume the whole island and create a modern 'eastern breakwater' and 'swing basin'. By the mid-1900s however the old port area along Palmer Street was showing signs of decline and glimpses of gentrification which would eventually transform the street. Here the catalyst events are charted in chronological order. The eras are elucidated in the setting of the streets mid-1990s decline, based on central themes that are seen to catalyse or to presage change in the street's development. These include the 1960s **ships and fishing fleets** era, left over from the historical port functions, to the first wave of gentrification in the 1970s with the entry of young professionals into South Townsville. Then in the 1980s there was the emergence of

snails and tacos in the brave new offerings that the street's restaurateurs offered to a blue collar, seemingly hard-edged environment. Then the **Inner City Village Theme** conceived in the 1980s and 1990s which provided a foundation understanding of the influences that led to Townsville submitting this village theme for approval in the *Building Better Cities* scheme of 1992.

Ships and Fishing Fleets, 1950s to 1960s

Palmer Street was a road supply corridor for trucks to service the historical port of Townsville.

The street in those days was, as was the way with early Australian street design, built on a 30 metre 'fence to fence' dimension with a strip of bitumen running along the middle of the street, the shoulders were wide and of dirt with no gutters, making it a dry and often dusty environment.

(Interviewee No. 6 2012)

Along the street was a mix of warehouses, pubs and shops servicing the fishing fleet and the port activities. Power lines on poles ran down the length of the street. Over time the street became potholed and the building fabric downtrodden. Consistent with this prevailing industrial usage, the popular city view was to actually industrialise old houses in South Townsville, for uses consistent with the port theme. (This was to be in direct contrast to the gentrification theme that would arise later).

The street was however already in decline by the 1960s. There was a vibrant prawn industry and community which literally died off during this period.

Vignette 8.2: Palmer Street in the 1960s, Prawn Wars

"Not a lot was happening in Palmer Street, it was mainly.. . they had the prawn trawlers in the creek, the pubs full of the trawler people, but that was dying off. There were a lot of old guest houses in Palmer Street with chandleries, it was very marine industry focused, but those uses, those pastimes were changing. The prawn trawlers moved out into Ross River. It was pretty derelict in those 1970s and 80s...

This one (Palmer Street) became obsolete, there were hundreds and hundreds of (prawn) trawlers in Ross Creek in those days...they had wars out here...fighting over the prawns... they were all in the pubs in the evenings, and afternoons and all that dissipated" (Interviewee No. 16 2012).

Palmer Street Gentrification, 1970 to 1992

Some described the 1970s Palmer Street to be a dusty corridor for trucks accessing the port and “pretty derelict” through this period (Interviewee No. 8 2012). However a demographic change was occurring - an influx of young professionals.

Then and into the 1980s it became a first home buyer’s area, the houses being affordable and a stepping stone to the more salubrious dwellings perched on the hills overlooking the bay. Coinciding with this migration came the gradual decline of the older community who manned the port of the time. In addition, Townsville’s economy had matured and served the Mount Isa mines and the newer refineries.

Vignette 8.3: Palmer Street in the 1970s and 1980s

“(Townsville)...always serves the hinterland, you know Mount Isa mines was dominant in those days, shipping out refined copper and concentrate. The nickel refinery came on the scene in the 70s. Things were ramping up at the port in terms of the sugar and the frozen beef were shipped out of town [sic].” (Interviewee No. 16 2012)

Snails and Tacos, Mid 1980s (Interviewee No. 6 2012)

Two courageous and inventive people planted the first seeds of gentrification in Palmer Street; one in the form of the Van Grinsven family who sought development approval for a new Mexican restaurant called Cactus Jacks. The restaurant was to replace the prior usage of ships chandlery in an old corrugated iron shop. Cactus Jacks was to serve exotic fare such as tacos and enchiladas to a blue collar, red meat loving community. The restaurant was a great success and continues to this day. Another seed was to be in the form of Frenchman Michelle Flores who opened a restaurant called L’Escargotiere and sold snails amongst other Parisian fare. This was surprisingly, also a great success. These two ventures began the gentrification of the street and presaged the cessation of port access.

The Inner City Village, late 1980s

In 1987 as the stock market crashed, a further significant change occurred in the form of accommodation, with the construction of the Van Grinsven family’s Southbank Hotel.

With these improvements came a change in planning for the precinct, with the earmarking of Palmer Street as an inner city village, which would be supported by the federal government *Building Better Cities* Programme. (Interviewee No. 6 2012)



Figure 8.6: Southbank Hotel Palmer Street Townsville (Photo Drane 2012)

Across Ross Creek in what would be called the Breakwater Precinct, the Sheraton Hotel had been built a year earlier, later to become Jupiter's Casino and Hotel. This and a cyclone disaster would provide the next catalysts for Palmer Street's evolution.

Adjacent Precincts and Events: The Casino Breakwater Precinct, The Cyclone on the Strand and Flinders Street (1980s)

The late 1980s boom was an extreme economic event with a massive bubble which then burst in the 1990s, felt across Australia and the world. By a number of accounts (Interviewee No. 16 2012) however Townsville (in property development terms) missed the boom by failing to adopt high rise development (The Strand see Figure 8.7). The big projects were lost to Cairns. Other parts of town and Palmer Street would benefit later from high rise development.

The Sheraton Hotel and Casino was opened in 1986 (Townsville City Council 2014c), in the Breakwater Precinct at the northern headland of Ross Creek, downstream from Palmer Street (Figure 8.7). It offered the first five star hotel in the city together with a Casino - a model of the affluence of the 1980s, and a precursor to the Casino boom of the mid 1990s which would roam along the eastern seaboard from Cairns to Melbourne. The Casino however was seen to be out of town and although salubrious, often required a taxi into town for business (and does to this day).

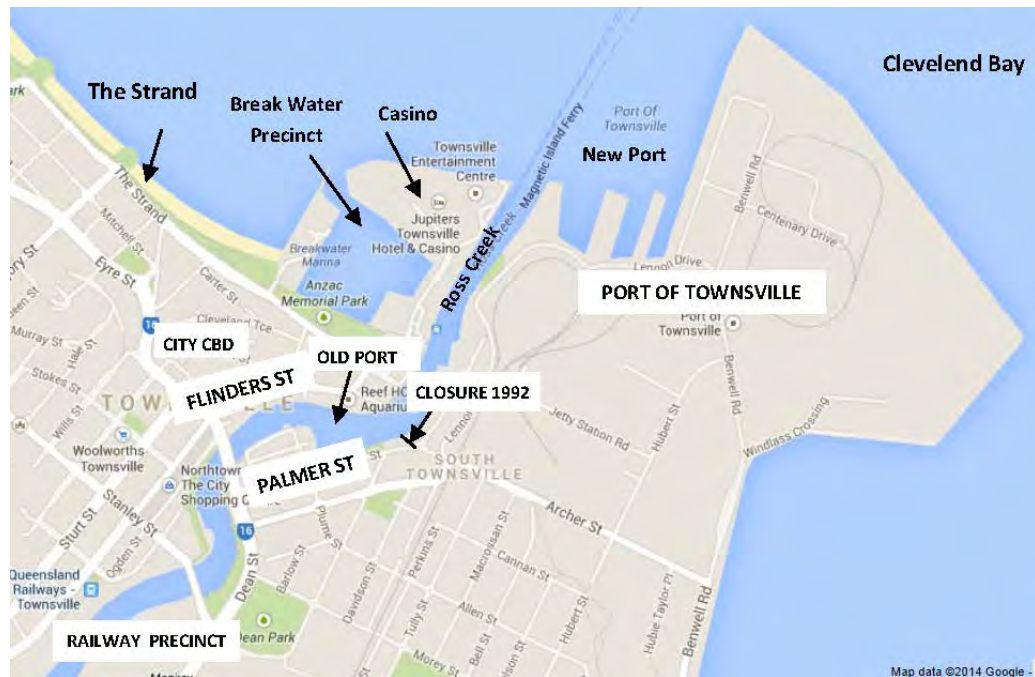


Figure 8.7: Adjacent Precincts: Breakwater, Railway, Flinders, The Strand (Google Maps, Drane 2014)

In another part of the city on the northern fringe with Cleveland Bay sat ‘The Strand’, a seashore of many kilometres which in the 1980s was lined with a high sea wall which precluded views to the sea. Along the Strand were houses which were configured to turn their face away from the sea. Into this seaside strip a decade later came Tropical Cyclone Sid (1999) which tore down much of the rock wall views to a sea which had previously been of no interest to the suburb or the town.

From this event and the development of the first high rise building on the Strand, the Travelodge (Aquarius) came a seed and a reaction. The seed was to capitalise on the naturally formed sea view in the form of a gentrified esplanade. The reaction was to never again build anything on the Strand as high rise and conspicuous as the multi-level Travelodge. From this point, the Strand was limited to a maximum height of four stories. Palmer Street and the Casino Breakwater precinct however would subsequently be the beneficiaries of a wave of residential high rise development in the 2000s as a result (Interviewee No. 8 2012).

These were however, heady times. Townsville had its first international standard casino, an international airport (today only domestic) and entrepreneur Doug Tarca was operating a floating hotel on the reef off Townsville. The city centre however, had

turned its main strip (Flinders Street) into a mall which was now not working properly (Raggatt 2008). The intensity of the 1980s boom was short lived however and the 1990s was to become a consolidation period for Australia with its nation building programmes through the *Building Better Cities* programme. This wave would flow right into Palmer Street which would be seen as a natural connector to the dampened city mall across Ross Creek.

The Townsville economy was strong and multi-sectored, the port transport was about to be detoured away from Palmer Street and there was a scheme for a new inner city village. The era of this gentrification had its substantial momentum in the nation building initiatives of the early 1990s. This concept was soon to be manifested in real terms with the advent of the national *Building Better Cities* initiative and the closure of Palmer Street at its eastern end.

The Transformation of Palmer Street 1992 to 2008

The modern development history of Palmer Street starts in 1992 with the closing of the northern end of the street to large vehicles (see Figure 8.2).



Figure 8.8: The Hotel Metropole at the Port (closed) End of Palmer Street (Google Maps 2014)

Prior to the closure, Palmer Street was an active conduit to the old and then the new port. The creek, bordered by these streets, was in historical terms a central focal point of a working city. If the road had remained open, the old port functions were likely to have diminished, but Palmer Street would have remained a conduit for the modern port

which would have led to a different outcome to the one that eventuated in the years that followed the closure.

Vignette 8.1: Closing Palmer Street's access to the Port 1992

"Now the effect of that was a fundamental driver to what happened to Palmer Street because until then Palmer Street was just a corridor for a lot of heavy traffic taking freight to and from the port. With the closure of that port access together with a lot of traffic calming works throughout South Townsville all of the heavy traffic was redirected away from Palmer St and other suburban parts of South Townsville. Also at the same time, the electricity authority jointly with the council undergrounded all of the overhead structure which had formally been ... electrical structures, poles and wires." (Interviewee No.6 2012)

The closure might have been a negative event for the shop and business owners of that era, but it heralded a different future for the street, one that was slowly realised over two decades. It was also to manifest in a series of smaller spasms of growth and building proliferation as early as 1987 and culminating in a massive development boom leading up to the Global Financial Crisis in 2008.

By 1992-1993, Palmer Street was an eclectic mix of old and new port remnants, of factories and pubs, exotic food and accommodation that took Palmer Street out of the guest house era and into modern hotel and serviced apartment accommodation. A transit centre was developed as a terminal for coaches, which brought back-packers and tourists (Raggatt 2008a).

In late 1993 the main landmarks were the Crown Hotel and the Metropole Hotel in the northern section of Palmer Street, along with the Anchorage residential development (a three storey, walk-up development) and a Salvation Army drop-in centre in two buildings near what would become the Lang O'Rourke high rise project in the mid 2000s. Small enterprises spread between these, with the Transit Centre and Southbank Hotel (Interviewee No. 4 2012).

The Council had a vision for the street as an 'Inner City Village' now sheltered in the lee of a physical barrier that excluded truck traffic. Here was an environment, emerging from its old port era into the seeds of gentrification, a movement gathering momentum across many cities across Australia and the world.

Building Better Cities, early 1990s

The *Building Better Cities* programme was a Gough Whitlam (Prime Ministerial) initiative which supported the upgrading of older inner city areas, with a view to a more amenable environment for the predominantly blue collar workers of the town.

Townsville City Council's 'Townsville Inner City Village Project' won the support of the *Building Better Cities* programme. The funding allowed for infrastructure improvements such as underground power lines, streetscape improvements such as roundabouts and most significantly, the closure of the port end of Palmer Street. This induced a new kind of development, with a more gentrified, village feel with a focus on food, entertainment and accommodation (Interviewee No. 6 2012).

During the mid-1990s the closure of the street caused businesses to die in the northern section of the street leaving the Metropole and the Crown Hotels as the main survivors (Interviewee No. 18 2012). Rejuvenation was occurring in other areas with the refurbishing of the Shamrock and Metropole Hotels and Southbank (Interviewee No. 1 2012). Everything seemed to be happening in the mid-1990s including the construction of the Maritime Museum in the northern section of the street (Interviewee No. 4 2012)

A considerable offering was then provided in 1995-1996 with the addition of the Southbank Convention Centre to the existing Hotel by the Van Grinsven family (Interviewee No. 17 2012). During this period the Transit Centre added a rear three-storey apartment tower (Interviewee No. 4 2012).

Initial Infrastructure Palmer Street, The Quest and The Strand, 1995 to 2000

During the second half of the 1990s, a groundswell was being seeded in the street with the allocation of \$AUD 5 million for infrastructure improvement arising from the BBC programme. This included the removal of power poles and their replacement with underground lines as well as the enhancement of the street with plantings and paving, as described earlier (Interviewee No. 22 2012).



Figure 8.9: Palmer Street Enhancements 2014 (Google Maps 2014)

Pivotal to the mass development of the street in the mid-2000s was Quest Apartments, a new offering in both accommodation and business property models, directly across from the Southbank Hotel and the second high rise building in the street.



Figure 8.10: Quest Serviced Apartments, Vacant site next door (Photo Drane 2011)

Quest was different however, for it introduced a new approach to strata property which included the provision of an on-site letting and caretaking manager who allowed the apartments to be used for hotel, short-stay and holiday purposes. The apartments also offered a new configuration in the form of dual key access with the layout allowing for a dividing wall, enabling a section of the apartment to be let independently as a studio/hotel room with a small kitchenette in addition to a main kitchen. With a new government endorsement of the property for its visiting staff, the Quest boasted high occupancy rates, far above the other hotels and residential facilities. Versatility for use as longer term letting, a holiday stay or a hotel overnight stay secured its future as a new species in the property arena (Internal Business Paper on Townsville Market 2003).

Parallel with this, a natural event occurred in the arrival of Tropical Cyclone Sid in 1999 which ravaged the Strand Shoreline, levelling large parts of the old rock wall to reveal a new view platform for developments along The Strand. The Strand Renewal Project was injected with \$AUD 30 million of funding to provide several kilometres of seaside walkways, water parks and playgrounds, rivalling the sophisticated Esplanade in Cairns, north of Townsville (Internal Business Paper on Townsville Market 2003).



Figure 8.11: The Strand (wikipedia.org photos 2014)

The Strand, for all its renewed beauty and attraction to a new young corporate population who ran and cycled its pathways whilst children played in the water park and playgrounds, still had a four storey limit on development. The spectre of the Aquarius Tower hung over it, suppressing the desire for it to become similar and go the way of a Gold Coast type ‘high rise en masse’ outcome.

During this time a number of discordant world and local events occurred, backgrounding what would become the massive over-development of Palmer Street in the mid-2000s. The events included the World Trade Centre 9/11 tragedy, the collapse of Ansett, one of the two major Australian airlines and SARS, the deadly flu virus. Locally however, infrastructure projects continued in Townsville in the defence, mineral and health sectors with hundreds of millions of dollars of investment. Simultaneously, a virtually unnoticed arrival occurred in the form of a coastal property developer who offered an exotic resort product extending from Mooloolaba (his origin) to Cairns and Townsville.

Early entrants: Juniper pushes the envelope, 2000 to 2003

In the early 2000s visitor numbers were rising in Townsville (MacDermott 2004), due partly to the massive infrastructure projects underway - the Sun-Metals Refinery, the Douglas Hospital, further development of Lavarack Barracks and an RAAF development. Despite all this activity, development land was still selling at a relatively low price. With the positive outlook presaged by such city infrastructure investment including the Strand (which set a new tropical seaside tone for what was once called Brownsville), there arose what savvy developers would call a 'counter-cyclical window of opportunity'.

Low land prices underwrite successful development and if found in a predictable prosperity window such as was Townsville in 2000, then it is the right time to buy. And that is just what developer Shaun Juniper did in Palmer Street where he bought the 4130 square metre Crown Hotel for \$AUD 1 million in 2001, as part of a counter-cyclical buying spree across northern Queensland (MacDermott 2004). A Development Approval application (DA) was lodged for up to nine storeys and this set the scene for the new wave of high rise that would break through the three to four storey limits (Interviewee No. 18 2012). The new project was seen to be a bookend to draw people into the northern section of Palmer Street (Interviewee No. 18 2012).

Another force of change was operating in the property world in 2000. Previously, development margins did not include revenues from in-house management rights. After 2000, banks tightened their criteria and development margins dropped, making management rights a new source of income for apartment complexes (Interviewee No. 2 2012).

These conditions and Juniper laid the scene for the next wave of developers from out of town, who also enjoyed the low land prices from 2001 to 2004.

Tourist Developers, 2003 to 2005

In 2003 another key catalyst developer who showed concrete interest in some key sites, entered Townsville. Sydney-based syndicate PJ Group competed against a local developer to acquire the Gateway site on the western end of Palmer Street in 2003. Soon after, the syndicate also placed an option on the adjacent sites on the same side of

the street. PJ Group however did not have a large acquisition-based balance sheet, and soon lost a hold on the adjacent sites but kept Gateway.



Figure 8.12: New Developments in a row: Gateway on Palmer Apartments, Grand Mercure Serviced Apartments, IBIS Hotel. All built in 2007. (Photos Drane 2012)

Melbourne developer Warren Thompson (who already owned the Transit Centre) was to acquire these adjacent sites which would become known as the Accor operated Mercure and Ibis developments. These three developments, PJ Group's Gateway on Palmer and Accor's Mercure and Ibis (Figure 8.12) were by some accounts seen as the pivotal catalyst sites of the time (2003-2004). The investment of out of town, large-city money together with the endorsement of an international hotel group, was to set the scene for numerous new entrants to the street.

Vignette 8.4: Gateway as a Catalyst Development for Entry of Mercure, Ibis and Others.

"Absolutely... I think that if you get a Gateway Development it does follow that people can see, well if I do a development here I've got a big gateway there, a scale entry point so I am just adding to it...I think people would have seen it as a landmark and said well that is going to provide some mass to support other similar developments well its people, it's a landmark feel, its people...it tidied up the landscape of a rather untidy street entry, and all of a sudden you have a beautification of the entry of the street [sic]." (Interviewee No. 7 2012)

By such accounts, these developments were to be a key catalyst for a stampede of developments leading up to the Global Financial Crisis in 2008. The *Townsville Bulletin* article in plate 8.4 illustrates the state of Palmer Street at the time.

The Stampede - 2005 to 2008

The news article proclaimed the evolution of a new dining Mecca on the south bank of Townsville's Ross Creek, called the Palmer Street Precinct. Over half of one billion dollars of new developments, varying from hotels, apartments, restaurants and a new transit centre were catalogued on the same page in the graphic shown above (xxx). The apartments alone totalled 648 - well in excess of the normal annual takeup of apartments of this standard across the whole city.

The Evolution of our Dining Mecca



Plate 8.4: Extract: (Raggatt 2008b)

All this occurred in a precinct just across the waterway from the central business district, which in 2004 lay semi-dormant and still predominantly representative of its prior, historic port era. Patrons in the burgeoning restaurant and accommodation developments on one side of the street, gazed across to semi-vacant, partially-developed lots and disused warehouses. Project banners had appeared on sites along the strip, boasting their new schemes and transcendent visions for the city.

The Out of Towners

By 2005 developers and schemes previously unseen, were now parading in full panoply to the wide-eyed local community. The likes of Irish international development group Lang O'Rourke, Queensland-based Glen Alpine (Peter Bega), Warren Thompson from Melbourne and Sydney Syndicate PJ Group who had teamed up with Sydney-based Quantum/Davinci/AMP. All were from out of town, and were to provide the supposed horsepower and capital to bring the new schemes to life. National development giant

Mirvac entered Townsville in earnest in 2006 and was also active in the Breakwater/Marina precinct downstream on the other side of the creek along Mariner's Drive (Interviewee No. 9 2012). The Breakwater Precinct was undergoing a massive land release in 2004-2005 (Interviewee No. 18 2012) under the control of TABCORP with development partner Consolidated Properties. Also in this precinct was a larger scheme involving a redevelopment of Breakwater Island on which the casino is built and land reclamation for a 240-home canal estate on the seaward side of the casino, an area known locally as the duck pond (Raggatt 2005).

The Ambitious City

Parallel with these developments and adding fuel to the boom-town atmosphere, in the background was the commitment to massive infrastructure projects (Figure 8.13).

Townsville gas fired power station in Thuringowa city (Yabulu). This \$500M project was projected to be completed in 2005/06
\$350M gas pipeline and base load power station
A \$400M stage 2 expansion of the Korea Zinc (Sun Metals) plant in Townsville is currently under investigation
A \$320M expansion of the Yabulu Nickel Refinery plant under study
Stages 3 (\$171M) and 4 of the Lavarack Barracks upgrade
\$300M Railway Yards Redevelopment
\$170M Marina Village – Blue on Blue Resort (Magnetic Island)
\$100M Riverway Project
\$80M Bright Point Unit Development (Magnetic island)
\$72.5M RAAF Base Upgrade (Stage 2)
\$48.5M Douglas Arterial Road and Bridge

Figure 8.13: Infrastructure snapshot 2005, (Townsville Enterprise 2005)

The alignment of these factors and the release of the land parcels to the development community created a stampede for land which became a local boom in its own right. The schemes themselves, the likes of Accor's Ibis and Grand Mercure, and the Gateway Tower stepped up the level of accommodation from the tired but iconic Travelodge.

Mirvac set the tone for upmarket apartment types as did the Crown Hotel Project (to become Solaris), Gateway and others. Local developers were less conspicuous along the strip. The likes of self-made developer Tom Hedley and Peter Honeycombs' development group had historically provided a more toned-down version of local product which was traditionally less high rise and more 'walk up' and was inconspicuous along Palmer Street. Hedley had just developed the Rivera project on Ross Creek but this was more of the same model he had used before. In effect they could, or should it be said would, not compete for the sites on the same level as the 'tourist developers'.

The Locals

There was an exception - the renowned local developer and owner of the existing Southbank Hotel, John van Grinsven. His family, a pioneer of development in the street, was asked by a local journalist why and how it had suddenly sprung to life like this. Van Grinsven is quoted as saying " he was just as surprised as anyone at its development". John had built the then Southbank Motel along the strip in 1988 when in his words, as quoted by the newspaper "when the street was little more than a collection of doss houses for drunks" (Raggatt 2008).

Even John, for all his local knowledge, was not to know that many of the \$500 million projects illustrated in the TVB news article clip would not see completion, and in some cases would go either into receivership or pass into new hands later.

The Global Financial Crisis 2008

The GFC and aftermath saw oversupply of apartments and some unfinished projects with some in receivership. By 2010, several projects were already built and others never reached construction. The developers who were responsible for supplying the market in apartments, had as a collective created a massive oversupply of product to the marketplace which was to take several years to absorb, post GFC.

Townsville's dream of the 1990s, a new inner city village, had been partly realised but in a different form. By then the notion of a village was a worn concept and had been replaced over the years initially by the notion of an 'eat street' and then a hospitality and

accommodation precinct. The developers, however, showed individual ambitions to develop their own sites in a market window that ended in the global economic crisis.

This moment in late 2008 was as rarefied as the atmosphere that existed in 1989 with the end of the 1980s boom and then the bust of the 1990s. There were blue sky predictions, endless optimism, a stampede of developers with ambitions to beat the herd to market. The moment also illustrated an example of a massive alignment of local and national economic sentiment, exposed the collective of developers activating a cityscape, the manifestations of the creating parties of the city and the employment of seed capital by out of town private and bank finance.

The next section dissects these themes and returns to the model, to engage its elements as a basis for analysis of this event and its history from 1970 to 2008. Palmer Street will be shown to be both a typical and extreme example of the dynamics of the proposed model at work in a cityscape, and insights are given about its organic nature as a seed in the *Building Better Cities* programme.

8.3 Palmer Street Historical Analysis 1970 to 2008: The Model in Action

The history of Palmer Street has demonstrated the extreme nature of a development mechanism at work there for decades, leading eventually into the precipice of the Global Financial Crisis in 2008.

Relevant events are charted in a timeline below, starting in 1970. Before this, the precinct was in a state of suspended animation mirroring the needs of the old and new port over the first half of the twentieth century. The streetscape and its built envelope was predominantly two storey and the most dynamic developments were still the historic hotels (Metropole, Crown, Shamrock and Australian) and the occasional guest house, Salvation Army shelter and government building. This torpor saw its first real signs of change when South Townsville was showing glimpses of moving from a workers' precinct to a place for young professionals. The timeline ends in 2010 when the Global Financial Crisis (GFC) was starting to wreak its damage in the fallen projects of the city and along Palmer Street.

The intermittent decades all played their parts in progress and circumstances that set the foundations for the DA concepts and real projects. The timeline is illustrated in Figure 8.15. Its centrepiece is the construction of developments of significance along Palmer Street, from (in chronological order) the Southbank Hotel, the Quest managed apartments, Michelle's and Cactus Jacks' restaurants, the Juniper Crown Hotel development and the Gateway Apartments, Grand Mercure Hotel and the IBIS Hotel. These preceded the advent of the Solaris Apartments which were constructed and sold into the GFC. Development approvals were lodged in this period for major developments in

1. Riva,
2. The Laing O'Rourke development and
3. The transit centre apartment scheme.

None of these developments got off the ground and all fell into the precipice of the GFC.

The timeline has been designed to allow for analysis of the precinct, based on the key elements of the Model – land parcel dynamics, developer dynamics, collective manifestations, alignments including economic climate, local season, site habitat and seed capital. These are shown again below in Figure 8.14 and the subheadings follow these elements.

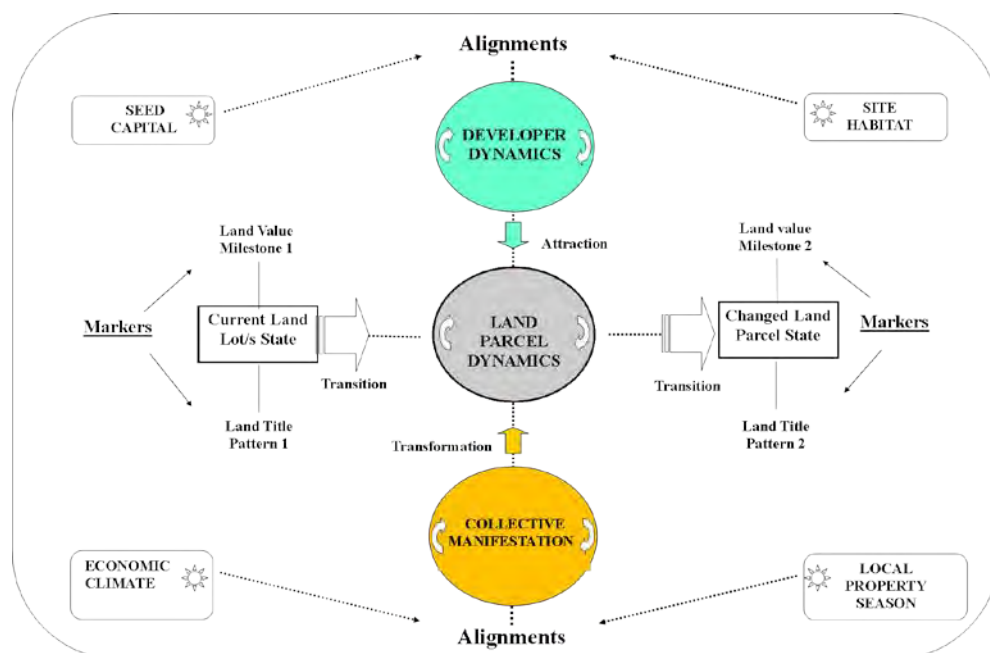


Figure 8.14: The Model

Economic Climate

In the decades from 1970 to 2010 there were five significant economic events relevant to Townsville and Palmer Street.

1. The property boom of the late 1980s, where hotel and resort development prevailed along the eastern coast of Australia and particularly Queensland. This event provided a stage for the Jupiter's Casino and Hotel and Southbank Hotel.
2. The mid 1990s was a nation building decade which spawned the BBC and its benefits flowed on to Townsville and the Palmer Street enhancements.
3. The early 2000s was a confused mixture of tragic world events against a peaking of the property markets in Sydney and Melbourne and a flight of capital to northern and regional cities and centres (Tyndall, F 2004) which brought a counter cyclical opportunity for land in Townsville and the Palmer Street precinct.
4. The mid-2000s saw a world outlook for increased tourism, a peaking in the commercial property market in Brisbane due to a strong resources sector and a boom in property prices and acquisitions in Townsville unsurpassed in its history (Mortison 2004) fuelling a stampede to market across several precincts including the Strand, Breakwater, Palmer Street, Railway and Flinders Street East.
5. By 2008 the GFC hit and it was all but over for many developers who had missed the key acquisition window they needed to meet of 2003. These economic events were aligned with windows of opportunity that arise with the concurrence of both economic climate and local business season.

Local (Property) Business Season

Several local seasons arose parallel with the economic events noted previously. The 1980s property boom somewhat evaded Townsville, primarily manifesting the Casino and Southbank due to the Council's resistance to high rise development along the Strand (Interviewee No. 8 2012).

The early 1990s saw the rejuvenation of the hotels along Palmer Street (Interviewee No. 1 2012) and the entry of the new restaurant offerings in Michelle's and Cactus Jacks.

Buoyed by the BBC 1990s street enhancements along Palmer Street, the late 1990s saw Juniper's and Thompson Properties enter and purchase sites counter-cyclically against a background of rising need for short and medium term accommodation. This was due to the ever growing population, the buoyant business visitation and the accommodation demands created by the massive infrastructure investments in the Townsville region.

The early 2000s saw the advent of Quest as an early entrant into the managed apartment market in Townsville. Here a switch was turned on which responded to the short and medium term accommodation markets. A hybrid product was formed which allowed versatility from an overnight-hotel type stay, a holiday stay and medium or long term

rental for incumbent executives and grey collar workers awaiting housing due to their longer term employment contracts. This market was arising from the change in business model from owned hotel property to strata/managed hotel and apartment based property (Interviewee No. 2 2012). Townsville visitor numbers peaked in June 2001 (Internal Business Paper on Townsville Market 2003) due also to the ongoing investment in Townsville infrastructure. The year 2000 saw apartment sales rates per square metre at below \$AUD 2000 (Stack 2005) however this was to rise beyond \$AUD 6000 per square metre square metre by 2005.

2003 saw a boom in the CBD and South Townsville residential market (Internal Business Paper on Townsville Market 2003), a trend toward downtown city living apartments but a lack of apartment product for both permanent and short stay accommodation. During 2003/04, 220 apartments across Townsville achieved a price over \$300,000, which was double the volume achieved during 2002/03 (Internal Business Paper on Project Positioning 2004). It was predicted that Townsville could experience around 300 and 350 apartment sales over \$300,000 during 2004/05 and 2005/06 respectively (Internal Business Paper on Project Positioning 2004). The new entrants were starting to pitch their product pricing well above this, competing for the constrained upper-market layer. By 2005, mainstream inner-city units under construction were being marketed at \$3400 to \$4000 per square metre of liveable area (Stack, C 2005). Due to massive construction price increases in this period, break even sales rates per square metre for apartments were rising to \$4200 per square metre pushing average apartments above \$5000 per square metre to maintain margins (Stack, C 2005) (Internal Business Paper on Project Positioning 2004).

Palmer Street alone was producing 469 real apartments with a further 367 in DA concept stage (Figure 8.17), a potential total of 836. The whole city was producing well in excess of this and other precincts started to market presale product against real product, adding to the bubble. By 2009 just after the GFC, project and real estate listing schedules showed over 1000 apartments offered across the city with a further 225 on Magnetic Island.

Land Parcel Dynamics

Palmer Street's land lots were arranged based on a port use pattern with a mixture of lot sizes that supported semi industrial functions and retail shop front lots. In 2005, before the first major construction projects started (Gateway, Grand Mercure and Ibis) these land lot patterns still existed, and required consolidation to suit the strata or new title system supporting modern developments. Land parcels were formed from several previous land lots. Old warehouses were demolished and old boundaries erased. Such sites underwent transitions from disused dormant sites, to those with development approvals, then to strata or title schemes and finally construction of titled properties.

Along the way, such sites changed hands, depending on the nature of the developer and their resource and intellectual capital.

The Gateway originating developer sold the project to a finance group, whilst the Crown Hotel site changed hands in 2000 to Juniper then in 2005 to Glen Alpine.

Warren Thompson, through various vehicles, purchased numerous sites in a counter-cyclical fashion with the Transit Centre site, then a timely, mid-cycle acquisition of Grand Mercure and IBIS. The land parcels along the street are shown in Figure 8.15 and 8.16 including building construction and Development Approval. The transfer of these land parcels from developer to developer is also shown, to illustrate the transitions supporting the land parcel dynamics depicted by the Model.

Such land parcels were stand-alone sites and provided the capacity to create independent new developments which competed with those in the same precinct as well as those in adjacent precincts or in relevant precincts in other cities and towns. Figure 8.15 (timeline) shows not only the Palmer Street developments but developments and events in adjacent precincts.

This included the Strand waterfront precinct which had a height limit imposed that did not allow high rise buildings in the 1980s, whilst in mid-2000 the Breakwater precinct surrounding Jupiter's Hotel and Casino was bursting with new development schemes and the entry of Mirvac and Consolidated properties.

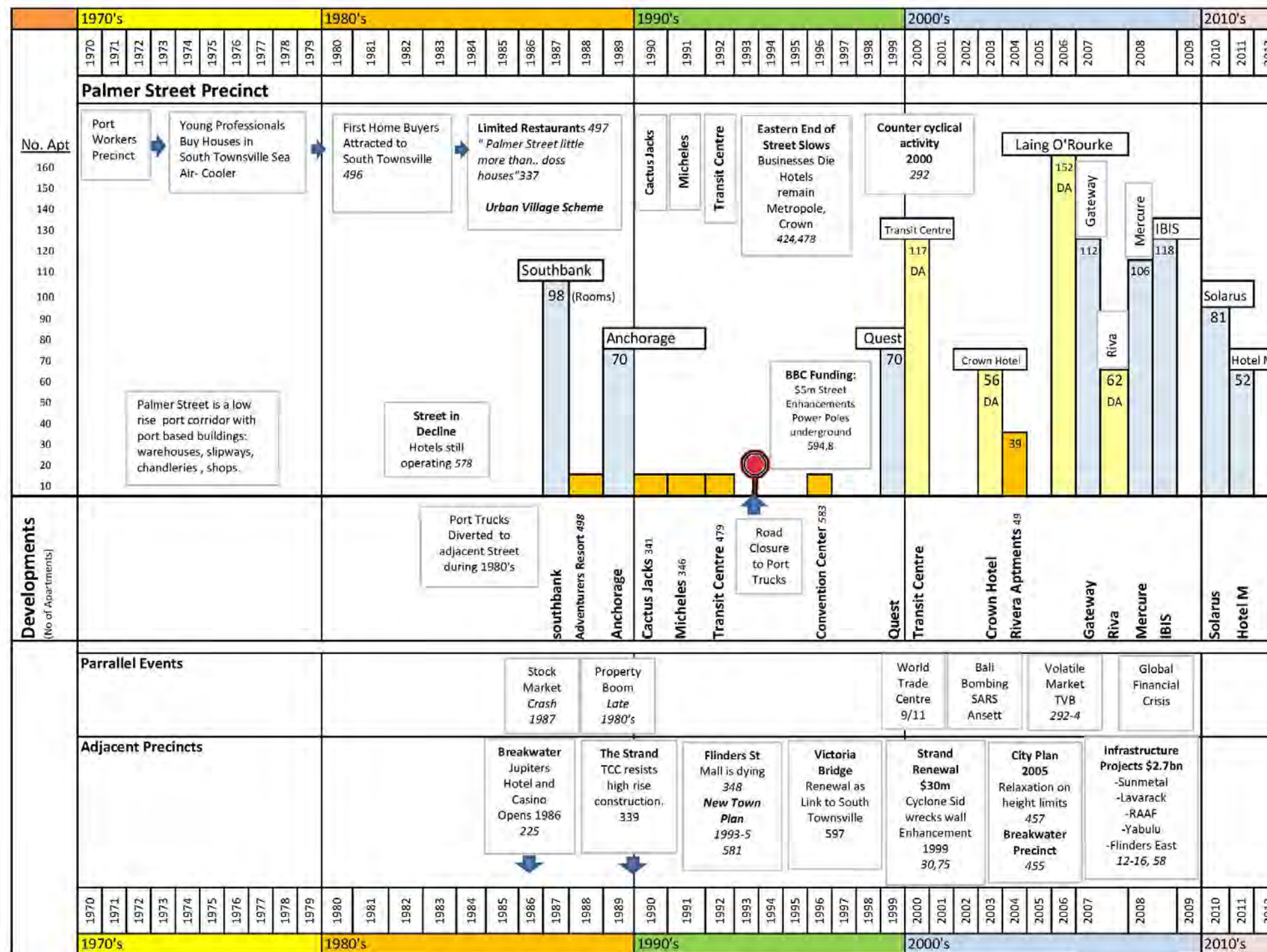


Figure 8.15 Timeline of Proliferation along Palmer Street 1970 to 2008 (Drane 2014)

The adjacent railway precinct was also being released by the Rail Authority which required the consolidation of the whole parcel and then re-subdivision into large parcel land releases (see Chapter 9). This controlled release of land in this adjacent precinct stands in direct contrast to the Palmer Street land releases which were stand-alone, independently owned and traded and not regulated by one party in response to market needs.

Land parcel dynamics extend beyond specific land consolidations, but include the ways in which adjacent precincts and their level of development and improvement influence the use of land parcels in other precincts. The Strand renewal project of 2000 was a major influence on the amenity and image of the whole city bringing it out of its 'Brownsville' stigma and into a modern, coastal resort city, like Cairns.

This in turn set the scene for the level and standard of development in adjacent precincts such as Palmer Street. Out of town developers played a significant part in the land parcel dynamics, since the products which these 'tourist developers' conceived were funded from other cities and precincts. The entrance of concepts that were moving toward Mirvac-styled schemes (in a quality sense) and then in 2005 the actual entry of Mirvac, into what was previously seen as a three storey walk up market run by locals, raised the bar for all of the development schemes.

The land parcels along Palmer Street had one thing in common, they were all standalone sites controlled by a plurality of developers competing head to head along the strip, with the same market line. This aspect is one of the most compelling examples of a lack of coordinated release of product along any strip that could occur in a consolidated land release such as the Railway Precinct (see Chapter 9).

Address		Establishments 2010	Existing Establishments in 2010 x	Previously Constructed Apartments (1987 to 2000)#	Number of New Constructed Apartments (2005 to 2010)	Further DA Consents (Number of Apartments)	Developer*	Prior Developers Land Owners & Transition Phase	Notes
<u>Sth</u>	<u>Nth</u>	<u>Precinct A (West)</u>							
1		Jam Corner Restaurant	x						
	2-6	Gateway on Palmer Street Apartments	x		112		Da Vinci/ AMP	PJ Group (DA)	PJ Acquired in 2004 for \$1.9m Sold to DAVinci AMP for \$5 to \$6m in 2006
3-5		Rhino Bar	x						
7		Michels Restaurant	x						
	8-10	Grand Mercure Hotel	x		106		Warren Thompson	Land Owners	
11		Australia Hotel (to become Ramada Inn)	x				Reed Property	Land Owners	Bought from FM Lee \$4.6m 2005
	12-16	IBIS Hotel	x		118		Warren Thompson	Land Owners	
13		White Blue Restaurant	x						
17-21		Southbank Hotel and Convention Centre	x	98			Fund Manager	Van Grinsven	JVG sold to fund 2007 Ridges
	18-28	Vacant Site					Warren Thompson	Land Owners	Acquired for 4.4m in 2007
29-31		Shamrock Hotel	x						
	30-34	Quest Serviced Apartments (Dual Key)	x	70			Private Developer	Land owners	Quest is tenant
		Windmill Roundabout							
		<u>Precinct B (East)</u>							
33-35		Transit Center	x			117	Warren Thompson	Land Owners	Acquired for \$1.75m in 2001 WT Acquired for \$425k in 2003
37-41		Vacant (Bath Tub) Site (Riva)				62	Opus Capital	Warren Thompson	Sold to Opus Capital for \$2.4 million 2005
43-49		Vacant Site (Laing O'rourke Site)				152	Lang O'Rourke	Property Group Land Owners	To be Outrigger Hotel/Apartments Hostel and backpackers bought by LO
	50	Maritime Museum	x						
51-55		Anchorage Apartment & Table/51 Restaurant	x	70			Hedley	Land Owners	Sold to Hedley 2007
69-79		Solarus Apartments (formerly Crown Hotel)			81		Glen Alpine	Juniper	Crown Hotel in receivership 1999 Juniper bought from owner in 2001 for \$1m. Glenalpine buys in 2005 for \$6.8m
		Allure Apartments				36	Glen Alpine	Juniper	
81		Hotel M (Metropole Hotel)	x		52		Brett Poynton/Oaks	Property Group	Property group sold to Poynten
				238	469	367			
Notes: * some developers went into receivership and this is not noted due to sensitivity of matter. # Southbank Hotel provided hotel rooms not apartments.									836

Figure 8.16: Land Parcels along Palmer Street change hands over time

Developer Dynamics

The timeline and chart in the above figures also show the diverse mix of developers who undertook the developments and took up the land parcels. Many had never developed in Townsville and some had not even visited the city. The polarity of the mix was vast, from large corporates (Mirvac, AMP, Consolidated Properties) to substantial internationals (DaVinci, Accor, Laing O'Rourke), one man developer (Noel Gordon), to a small Sydney syndicate group (PJ Group). Many engaged in the developments at the 'pre-commitment' stage depicted in the Model shown in this thesis. Such a stage precedes the actual construction of the various buildings. Others were still at Development Approval stage. Some acquired sites with existing Development Approvals, achieved years earlier. Some picked up dormant sites with extinct previous uses. The timeline brings to life the mercurial, nomadic world of property developers, the vast and varied types, the diverse nature of their engagement at the respective nodes of the land parcel transition chain and their preference for different development products.

The foundation of the Model and its typology recognises that in one direction developers are marked by their inclination to trade a particular node in the land transition chain. In another, their capacity to engage for two key characteristics - financial capital and intellectual capital. In a third, their project type dominates. By this categorisation it can be seen that there is a relation between resource capacity (financial and intellectual), node engagement and project type that provides a clearer understanding of each developer's modus operandi - an ability to engage the land parcel and transition it toward a built scenario - a titled property. In effect, developers who attempt to trade outside their capacity (both financial and intellectual) are left to wallow, go broke or trade out of the parcel to leave it to another developer.



Figure 8.17: Land Parcels Aerial View (Google Maps, Drane 2014)

Thompson Properties for example, overextended by acquiring many sites in succession without consolidating their completion and operation. Junipers showed wisdom in conceiving a project on the Crown Hotel site counter-cyclically then traded out of the site to Glen Alpine who consequently paid too much for the site in the lead up to the GFC.



Figure 8.18: Solaris Apartments, Palmer Street (Photo Drane 2012)

Collective Manifestations

The timeline shows the many historical influences that laid foundations for the development of Palmer Street. They included the early emergence of young professionals who saw South Townsville as a housing opportunity in a cool sub-tropical climate in the 1970s. Anecdotally this was also due to land prices and the acceptance of this as a greater benefit than the stigma of living in a run-down workers' precinct.

At city level in the late 1980s, the town council envisaged an inner city village for Palmer Street that attracted the city's successful award of funds from the *Building Better Cities* programme of the early 1990s. The funding led to the enhancement of the street's infrastructure and landscaping which in turn manifested in developer interest in its amenity and opportunity. The concept included the closing of Palmer Street to port traffic and its eventual treatment as a gentrified, cul-de-sac development precinct.

A natural storm event, Cyclone Sid in 1999, opened up views across the sea wall and led to \$AUD 30 million of improvements to manifest a modern Strand like those in Cairns and Southbank Brisbane. This in turn attracted young professionals to Townsville, a demographic which remains.

In 2005 the council created a new city plan linking South Townsville with Flinders Street, the enhancement of Victoria Bridge and the relaxation of Palmer Street height limits, rezoning it as mixed use to precipitate a stylish hospitality and restaurant precinct.



Figure 8.19: The Hotel M Developed Behind the Hotel Metropole (Photo Drane 2012)

All these manifestations are multi-faceted and span across a number of unrelated entities as diverse as a cyclone, a young professional's life path, a city vision and the demand for fine food.

Seed Capital

The Palmer Street precinct is an example of public and private seed funding, employed over decade-length periods to prime the precinct for development. It is unlikely however, that any developer could have predicted how dramatic the development would be in yield during the 2003 to 2008 boom period.

Seed funding of the infrastructure improvements along Palmer Street by Townsville City Council (TCC) led to enhanced amenity and gave developers confidence in the city's commitment. Developers were required to contribute to street enhancement as a condition of development approval, facilitating a coordinated landscape and lighting scheme along the Street.

Seed capital was employed by the developers in the creation of DA concepts for each of the sites. This also provided capacity to trade out of the land parcel should there be insufficient seed capital to proceed. The Strand renewal, the city plan and Flinders Street enhancements, and the employment of capital into the bridge enhancement, all exemplify public seeding contributing to the improved viability of Palmer Street.

Site Habitat.

Site habitat relates to the state of not only a specific land parcel's improvements but also to other buildings and developments that might influence the improvement or value of a proposed development scheme.

The advent of the earlier high rise buildings along Palmer Street in the Southbank Hotel in the late 1980s to the entrance of European style restaurants such as Michelle's and Cactus Jacks all created an emergent site habitat along Palmer Street.

The counter cyclical nature of Juniper's scheme for the Crown Hotel site set the scene for a high end, high rise resort/apartment offering into a street that previously expected three storey walk ups from local developers. This Juniper scheme also relates to collective manifestation as it showed the town what was possible.



Figure 8.20: Old and New – Shamrock Hotel and Southbank Hotel Palmer Street (Photo Drane 2012)

The historic hotels, the Shamrock, the Metropole and Australian were examples of site habitat which was changing dramatically from the beer gardens of the 1970s and 1980s

to the provision of quality food and beverages to a professional, gender inclusive demographic.

All these establishments constitute site habitat as defined in the Model. All showed what could be, their trading patterns evidenced patronage, their activity promoted atmosphere along the Street. Blue and grey collar workers flocked to these pubs and establishments along with young office workers and professionals. Any night on Palmer Street was busy with these attractions and the hint of future offerings in the coloured banners of the incumbent tourist developers.

Windows of Alignment

The story of Palmer Street's proliferation is the story of a massive, unregulated supply of apartments by a plurality of independent developers operating standalone development projects in the same market window.

The story of Palmer Street is also about a misunderstanding of the nature of windows of alignment, which goes far beyond the traditional understanding of an economic climate or a business season. A local property developer might activate a three year development which starts in a local business season and ends in a national economic event. The developers along Palmer Street who commenced their projects in 2004 were all subject to this. With the advent of managed apartment schemes, the simple 'live in', owner occupied apartment had become a many faceted hybrid product competing in several markets - hotel, serviced apartments, owner occupation and long term leases. Each of these markets has its own local and national profile, which all oscillate in their own orbit. The managed apartment market competes against investment markets due to the hands-free purchasers of such apartments and the placement of them in private superannuation and investment portfolios. The residential apartment competes in the national and local marketplace and attracts investment interest as well. To precipitate a three year development in any of these markets requires a deep understanding of these cycles and forces and their alignments.



Figure 8.21: Riva Site was excavated but left to gather water (Photo Drane 2012)

With respect to Palmer Street, several windows of alignment occurred; one in 1987 with the Southbank Hotel, in 1992 with Michelle's and Cactus Jacks restaurants, in 1999 with the Quest Managed Apartments, in 2000 with the counter cyclical acquisition of the Crown Hotel by Juniper and the Transit Centre by Thompson, and then in 2003 the Gateway, Grand Mercure and IBIS constructions. The window closed in 2006 and fell into the precipice of the GFC.

Some such windows were countercyclical in 2000 when Juniper bought the Crown Hotel Site for example, through to the 'mid cycle' timely acquisitions of PJ Group (Gateway) and Warren Thompson, (Transit Centre, Grand Mercure & Ibis) to the 'shoulder' acquisitions such as the Riva and Lang O'Rourke sites of developers who missed the window in the mid-2000s.

8.4 An Organic Proliferation

The Palmer Street Precinct case study has shown an example building proliferation in a semi-dormant port cityscape comprising a series of land parcels strung longitudinally along a single street and independently owned, stand-alone sites. Each parcel was developed individually and in some cases on-sold over time through varying transition phases from consolidation to DA to strata or title scheme and then construction.

The extraordinary demand for short, medium and long stay accommodation in Townsville's growing multi-sector economy, and its associated population growth led to a massive demand that fuelled the production of new developments along Palmer Street and then the Strand, Railway, Flinders Street East and Breakwater Precincts.

This window of alignment leading to the GFC in 2008 saw a massive over-production of apartment product across the city and led to many schemes stalling or ending in failure or bankruptcy. This period 2004 to 2008 was a spasm of development which had its earlier genesis in a continuum through other windows; the earlier Casino and Southbank (1987), Quest (1999) and the Crown Hotel concept (2001) to Gateway, Grand Mercure, IBIS (2004).

These seeds and proliferations are representative of the Model and all its elements. It can be seen as an organic proliferation since all creating parties and developers were completely independent of each other; there was no overriding control body which regulated the development process. The only overriding control was the City Plan of 2005 overviewed by Townsville City Council (TCC) and its normal statutory processes. Whilst such planning fosters holistic outcomes for such cityscapes, the end result was far in excess of any envisaged in such plans. The pro-development Council of the time simply saw it as progress and traded height limits for what was seen as a long time in waiting for five star hotel and accommodation product across a burgeoning and ever more sophisticated local and transient population.

In this analysis, one could clearly see that if the TCC had not been so strident in their refusal to allow high rise offerings along the Strand in those early years that perhaps there would have been a series of more measured moments of proliferation that would have met these demands over three decades and not in one half of one decade in 2005.

However not all semi-dormant cityscapes are so organic in their modes of development. The Railway Precinct, in another part of South Townsville was being manifested into a new inner city commercial and residential zone by the release of rail yard lands which had become redundant. The Railway Precinct illustrated a release of a large land parcel to corporate development where such a land release could be controlled under a local city master plan. The Railway Precinct in the next chapter illustrates the Model's elements at work where control of a precinct is vested in one private development corporation under a local city master plan and a derivative corporate master plan by Honeycombs Property Development.

The Palmer Street case study is all but silent on this developer and this is because he, together with other locals stood by and watched while Palmer Street unfolded. Their interests, however, lay in other areas of the city.

Chapter 9: An Inertial Proliferation, Railway Precinct, Townsville

Chapter 9 provides a case study of Townsville's Railway Precinct which exemplifies the Model in action in a dormant cityscape. The Railway Precinct was part of Townsville's old rail yard and workshops, offered by public tender for redevelopment by Queensland Rail in 2003, whilst the nearby Palmer Street Precinct development was commencing.

This case study is a **'inertial'** example of the mechanism in action, since unlike Palmer Street, this precinct did not proliferate buildings in the period from 2003 to 2008, but provided a contrast to the Palmer Street. Falling under the control of a local private developer with a quarter of a century of experience in the local market place, Honeycombs Property Group created a Master Plan for the whole precinct which then fell under a new revised city plan created in collaboration with Townsville City Council (TCC). This precinct was not subject to Building Better Cities programme funding. The development of the precinct involved a public tender then a local Master Plan as a method to stimulate a new vision.

The chapter draws historically upon Chapter 8 and adds a brief background to Townsville's rail history, which covers its time as a working rail yard and station, to a disused, dormant, un-remediated state. It then reveals the factors that led to its inertial, then evolving conceptualisation and realisation across the GFC and into the post-GFC era.

As with Chapter 8, the Railway Precinct proliferations (both conceptual and real) are illustrated on a timeline, which demonstrates the inertial response in the precinct compared to other precincts. This response and these proliferations are analysed, to exemplify the model in action in both dormant and dynamic states. The model's elements are shown in action in a real cityscape setting.

Vignettes from autoethnographic reflection, further thoughts and quotations from interviews with protagonist actors are provided throughout the chapter to elucidate a view of the complexity of the phenomenon and mechanism, and its reliance on diverse actors over long and related periods.

9.1 Townsville and Railway Precinct: Background

The advent of the goldfields at Charter's Towers (inland from Townsville) supported the creation of the inland rail ways of Northern Queensland in the 1880s.

In those early years it was called the Northern Railway and everything had to be imported. So it all came up by ship along the Queensland coast so the locomotives, the carriages, the workshops, the administration, everything had to come up from further south.

(Denyer 2009)



Figure 9.1: Townsville Railway Station built 1911 (Google Maps 2014)

The (original) Townsville Railway Station and North Yards Workshops were established in 1880 shortly after the commencement of the Northern Railway, running west from Townsville, and the establishment of the Northern Rail Division, one of four separate railway divisions of Queensland.

(Department of Environment and Heritage Protection Web Site 2014)

The first station was built in Flinders Street, but as the Northern Railway developed, this station became inadequate and a later station built in 1911 (Figure 9.1) The city was built around the port and the railway, with parts of the rail system running along suburban streets in South Townsville.

(Denyer 2009)

Parallel to this corridor further inland, a rail line snaked its way through the South Townsville streetscape, offering further access to and from the port for sugar cane crushed in the Burdekin area. The line would run along residential streets and to this day an example still exists in Perkins Street and near the South Townsville State School (Interviewee No. 6 2012).

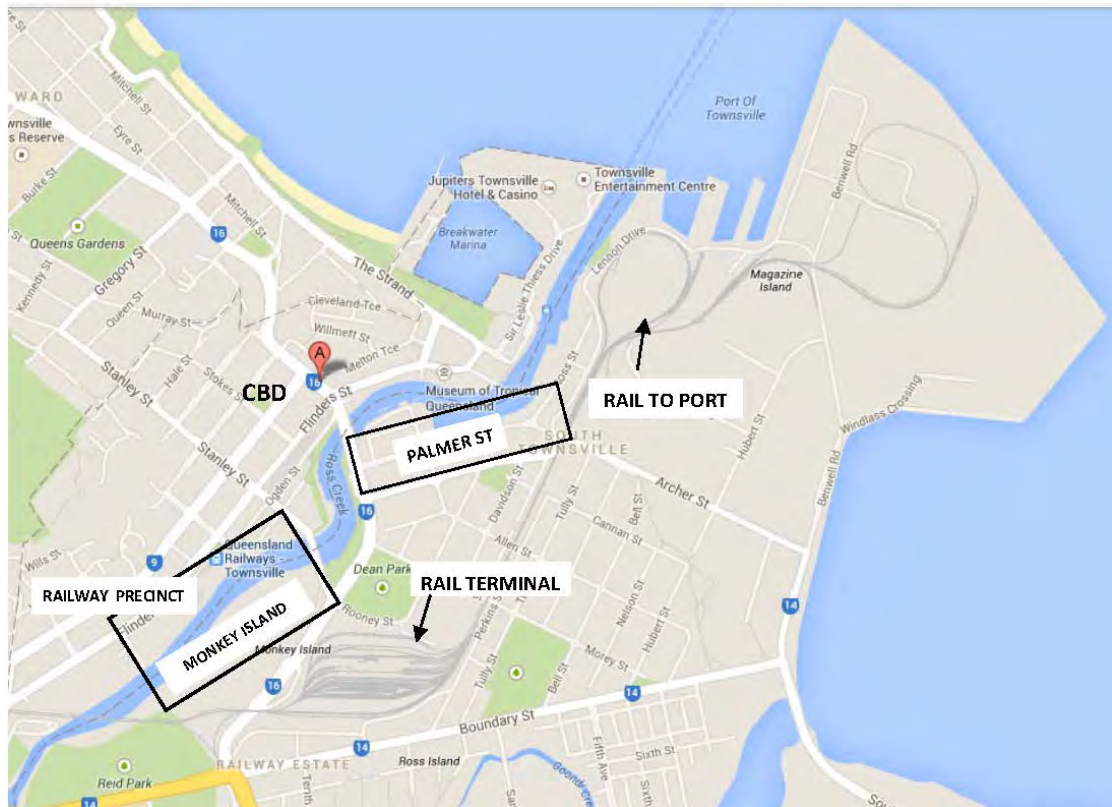


Figure 9.2: Railway Precinct, Rail Terminal and Rail Link to Port (Google Maps, Drane 2014)

The development of the Northern Railway was, in combination with the port, instrumental in the economic growth of Townsville in the late nineteenth century.

A century later, by 2003, Queensland Rail had moved its city operations to Stuart, an outlying suburb of Townsville and the city rail yards (Figure 9.2) became redundant (Interviewee No. 3 2012). After earlier unsuccessful attempts, Queensland Rail tendered this site for development purposes along with a large land parcel across Ross Creek on the south side (Interviewee No. 3 2012). These sites are here referred to collectively as The Railway Precinct (Figure 9.2).

In 2004, Honeycombs Property Group was the successful tenderer for the CBD side parcel, winning on the basis of a CBD master-planned, inner city, residential precinct (Interviewee No. 3 2012). Four years later in early 2008, Leighton Properties Pty Ltd. in a joint venture with Devine Ltd. was successful in tendering the parcel on the south side, on what was called Monkey Island (Raggatt 2008) (Figure 9.2).



Figure 9.3: Railway Precinct, Honeycombs Staged Development Along Ross Creek, (Google Maps 2012, Drane 2014)

The ‘south parcel’ is not a subject of this case study as it falls outside the time frame of study, however the fact that it was finally released for development so many years later, adds significance to the dormant nature of the overall precinct its then inertia.

TCC had previously allocated these lands under a planning scheme to accommodate university, arts, technology and commercial uses. The precinct had its own Local Area Plan (LAP) mandated by the council (Interviewee No. 22 2012). Honeycombs’ vision for the site however, led to a successful application to override the planning scheme (Interviewee No. 12 2012).

Although a different use from the education/technology park and vision of the council, the new residential precinct was consistent with a focus to increase density within the CBD, which included Palmer Street and South Townsville. The railway land was one bookend to the CBD with the Casino the other (Interviewee No. 22 2012; Interviewee No. 8 2012).

A development deed for the land was signed in late 2004, between Queensland Rail and Honeycombs Property Group (Raggatt 2005). Over the next year the Master Plan was

developed in collaboration with TCC and the initial works scheduled to commence by late 2005 with a proposed mix of 500 apartments in the Master Plan with associated retail/commercial uses in a staged construction (Townsville Bulletin 2005). The site required considerable remediation however, which extended the time until construction of the actual buildings (Interviewee No. 3 2012).



Figure 9.4: Railway Precinct, Honeycombs Central Project (Honeycombs Property Group 2014)

In late 2006, State Transport Minister Paul Lucas and Townsville Mayor Tony Mooney launched the development at a function hosted by developer Honeycombs Investment Group (Townsville Bulletin 2006). Construction commenced in 2007 of the first residential tower (Interviewee No. 3 2012) - Stage 1, Islington - which included 95 apartments and 3000 square metres of commercial space (Interviewee No. 3 2012).

Parallel with the creation of this concept, and the preparation of the site, (from 2004 to 2007) Gateway, Grand Mercure and Ibis properties began in the Palmer Street precinct and were all but completed by the end of 2007. In that precinct were the makings of a development proliferation of \$AUD 500 million worth of development both real and conceptual (Chapter 8). Across town in other precincts in 2004 new land was being released in the Breakwater Precinct, Mirvac arrived in 2006, whilst the Strand was enlivening after its \$AUD 30 million makeover in 2000.



Figure 9.5: Railway Precinct, and other Development Precincts. (Google Maps, Drane 2014)

The Railway Precinct land (by 2003) had sat dormant for some time despite former unsuccessful tender processes. In 2004 it was successfully tendered to Honeycombs; in 2005 and 2006 it was still in conceptual stages and being remediated, with the local development world exploding around it. By 2007, to the casual observer of the railway precinct, there was only one building coming out of the ground, still in a visual wasteland of old rail yards, new roadways and uncertain retail offerings on the quiet CBD fringe (see Figure 9.3).

This was a precinct of interest in the scheme of all developments across town, but it was relatively slow to start. It could be called ‘the slow horse in the race’, and although conceptually attractive, had a long way to go to actually realise the sparkling avenues and modern eating places of the visionary approach it proffered. The Global Financial Crisis was about to hit.

It is a tribute to local knowledge and experience however, that the Honeycombs scheme weathered the storm of the GFC with a few initial conceptual adjustments and an evolution of the Master Plan, to continue to relatively rapid construction in several stages between 2008 to 2014. As one listens to the promotional video on their web site

in September 2014, the first three stages, Islington, Holborn and Kensington are complete and all apartments sold, whilst the fourth stage Paddington is under construction with one apartment sale remaining. Stage 5 (Piccadilly) is also being offered with apartments priced from \$AUD 299,000 (Honeycombs Property Group 2014).

This remarkable progress in the shadow of the GFC was possible for a number of reasons apart from the company's local profile and history. The survival and progress lay in a number of factors: in the way they created the Master Plan; how the land parcels were released; how such releases were paid for; how the apartments were presold; and how they adjusted their mindset to meet the new and burgeoning wave of smaller scale investment product that was to set the scene for a new business model in inner city property development, post GFC.

9.2 The Honeycombs Scheme – an evolving Master Plan across a GFC

Throughout the history of boom and bust eras in the property development arena, there have been distinct changes in the way that business is done that are products and legacies of the times. The 1980s trend of hoteliers owning or leasing whole buildings, made way in the 1990s for separation of the hotel service operation from development and ownership. The early 2000s saw unitisation of short stay accommodation through the use of strata title, with the rise of the on-site hotel type manager such as Oaks in the Gateway Tower managing its serviced apartments for short stay purposes. These management rights then created a whole new market of residential development projects, with associated management-based revenue sources.

The lead up to the GFC saw banking practices allow for second mortgage mezzanine funds instead of solid equity funds. That market was all but wiped out by the GFC, along with its second mortgage schemes and tragedies.

However, with dramatic effect and as if a switch had been turned off, the business model in residential apartments changed dramatically again across several dimensions. The previous focus on a mix of owner occupiers and 'investor led' product in any one development gave way to a predominant investor type apartment model that was sold through lists and financial planners. The predilection toward investment stock was not dramatic in itself, as there are usually windows and eras where one is focused on one

more than another. However the GFC was different. Social and financial forces were aligning and manifesting in the advent of the miniaturisation of residential product which was designed to meet a purely investor market. In addition, that investor market would be sought predominantly overseas and be channelled to those buyers by a financial planning industry which had produced dubious results in the lead up to the GFC and was now going back for more. Overseas buyers would place their trust in a local financial planner, who would include real estate products alongside other investment instruments such as shares, stocks and bonds. The financial planner was in effect becoming the new real estate agent of the development world (Interviewee No. 13 2012). In addition, due to price uncertainty in the market place there was a shift away from the traditional use of negative gearing, to a neutral gearing approach. Whilst negative gearing allowed for high debt levels and a negative apartment cash flow that were justified by capital gains, neutral gearing assumed no capital gain and so leveraging was adjusted to ensure there was a 'neutral' or no negative (or positive) cash flow for the hold period.

Vignette 9.1: The new face of investment in the wake of the GFC, October 2012
Snapshot

“ it’s about neutral gearing...the days of negative gearing are nearly dead as a tax saving thing and for capital growth, so if you can hold for little or no pain for long term gain.. holding costs and cash flow are far more important today than capital gain, because cash flow is what is going to buy you time, and everyone in this current market has got to buy time...in other words people aren’t buying for quick flick on but are buying for long term investment purposes” (Interviewee No. 11 2012).

The smaller studio, the one bed apartment, one bed plus study and the two bed apartment were now the preferred offerings meeting the business model, whilst in any scheme only a token offering of larger product such as the three bed apartment was provided, if at all. In all cases across the product range, the actual area of the apartments was also shrinking by approximately 20-25%. The maximum price target for an investor was \$450,000, and apartments in Honeycombs’ Central scheme in 2014 were being offered from \$299,000 to meet this model. On site sales offices were empty of their usual owner occupier type patron and project marketing became prominent with

apartment sales being vested in external agencies with established lists (Interviewee No. 3 2012).

At the user end of this market, changes were occurring in the nature of inner city investment, ownership and occupation of apartments. In the home market, two types of buyer were colliding for the same space, the Baby Boomers who were downsizing from family homes and seeking smaller product and a safe haven for their retirement funds and their offspring - generation Y who were also buying their first home in smaller offerings such as one bed apartments which gave them access to the property ladder.

Vignette 9.2: Brisbane Inner City: The new face of inner city apartment living in the wake of the GFC, October 2012 Snapshot

“A large percentage of Gen Y live close to the city...they will rent all day, every day and with prices down, interest rates down it is now an attractive place for investors (also). They don’t want to travel, they don’t have the time to travel, they will never own a lawn mower, and are happy to have a family in a medium density environment and go to the local park”. (Interviewee No. 1 2012)

In Brisbane, along with these new trends, a new user was also emerging from the Gen Y market as described in Vignette 9.2 above. They would rent a two bed apartment with a friend and both would choose the city life over the quarter acre block, the latter having been the dream of their Baby Boomer parents. Negative gearing schemes were moving to cash flow neutral holding schemes, whilst the uncertainty of capital gain related to the GFC sat like a cloud over the market place.

This was the emerging product environment into which Honeycombs launched their Stage 1 Islington Apartments, conceived prior to the GFC with a more balanced, mixed residential and investor, larger product, based on the pre-GFC model. These changes were in progress as they launched this offering into the GFC. Honeycombs was not visionary in this regard, but they were resilient and adaptive.

Honeycombs adapts to the GFC Market

Unlike many of the out of town developers operating in the heady boom environment of Townsville in 2005, Honeycombs was a local group with over 20 years of experience in the local construction and development market. In 2003 they were already active in the

market place in CBD sites including: Metro Quays, a multi-storey car park development in Ogden Street; High Point on the eastern flank of Castle Hill; and Urban Quarter, on what used to be Hanran Park, beside Ross Creek and directly across from Palmer Street (Frazer 2005).

During this period however their construction division was being phased out and they were becoming a property development group in their own right. Their predominant success lay in their demonstrated ability to link local investors with their projects through both financial investment and pre-sale arrangements. Such investors would help to underwrite the project's financial viability, and secure apartments in their own right at lower prices, which they would then sell back into the local market at a profit (Interviewee No. 9 2012). With this profile, such investors became loyal, and provided an engine room for further developments.

Vignette 9.3: A long term vision and release of land in one land bank, 2008

“As a developer (Honeycombs) had.. .20 years of experience in the local market and there were sensitivities to the local market. And (Honeycombs) have a very loyal database of clients and customers who are repeat buyers in the Honeycombs' projects. (Honeycombs) have got buyers who have bought 5 or 6 properties in our various projects” (Interviewee No. 3 2012)

This local profile also gave Honeycombs an historical perspective on land and apartment prices. They could easily see in the 2005 to 2006 bubble, that out of town developers were paying well above market place for sites along Palmer Street and in the Breakwater Precincts.

Vignette 9.4: 2006

“So a lot of developers or wannabe developers were coming in and paying \$80,000 to \$90,000 per unit site on a blue sky view. Thinking that, well you know we can justify the price because we're going to build three bed apartments that are going to sell for ... \$900,000” (Interviewee No. 3 2012).

Honeycombs knew from experience that upfront land purchase weighs down a project, and did not want to buy all the rail land at once. This would be like an albatross around

the neck of the project. They also knew that the project's five stages would fall under one Master Plan, but be initiated individually based on uncertain future price and market signals as time went by, over an indeterminate period envisaged at one or even two decades.

Vignette 9.5: A flexible approach to delivery, 2006

“(Honeycombs) had the capacity to be more sort of dynamic in delivery where (Honeycombs) could change the Master Plan and the design of that building to meet the market place. Whereas all these sites had been bought up by ... and everybody else in Palmer Street. And two things: (a) Palmer Street was seen as a mixed use part of town and (b) it was probably the only or highest concentration of sites suitable for redevelopment in the CBD” (Interviewee No. 3 2012).

The Railway Precinct may have started sluggishly, but it eventually evolved in the form of a sophisticated land bank which allowed staged, smaller and considered releases of land parcels under a central private development controller. Together with Queensland Rail, which agreed to release the parcels consecutively based on market take up, a strategic offering emerged. The Master Plan's main problem lay in the inhospitable environment of the brave new offerings - the rail yard. Figure 9.3 shows clearly the ‘waste land’ site with the first stage sitting in amongst the dust and rubble.

In addition, whilst the later stages were conceived with the emergent investor market based ‘reduced size’ product, Stage 1 Islington had been conceived on the pre-GFC model, a mix of larger, residential style apartments and investor products.

Vignette 9.6: A market disappears, 2008

“That sector of the market (owner occupier, larger apartments) was removed at the same time as the GFC. And in that as well with the GFC it was also the Storm Financial crisis that hit here and took a lot of owner occupiers out of the marketplace as well which was predominantly... investors won't look at a \$700k apartment” (Interviewee No. 3 2012).

Honeycombs knew that its premier launch should not involve a “dinky lot of smaller investment apartments” (Interviewee No. 3 2012) and so they took a risk by continuing into the heart of the GFC with this prior model. This was because it also sent a social

signal of support for both residential and investment appeal that presaged the ongoing offerings throughout subsequent stages. After all they were not creating an investor led tenancy enclave, but a balanced residential community that would eventually reside under the decade length outcomes of the Master Plan. It was a risk that had to be taken and they proceeded on that basis.

The future integrity of the Master Plan therefore, relied on the eventual return of owner occupiers to the residential market, although they would be subject to a smaller individual footprint for their apartments.

Vignette 9.7: 2008-9

Stage 1 half sold before the GFC. The GFC hit and about half were unsold and bought back by the various shareholders in the...(shareholder arrangements)” (Interviewee No. 3 2012).

Stage 1 became the ‘canary in the mine’, and showed Honeycombs the fickle nature of the GFC marketplace in 2008-2009. They survived this due to the nature of their local investor support, profile and deals. The subsequent offerings in the ongoing stages were all launched in the post-GFC environment and although adapted to the reductionist apartment offerings demanded by the market, they knew they would need to return to a more even mix of owner occupiers and investors.

As the post-GFC years of 2008 to 2014 unfolded, what had literally been a dormant site for the first half of the decade and up to 2007, found its way across the precipice of the GFC and slowly recovered to yield 300 conceptualised and then constructed apartments over five years, across a troubled, complex business environment.

The following section presents perspective through an historical analysis from the dormant Railway Land Parcel in redundancy and as it was released to a private market without any priming and with the need for extensive remediation, infrastructure, master planning and council endorsement. The Railway Precinct was literally a closed shop from the time it mooted its own redundancy, an old rail yard with layers of ground toxins handed over to the open market. For decades prior to that moment however, the city grew and stretched and changed around the parcel, causing a groundswell of required land release, suddenly created in the Railway Land Parcel.

9.3 Railway Precinct Historical Analysis 1970 to 2008 : The Model in Action

The historical depiction of the Railway Precinct has demonstrated the dormant nature of both the site and the development mechanism. The release, apart from its rich rail history and related link to the city in its public train station, had literally no direct interactive connection with the property markets or dynamics of the adjacent CBD. It was finally released in two parcels, one to Honeycombs in 2004 and one to Leighton/Devine in 2008 four years later. The Honeycombs parcel took a further three years to commence construction (of buildings) in mid-2007, and its Stage 1 Islington apartments were launched into the precipice of the GFC in 2008.

As with Palmer Street, these events are charted in a timeline below, which starts in 1970. It starts here because since 1880 the precinct was under rail operation which could really only be viewed by the public throughout the twentieth century through tall wire fences. The built envelope was predominantly low rise workshops and related buildings, with the most dynamic developments open to public view being the public rail stations, the most visual being the ornate building shown in Figure 9.1. This building and its earlier, less ornate form was built in the era of the historic hotels of the city and Palmer Street. The first real signs of change were when operations moved to Stuart due to efficiency measures and the forces of privatisation on Queensland Rail (Raggatt 2005).

The timeline charts these events, the redundancy, and the parallel 2005 City Plan, which was conceiving a new education and technology precinct for the rail lands. It then shows the tenders and land releases made to the private developers and the lag in construction due to remediation, master planning, infrastructure, roads and council endorsement. The GFC also factored prominently, through its interruption of the Master Planning process to see the concept adapt and evolve due to the changes imposed by a new, investor-driven market place.



Figure 9.6: Master Plan Central Project (Honeycombs Property Group 2012)

The Railway precinct's centrepiece is the master planning and construction of the new inner city residential precinct named Central which involved five initial stages named Islington, Holborn, Kensington, Paddington and Piccadilly. These in themselves are only the initial priming stages of a development that herald further buildings over a further two decade gestation period (Figure 9.6). The apartment and retail mix, its investor emphasis and the construction completion for the first five activated stages is shown in Figure 9.7.

Stage No.	Name	No. Apts	Mix	Retail (m2)	Completed
1	Islington	95	1,2 & 3 bed,	3560	2009
2	Holborne	78	1,2 & 3 bed. (90% 1 & 2 bed)	3680	2011
3	Kensington	44	1&2 bed	no retail	2012
4	Paddington	44	1&2 bed	no retail	2014
5	Piccadilly (1)	40	1&2 bed	no retail	Due 2015/6
	Totals	301	-	7240	-

Figure 9.7 Railway Precinct, activated and completed Projects August 2012 (Honeycombs Property Group 2012)

The timeline has been designed to allow for the analysis of the precinct based on the key elements of the Model – land parcel dynamics, developer dynamics, collective manifestations, alignments including economic climate, local season, site habitat and seed capital.

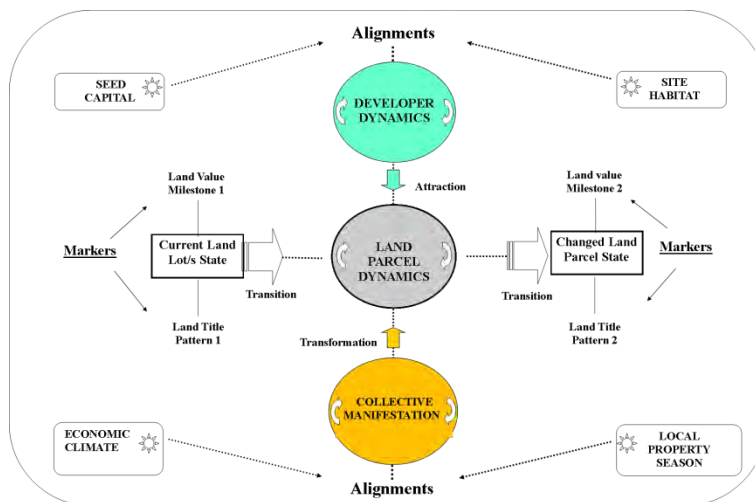


Figure 9.8: The Land Transition Model (Drane 2012)

These are exemplified again in Figure 9.5 and the subheadings follow these elements.

Economic Climate

The Railway Precinct remained insulated from economic events, in development terms. However it was not entirely insulated in its own operational sense, for the forces of privatisation within the economic climate propelled the eventual redundancy of the parcel. Whilst other precincts were victims of the GFC, the Railway Precinct became its offspring, with the new, adapted investor driven offerings that Honeycombs instigated in the staged releases.

Local (Property) Business Season

The mid-2000s local stampede to market across several precincts including the Strand, Breakwater, Palmer Street, Railway and Flinders Street East, presaged the 2008 GFC and the falling of many developments into receivership. Vignette 9.8 brings this to life where it can be seen clearly that a switch had been turned off in Palmer Street and the other precincts, to see the Railway Precinct's Islington developed out of this collective torpor.

Vignette 9.8: The Last Scheme Standing?

With 100% of Holborn and Kensington now sold and more than 80% of Paddington sold, there is a convincing story that the market has a strong acknowledgement of the value of Central and its master planned vision. Given the majority of other projects within the Townsville CBD are mortgagee in possession or under administration, there is no other market than Central [sic].

(Honeycombs Property Group 2012)

Land Parcel Dynamics

The Railway Precinct was government owned land until it was first tendered in 2003. Given its genesis in 1880 at the same time as the town itself was being formed, it had been thus for well over a century. With the successful tender and release of land to Honeycombs in 2004, all old lot patterns were extinguished except for a volumetric lot, delineating a heritage-led ceremonial avenue, which became a part of the overall Master Plan for the precinct (Interviewee No. 3 2012). After consolidation of the whole parcel,

the land was subdivided, with the first five staged sub-parcels, reflecting the built stages, including apartments and retail under strata title.

In the Railway precinct, a Master Plan was formed in liaison with Queensland Rail and endorsed under the City Plan 2005 (Townsville City Council Web Site 2014) by TCC.

The land sub-parcels were held by the private developer through project vehicles, then the buildings constructed and re-titled for sale and lease to the end users. The title transfer of these land parcels at the constructed end of the transition chain is shown in order to illustrate the transitions supporting the land parcel dynamics depicted by the Model. Such sub-parcels in the Railway Precinct provided the capacity to create independent new developments which competed with those in adjacent precincts, or other relevant precincts in other cities and towns. Figure 9.8 (timeline) shows the Railway Precinct developments.

Developer Dynamics

In the Railway precinct, the whole land parcel was transferred to Honeycombs in stages to allow for a considered release of built apartments and retail over time.

Honeycombs used local knowledge to create an adaptive market release of apartments based on market signals. It was modest in its individual apartment numbers per building. The largest, Islington, having 95 apartments and Holborn 78, whilst the latter Paddington and Piccadilly at 44 and 40 apartments. This compares with Palmer Street's largest built offering in Gateway with 112 apartments and largest conceptual offering in the Lang O'Rourke site of 152. It deployed local and intellectual capital in this and in its agreement with Queensland Rail for the staged land release. The local financial capital related to the enlistment of loyal local investors, for both seed and pre-sale commitments.

The foundation of the Model and its typology recognises that in one direction developers are marked by their predilection to trade a particular node in the land transition chain (consolidation, rezoning, scheme approval). Here, Honeycombs monopolised all the transition nodes from raw state to construction of a retitled property. In another direction their capacity to engage the land parcel nodes is based on

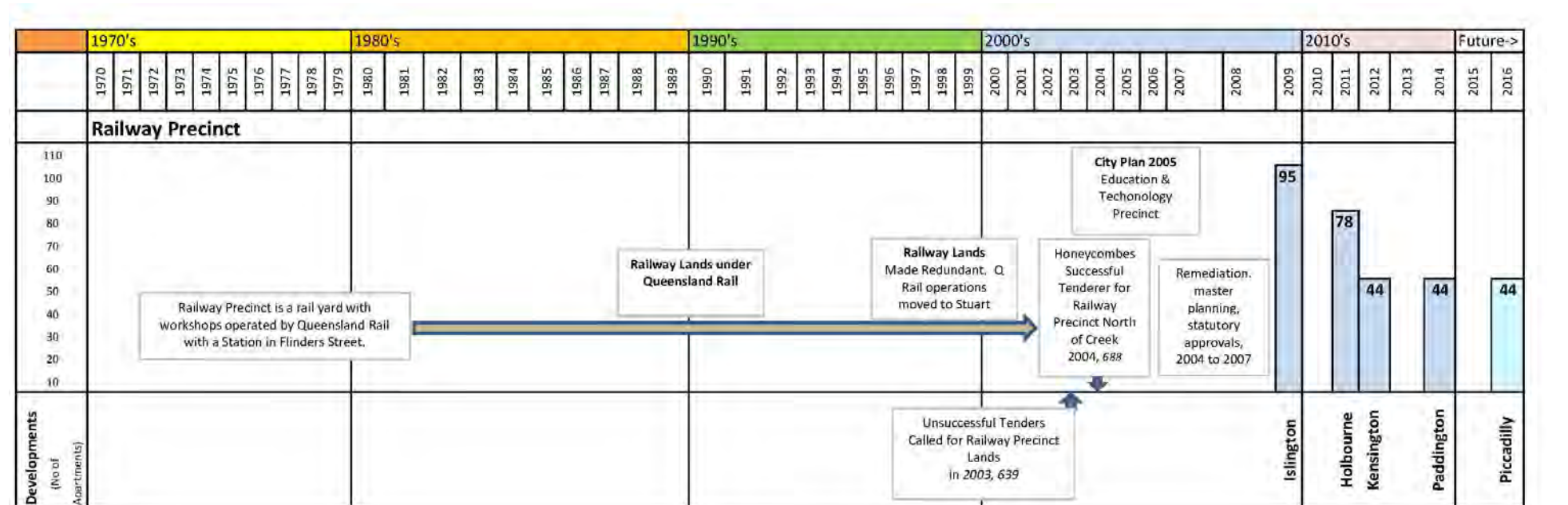


Figure 9.9: Timeline Railway Precinct 1970 to 2014 (Drane 2014)

two key characteristics - their financial capital and intellectual capital, both of which were evident.

Honeycombs monopolised the whole land parcel, released sub-parcels based on their resource capacity, local seed capital and local sales lists. They also had the ability to drip feed the sub-parcels based on market need, in smaller offerings and to an investor market place.

Collective Manifestations

The Railway precinct sat within a former rail yard with only internal conceptualisations related to rail operations, that had little connection with the public's (development) imagination except for the ornate railway station. Meanwhile all around the rail yard,

the city imagined a new esplanade precinct on the Strand, a new cruise ship terminal off the Breakwater Precinct, a new residential CBD and a world class eat street and accommodation precinct in Palmer Street. All this was moving Townsville out of its industrialist 'Brownsville' era and into the realms of a modern, gentrified, blue, grey and white collar society.

Seed Capital

The Railway Precinct had no prior public seed funding from the BBC nor the council. Queensland Rail released it for public tender in an unremediated state in the form of a dusty, unused rail yard environment, which had no enhancements of any relevance to the ongoing development processes required to move the land forward as a city precinct. The seed capital was privately sourced through the developer and an arrangement made with Queensland Rail for the progressive release of land parcels.

Site Habitat.

Site habitat relates to the state of not only a specific land parcel's improvements, but also to other buildings and developments that might influence the improvement or value of a proposed development scheme. The Strand renewal, the city plan enhancements, the enhancement of Flinders Street and the employment of capital into the bridge enhancement, were all examples of public seeding that contributed to the improved viability of Palmer Street, the CBD and implicitly the Railway Precinct. From the

historical hotels, to the new restaurants, to the modern Southbank and Quest accommodation, all provided site habitat for the street and its ongoing development.

The Railway Precinct enjoyed similar historical development but of an internal nature, all of which was removed or made redundant by operational demise at a single point in time. Whilst gradual dormancy would have occurred in this process, it did not interact with the CBD around it except by sending a signal that land was under- utilised, and may eventually become available for development.

This meant that the later site habitat in the form of the new roads and infrastructure, and the associated buildings were built based on ‘a clean slate’. They in effect became a ground zero form of site habitat.

Windows of Alignment

The Railway Precinct is the story of regulated, considered supply of apartments by a single developer, based on staged land release into a new and evolving market window, in the smaller, investor driven market place. The master planned approach even recognised the impermanence of that new window, with the inevitable return to owner occupation by an emerging inner city residential community who preferred not to share a lobby with ‘tourists’. Townsville people did not like to share their apartment buildings with short term renters - ‘ring-ins’ or tourists.

Whilst the emerging dynamics of the Honeycombs’ Master Plan is a story of dynamism, it is an example of an inertial parcel with dormant characteristics. It might have been thought that such a dormant example would lead to a sluggish development and a lesser illustration of the Model, but the relatively fast proliferation of adapted apartment product, post release, was dramatic. The next section elaborates on this.

9.4 A Dormant & Inertial proliferation

The Railway Precinct case study has illustrated an example of a building proliferation in a dormant rail yard, which consisted of a single land release to one developer to harvest the parcel, based on a subsequent staged release in the form of a land bank. Each subdivided stage involved apartment and retail offerings under an overall Master Plan, which provided the ability to release the sub-parcels for development based on market trends, signals and windows.

The Railway Precinct emerged suddenly as a land release after an historical rail operation became redundant, enjoying no prior priming of the site. Its dormancy, lack of priming and remediation impeded the initial development, as an inertial trait in the parcel, explaining how the development mechanism was suppressed. A relatively fast proliferation was subsequently evident.

The eventual priming of the Railway land occurred after the land release, therefore predominantly through private invention and instigation by the local developer – Honeycombs. This priming, which included master planning, remediation, infrastructure, roads, and council endorsement was all undertaken in a relatively short space of three years between the release in 2004, and the commencement of the first construction of Islington in 2007.

This case study therefore illustrates the power of the development mechanism to ‘jump start’ a redundant land parcel from dormancy. The city vision for higher density accommodation for its growing and modernising population, was realised quickly.

Whilst the GFC created misalignment for other precincts, it provided initial resistance to the Railway Precinct, followed by a new window of opportunity for smaller scale investment apartments.

In addition, whilst there was a massive over production of apartment product across the city which led to many schemes stalling or ending in failure or bankruptcy, the Railway development was measured and in balance with the emerging demand, through a staged and considered approach. These inertial dynamics and proliferations are representative of the Model and all its elements. It can be seen as dormant and inertial since its long unprimed dormancy led to a sudden proliferation of the new constructions.

In this analysis, one could clearly see that although a land parcel can lie dormant on the fringe of a dynamic city with a fluid property market, that eventually the development mechanism will play out on that land parcel. However not all cityscapes share the semi-dormant nature of Palmer Street or the inertial nature of the Railway Precinct. Nor do all share the controlled nature of the Railway precinct with its central private developer and Master Plan.

The next chapter includes another case study, set in the largest coal port in the world, Newcastle, in New South Wales. What will be revealed is a development mechanism in play on this precinct, which despite being thousands of kilometres distant, across different states and local authorities, shows similar inertia and release of building proliferation under a State development body.

Chapter 10: An Empowered Proliferation, Honeysuckle Precinct, Newcastle

This chapter provides a case study of Newcastle's Honeysuckle Precinct which exemplifies the Model in action in a semi-dormant cityscape in a regional port city of New South Wales. The case study is seen as an 'empowered' example of the mechanism in action due to its natural historical growth stimulated by the *Building Better Cities* (BBC) (1992) programme but with the political appointment of a state development body (The Honeysuckle Development Corporation). Here the publically owned stand-alone sites that are created along this old port harbour precinct are brought to life over two decades, by the gradual and then prolific supply of developments in the lead up to the GFC in 2008.

The chapter provides a brief background to Newcastle, as a former steel city with the largest coal port in the world, part of which (the Honeysuckle Precinct) becomes semi-dormant. A history of the precinct is provided which covers its dormancy from a working port area to a backwater, and the factors that were then pivotal in its transformation into a modern accommodation, hospitality and food precinct of Newcastle over 40 years leading up to the GFC.

An analysis is then provided to support the Model with particular focus on key events and building proliferations over a period from 1970 to 2010. A timeline of these proliferations shows the spasmodic nature of the proliferations in windows and their magnitude in each growth era. These proliferations are studied to exemplify the Model in action in both dormant and dynamic states in a real cityscape setting.

Vignettes are also provided throughout the chapter to elucidate the complexity of the phenomenon and mechanism, and its reliance on diverse actors over long periods.

10.1 Newcastle and Honeysuckle Precinct: Background

Newcastle is a regional port city of Australia, which sits 160 kilometres north of Sydney, New South Wales (Figure 10.1). It has a population of 379,770 (ABS 2011) and has enjoyed a rich coal port history and also severe social shocks due to the historical redundancy of its steel-making capacity with the advent of international outsourcing and the demise of Broken Hill Proprietary Limited's (BHP) operations in 1999 (The City of Newcastle 2014).



Figure 10.1: Map of Australia and Newcastle (Google Maps, Drane 2014)

The world's largest coal loading facility (Property Service Group circa 1992), Newcastle handles and ships the rich coal resources of the nearby Hunter Valley, which is also internationally recognised for its fine vineyards and is a tourist attraction in its own right.

Newcastle, together with the surrounding Hunter region is a multi-sectoral economy including port, government, education, health, transport, tourism, wine and mining amongst other derivative and sub-sectors. In 2006 its Gross Regional Product was \$AUD 28.4 billion (Parliament NSW 2011, p. 5), more than double Townsville's \$AUD 13.37 billion.

A modern coal handling port - Newcastle - that sits at the mouth of the Hunter River originated in 1804, after the accidental discovery of the Hunter River during a coastal chase for escaped convicts (Newcastle City Council 2008).

A permanent settlement at the mouth of the Hunter River began in 1804, as a place of secondary punishment for recalcitrant convicts. The settlement was named Coal River, and finally Newcastle, after England's famous coal port. The convicts were Irish rebels from the Castle Hill convict uprising.

(The City of Newcastle 2014, p. 6)

Its nineteenth and twentieth century history (covered partly herein) includes the penal era, its genesis as a coal mining town, the opening of the rail line to the Hunter Valley coal seams, its establishment as a major coal port and its emergence as a multi-sectoral regional city.

In more recent times and a decade prior to the shock of the BHP closure, Newcastle experienced a severe earthquake (1989) which destroyed many buildings, and took many lives. The combination of these factors, together with its longitudinal footprint stretching inland along the Hunter River, saw parts of the port city decline, leaving semi-dormant areas including the historic CBD. The demise of the CBD was not assisted by the advent of regional shopping centres in nearby Charlestown and Kotara, which impacted the former historical cityscape by attracting shoppers to the new shopping precincts.

Adjacent to the CBD and stretching three kilometres along the foreshore of the Hunter River, is a longitudinal strip of formerly dormant port land called Honeysuckle. This land was once used as a Rail Goods Yard, a remnant of the prior port era and

also earlier housed markets, ice works, boat sheds, coal staiths, fish markets, a timber yard and wool stores...used for a century to bring coal, wheat, timber and other cargo to and from the port

(Property Service Group 1992, p. 3)

Its namesake was the Honeysuckle vines which once lined its foreshore (Property Service Group 1992, p.3) (see Figure 10.2).

Running alongside the Honeysuckle foreshore strip, is the historic rail line which forms a significant physical barrier between the semi-dormant CBD and the once dormant Honeysuckle foreshore.

Today (2014), the still quiet CBD remains the subject of brave attempts to lease empty shopfronts and buildings to arts-related tenants on peppercorn leases - a city initiative in parallel with a more-recent inner city residential emphasis. The Honeysuckle precinct meanwhile was brought to life over two decades (from 1992) in a similar way to Palmer Street, several thousand kilometres to its north. Both were the subject of *Building Better Cities* funding in 1992, and both showed similar proliferation patterns despite their distance from each other.

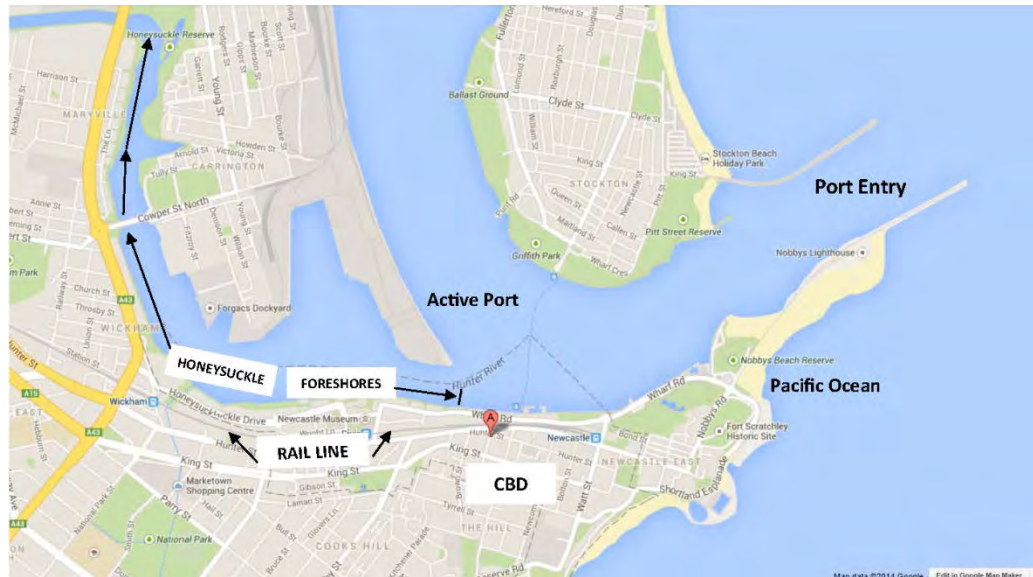


Figure 10.2: The Port of Newcastle and The Honeysuckle Foreshores. (Google Maps, Drane 2014)

Along the Honeysuckle foreshore, one can see the remnants of the old port area, and visit the maritime museum, which evokes its rich port history with assorted memorabilia, including the rowing boats that butchers used to ply the ships docked offshore, together with a cannon cart which shot rescue lines to desperate sailing ships grounded in uncertain weather, or whilst trying to navigate the treacherous entrance to the harbour (Drane 2012a).

Like Palmer Street, the Honeysuckle foreshore was once filled with the tall ships of the era and was used for unloading cargo, whilst the other side of the port was for the more industrial loading and unloading activities. Today, one can sit in world class restaurants in the Honeysuckle Precinct and gaze upward at gargantuan freight vessels which hug the shore and silently move coal from the port to distant destinations.

Honeysuckle's dormant, old port functions had no means of self-rejuvenation due to their their public ownership and isolation from the surrounding precincts. The Honeysuckle lands were owned by government agencies and, like the Railway Precinct in Townsville (Chapter 9) were predominantly gated, bar the public access areas for unloading cargo.

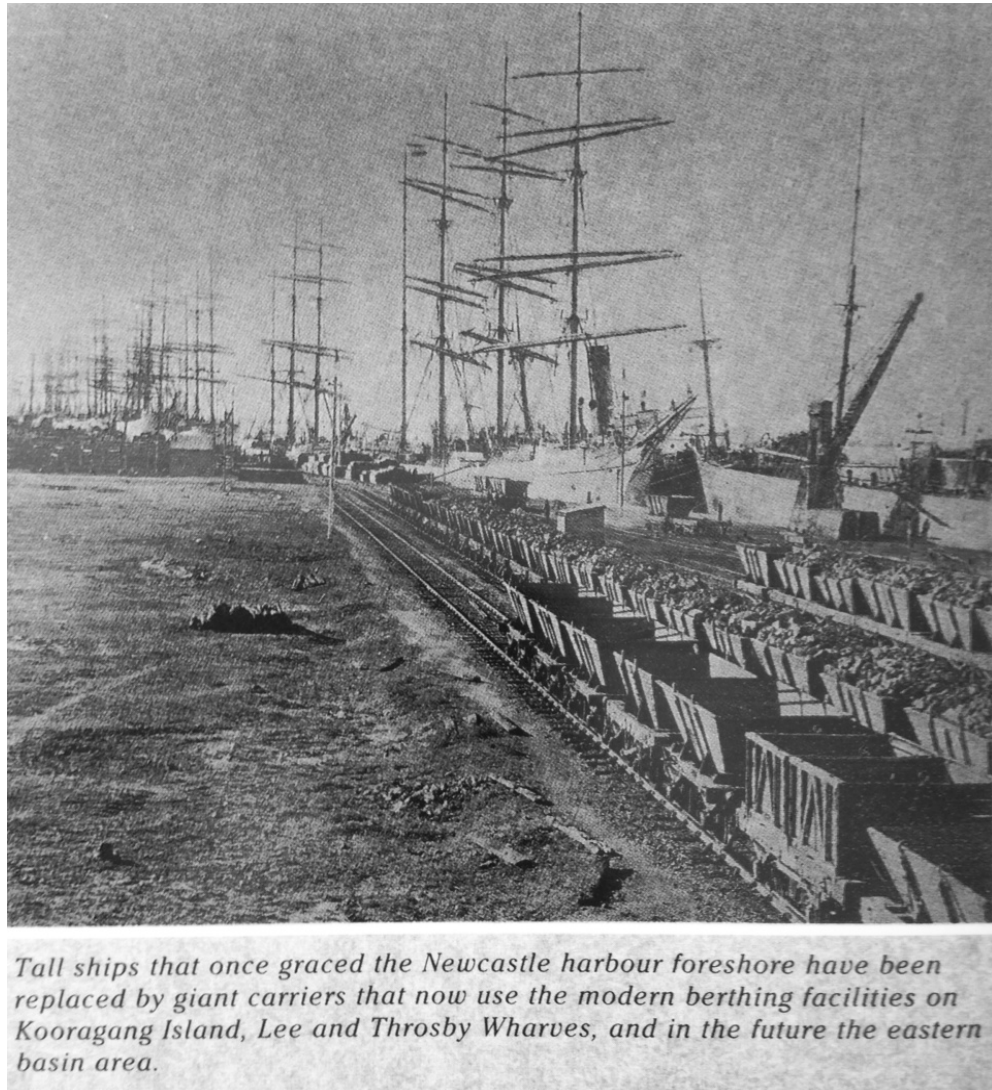


Figure 10.3: The Historical Port of Newcastle Tall Ships, (Property Service Group 1992)

They literally lay stranded between a rail line and a river, with the closest city-based connection being the slowing CBD, only intermittently through rail crossings and minimal access points. Honeysuckle was itself a longitudinal island in terms of urban connection.

It became the refuge for street kids and squatters, occupying the abandoned wharf buildings, a resident 'skid row' for an adult population and a Salvation Army SOS shelter (Winchester HPM 1992, p. 65).



Figure 10.4: Honeysuckle 2014 New Developments in an Historic Port Foreshore. (Google Maps 2014)

Honeysuckle in a series of proliferations through the early to mid-2000s, was to be transformed into a modern hospitality and food precinct, with international standard apartments, modernised hotels and fine-dining establishments. This case study is in part the story of this phenomenon, and demonstrates how the property development mechanism was responsible for the change.

10.2 Honeysuckle Precinct History

The traditional indigenous owners of Newcastle were the Awabakal and Worimi, people who had lived in the area for thousands of years. “Shell middens at Meekarlba (Honeysuckle) and a tool making site at Pillapay Kullaitaran (Glenrock Lagoon) are remnants of those communal gatherings” (The City of Newcastle 2014, p.6).

The mouth of the Hunter River at Newcastle was discovered by Lieutenant Shortland in 1797, and there are accounts of early coal deposits and trading as early as 1799 (Daly 1966). Newcastle was originally called Coal River and was settled in 1804 as a penal colony, under military rule which ended in 1823 when Governor Macquarie was recalled to England. The prisoners who had been employed to build the breakwater at the mouth to the river (Figure 10.2) were reduced in number and the majority sent to Port Macquarie (The City of Newcastle 2014) The town was declared ‘free’, and in 1828 the city streets were set out for public sale by surveyor Henry Dangar who created the first title patterns in the town. In the same year a 2000 acre land parcel with coal-bearing capacity was given to the Australian Agricultural Company in the inner area of

Newcastle, providing the company with a monopoly which remained unbroken until the 1860s. This gave rise to a series of mines with associated villages, which would later become the suburbs of Newcastle, and offer a unique land development pattern that following the coal seams (The City of Newcastle 2014).

In 1857, the opening of the Great Northern Railway between Maitland in the Hunter Valley and Honeysuckle Point offered Newcastle a dominant role in the Hunter region. In March of that year, the Honeysuckle Point railway station adjacent to the harbour was opened. “The Honeysuckle Goods Yard became the focus for warehousing, locomotive construction and maintenance, whilst operating as a functioning railway station” (Stevenson D M 1993, p. 129). By 1901 the inner city coal seam had expired, leading to closure of pits and the eventual dormancy of the associated villages. The government announced in 1913 the development of the state dockyard at Carrington and a permit for BHP’s steelworks at Port Waratah which led to a new industrial era just before the first world war. By 1919, Newcastle changed from a declining coal town to a new economy, including manufacturing, a coal port and heavy industry (The City of Newcastle 2014).

Over the twentieth century the rail goods yard operations along the Honeysuckle foreshore were scaled down, ending in 1987 with an application by the State Rail Authority to Newcastle City Council to have the 12 hectare site rezoned for commercial use (Stevenson D M 1993). Remnants of the era remain in buildings such as the Locomotive Machine shop, The Blacksmith’s Shop, Wheel Shop and The Boiler Shop built in the late nineteenth century and now listed with the National Trust (Hunter Development Corporation 2012).

With the closing of BHP’s steelworks in 1999, the city changed from a heavy industry base to the diversified economy that exists today. During the 1990s and 2000s the Honeysuckle waterfront was revitalised whilst the CBD which had been in decline as a commercial hub since the 1970s, was the subject of a new recreational and residential emphasis (The City of Newcastle 2014).

The period from 1970 to 2010 saw the decline of the old port functions along the Honeysuckle rail yards but local and national catalysts led to the eventual proliferation of buildings in the precinct. These catalysts included a change in national economic

emphasis in the early 1980s to a ‘place-based’ policy, a declining CBD in the mid-1980s, the rezoning of the Honeysuckle lands in 1987 and the opening of the Bicentennial Newcastle Foreshore adjacent to the CBD in 1988. The advent of the BBC programme in 1992 and its instruments ‘The Scheme’ and ‘Concept Master Plan’ in 1993, provided the mandate for a new State-controlled development body to bring what was likened (at the time) to a festival marketplace in the image of Sydney’s Darling Harbour. This section describes each of these events and catalysts as a precursor to the historical analysis later in this chapter.

The late 1970s to 1980s: A Declining CBD –Newcastle Council takes action

By the late 1970s the decline in the Newcastle CBD was seen as precipitating inefficiencies in transport, work/travel patterns, existing infrastructure and transport systems. A report to council in 1979, which included input from the NSW Planning and Environment Commission, documented these issues and precipitated change (Hunter Development Corporation 2009) By 1987, after the release of the 1986 census data another report to Council by the Planning Services Division reiterated the continuing decline of the CBD and called on the government to instigate housing strategies including development controls and coordinated planning (Hunter Development Corporation 2009) as rejuvenation strategies. These woes fortunately coincided with the advent of the Hawke-Keating government’s national initiatives around trade and economic efficiency.

The 1980s: A Shift to a Place-Based National Economic Policy

In the 1980s there was a change in national economic policy from a top-down, non-localised emphasis to a regional ‘place based’ initiative which then grew into the national building initiatives of the BBC programme in the 1990s. With the deregulation of the Australian dollar and reduction of barriers to trade and international investment by the Hawke-Keating government, Australia addressed inefficiencies and opened itself up to global economic competition. The ‘inefficiency’ debate extended into discussion of urban change and cities. After initial resistance to an emphasis on spatial policies, urban consolidation was adopted as a means of economically catering for population growth versus the traditional Australian urban sprawl. The removal of trade protections

also brought pressure on the regional cities like Newcastle that relied on exports.. (Hunter Development Corporation 2012, p. 6,7).

1987: Honeysuckle Lands Rezoned

A pivotal event in the renewal of Newcastle with its declining CBD and its dormant rail yards occurred in 1987 when the State Rail Authority applied to the Newcastle City Council for the twelve hectare Honeysuckle site to be rezoned from a railway to a commercial use (Stevenson 1993). Following this, a Newcastle CBD Business Plan prepared by external consultants was tabled in May 1988 and was the outcome of partial input from the commercial interests in the city (Stevenson 1993). This event, together with the 1987 Planning Services Division report was to be a catalyst for a further six years of work that led to the eventual concept and scheme in 1993 for the development of the Honeysuckle Rail Good Yards by local and state governments (Webster 1993).

1988: The Bicentennial Opening of the CBD to the Foreshore

Australia enjoyed a bicentennial celebration in 1988 which saw numerous projects, of which one was the Bicentennial Newcastle Foreshore project which provided a connection between the city and the harbour.

This provided another catalyst for the extension of the foreshore promenade into the Honeysuckle rail lands which stretched a further three kilometres west along the river foreshore (Hunter Development Corporation 2009).

1988-1991: The Concept Master Plan

In 1988 the New South Wales government provided \$AUD 2 million for funding the investigations and consultations that would result in the eventual concept master plan and 'Scheme' for the Honeysuckle rail lands. The Property Services Group which reported to the Minister for Planning led the investigations with the support of the Newcastle City Council (Hunter Development Corporation 2012).



Figure 10.5: The Honeydew Foreshores and Newcastle Port (Hunter Development Corporation 2009))

The project provided hope that the inner city could be regenerated with retail, office and eventually residential development (Hunter Development Corporation 2012). The Honeydew site officially became retargeted for integrated development with the advent in March 1990 of the Newcastle CBD Transport And Development Study by Travers Morgan (Stevenson 1993). The report included potential provision for leisure, retail, restaurants, office, entertainment, recreation and tourism facilities as well as an optimum site for a second city department store (which did not eventuate) (Stevenson 1993). In the process of implementing the report, further excess land was identified which was owned by the State Rail Authority and Maritime Services Board. This brought the potential size of the Honeydew development site from the original 12 hectares, up to 65 hectares along three kilometres of harbour foreshore (The City of Newcastle 2014). This made the total site bigger than Sydney's Darling Harbour at 54 hectares (Stevenson 1993).

The Honeysuckle Development Advisory Board

An advisory board was established in December 1990 by the Minister for State Development and consisted of seven members including the Mayor, the Secretary of the Newcastle Trades and Labour Council, the Managing Director of the Property Services Group and representatives from commerce and industry (Stevenson DM 1993). Their role was to oversee the concept planning to ensure that local, community and business interests were considered (Webster 1993, p. 3).

There were however impediments to immediate implementation including the need for land consolidation and remediation, assessment of the actual suitability of the land for higher density development and adaptation of heritage buildings (Hunter Development Corporation 2009).

Vignette 10.1 The Newcastle CBD: a state of decline 1991

“In 1991, when the Honeysuckle Concept Master Plan was developed and adopted by the New South Wales Government and Newcastle City Council, the Newcastle CBD and inner suburbs had suffered two decades of decline, population loss, physical degradation and sustained job losses. Jobs and people were increasingly moving to the suburbs. Regional retail complexes had caused the demise of the CBD’s retail sector. Many of its heritage buildings were falling into disrepair; the former rail yards lay abandoned, unkempt and contaminated.

Much of the city was cut off from the harbour and the impact of heavy vehicles around the southern side of the port created tension and traffic. The harbour was the sole domain of industry and shipping. Cottage and Throsby Creeks were little more than polluted channels. Empty wool stores lined the bank of Throsby Creek. unemployment exceeded the NSW average and the employment base was dominated by secondary industry jobs, which were facing global and technological challenges” (Hunter Development Corporation 2009, p. 6).

The early 1990s was a flat economic era in the wake of the excesses of the 1980s and it was also clear that the market did not have much interest in large scale investment in Newcastle. It was also the case that projects would not be feasible without considerable government investment in planning, site preparation and infrastructure (Hunter Development Corporation 2009).

On 18 October 1991 the Honeysuckle Concept Master Plan was officially launched as the culmination of extensive research and planning undertaken by the Property Services Group (PSG) under the direction of Honeysuckle Development Advisory Board (HDAB) in coordination with Newcastle City Council (Webster R 1993, p.1). Not all saw the concept as favourable; they saw the “familiar barren landscape of the Honeysuckle site transformed by the magic of illusion into a festival marketplace development of enterprise, entertainment and high cost living.” (Stevenson 1993, p. 141). A public promotional brochure; *Honeysuckle, Newcastle: A Partnership for the Future* (Property Services Group, 1991) was distributed to bring the concept to life (Stevenson 1993, p. 147). Figure 10.6 below shows the Concept Master Plan and its seven precincts.



Figure 10.6: Concept Master Plan 1993 (HDC Website 2003)

1992: The Building Better Cities Programme

The Concept Master Plan provided a basis for the NSW government to apply to the Federal Government’s *Building Better Cities* Programme for funding (Hunter Development Corporation 2009). The BBC had its genesis with a special Premier’s

Conference held in July 1991. The federal and local governments collaborated on a programme focusing on improved urban development processes and lifestyles.

Vignette 10.2 The BBC Programme 1991

The *Building Better Cities* programme was first funded in the 1991–92 Commonwealth budget. The overall purpose of the programme was ‘to promote improvements in the efficiency, equity and sustainability of Australian cities and to increase their capacity to meet the following objectives: -economic growth, micro-economic reform; improved social justice; institutional reform; ecologically sustainable development; improved urban environments and more liveable cities’.

The Commonwealth Government agreed to provide up to \$AUD 816.4 million from December 1991 to June 1996 to meet these objectives. The programme operated through formal agreements with individual state and territory governments, and targeted 26 distinct areas throughout Australia. (Hunter Development Corporation 2012)

The Honeysuckle Development Advisory Board (HDAB) became the Honeysuckle Development Corporation (HDC) on 29 May, 1992. The membership included all the members of the HDAB and several new representatives from PSG (Stevenson 1993). In preparation for an agreement for funding from the Federal Government, the NSW government established HDC under the *Growth Centres (Development Corporations) Act 1974* (Hunter Development Corporation 2009). During that year HDC secured \$AUD100 million of *Building Better Cities* funding (Hunter Development Corporation 2009). The \$AUD 100 million allocated under the BBC funding was made up of \$71 million from the Federal Government and \$29 from the State Government based on a four year period 1992/93 to 1996/97 (Hunter Development Corporation 2009, p.8). However it actually took over a decade to see any significant private development on the Honeysuckle Foreshore.

1993: The Scheme and The Honeysuckle Development Corporation

The Honeysuckle Development Corporation was empowered to set aside land in a nominated growth centre (called Honeysuckle) to “promote, coordinate, manage and secure the orderly and economic development of the area” (Hunter Development Corporation 2012, p. 10). Its powers were extensive and included:

manage and survey land vested in it; demolish buildings within or adjoining the growth centre they possessed; locate or relocate utility services; set apart land as sites for building works, charitable or municipal purposes; subdivide the land; construct roads; erect, alter, repair and renovate buildings; and improve the land so it would be fit to be used.

(Hunter Development Corporation 2012, p. 10,11)

The NSW State Government's property asset management organisation, the Property Services Group (PSG), was the office of the State Government in charge of the Honeysuckle Development (Stevenson 1993). The instrument through which the PSG and HDC were empowered at state level to implement the development was called 'The Scheme'. The Scheme outlined the mission, project philosophy, objectives, planning principles and steps to implement the Honeysuckle project, and was mandated by the Minister for Planning, Robert Webster (Hunter Development Corporation 2012). The PSG were responsible for the ongoing implementation including release of land for sale for development (Stevenson 1993).

In March 1993, the Minister for Planning formally authorised the Board to implement *The Scheme* under the *Growth Centres Act*. Together with the Area Strategy this empowered the HDC to implement the masterplan (Hunter Development Corporation 2009, p. 9)

The HDC will not be the developer but act as the catalyst and co-ordinate the provision of up-front infrastructure. The planning, management, financing and benefits of the Project are considered to be a shared responsibility and a partnership between all three levels of Government, the private sector and the local community

(Webster 1993, p. 4)

Planning was undertaken within the existing environmental and development control legislation including compliance with the *Environmental Planning and Assessment Act 1979* and the *Local Government Act* and with the necessary community consultation (Webster 1993).

The Cinderella City

Despite the power of the PSG, HDAB and HDC and the proffered manifestations through international imagery, the coal and industrial legacy of the town itself lingered (psychologically, despite its multi-sectors), and in a feature article for the local daily broadsheet newspaper The Newcastle Herald, journalist Terry Smyth (1991, p.16) used the phrase "the Cinderella City" to describe the plight, or at least the perceived plight, of

Newcastle at this time. “Newcastle has a chip on its shoulder... a legacy of decades of hard knocks and of being labelled a dirty coal town”. He further suggested that the city “desperately wants to be noticed. Not as a mill town... and certainly not as a quaint backwater, but as a city with distinct lifestyles, problems, resources, advantages and dreams... A city with a soul” (Stevenson 1999, p.108).

Vignette 10.3 The Honeysuckle Dream (1992)

The Honeysuckle Project provided the hope that the CBD could begin to attract retail and office developments lost over decades; that the inner city could be rebranded as an attractive and vibrant residential alternative; that the harbour could become a place for people as well as industry; that improved public transport could open the city to both the harbour and to the potential of relocated public and private sector employment; that the combination of access, affordability, harbour views and heritage buildings might be enough to attract investment and people back to the CBD. (Hunter Development Corporation 2009)

It was out of this history and legacy that Honeysuckle was conceived. The problem and challenge lay in the fact that whilst Townsville proudly created its new precincts with a City Plan and a local and national development community, Newcastle’s vision for Honeysuckle was to be steered and some would say implanted by a State Development Body which manifested the new precinct from world examples rather than from local vision and soul which did not go unnoticed by other commentators.

I suggest that some notion of the existence of an imagined 'mythical' city (in this case a 'great port city') underscored the acceptance by residents of a plan to redevelop the abandoned waterfront of the deindustrialising regional city into a festival marketplace reminiscent of Darling Harbour in Sydney, Quincy Markets in Boston, and Harbour Place in Baltimore. This process of endorsing the 'global' did not involve any consideration of the connection between the proposal and local cultural heritage and identity (beyond a manipulation of local inferiority complexes), nor was there any 'space' for a discussion of how local cultures might be nurtured through the act of reimagining.

(Stevenson 1999, p. 105-109)

The story of Honeysuckle through such a lens is the one of manipulation by a State Body through the use of imagery with cityscapes across the world. Honeysuckle’s vision was drawn from international examples with questionable local collaboration. The undercurrent of distrust for this process however was evident early in the genesis of the *Building Better Cities* programme and its initial instigation through *The Scheme* and

a *Concept Master Plan* in 1992. Honeysuckle wallowed for a decade in an air of distrust and an atmosphere of perceived political inertia. The next section illustrates how the precinct was developed under the *Concept Master Plan* and *The Scheme*. Key events and catalysts including seed capital and flagship developments, developer inertia then engagement, public distrust and a cityscape which literally refused to lose its dormancy, were all themes that gave Honeysuckle its own distinct series of proliferation events.

1992 to 1996: Unsettled Beginnings: Honeysuckle: The Infrastructure Project Funded by the BBC

This chapter so far has dealt with the periods of change, associated events and catalysts leading up to the inception of Honeysuckle manifested in a *Concept Master Plan* in 1991 and its mandate through *The Scheme* in 1993. Here, the development response to this Master Plan is reviewed through the successive land parcels and projects that were released for public tender by the Honeysuckle Development Corporation. Although the precinct was led by a State run development body (HDC), it was not immune to the inertial nature of cityscapes which are trying to emerge from one era (port rail yards) to another (festival marketplace) and which found itself with a decade (1990s) where there was little to show for the extensive public seed capital that had been injected. As a result the precinct has a distinct political nature: a state empowered development body with the weight of the federal BBC initiative behind it, becoming the subject of intense scrutiny even from its earlier years as a body that could not get Honeysuckle to come out of the ground for a whole decade, despite all its power and funding. The city and its politics raged around the seemingly impotent public developer during the earlier years, leading to dispirited employees and removed leaders. The complex face of public and private development was displayed for all to see in the local media accounts. “Generally concerns centred on whether Honeysuckle was just to be an income-maximising exercise for the NSW Government, and open slather for developers to come in and do whatever they wanted” (Ryan-Clark 1991 p. 16).

Guided by the new *Concept Master Plan*, and with a four year funding horizon provided by the BBC, HDC was faced with 65 hectares of abandoned rail yards in varying states of dilapidation and disuse owned by two major government agencies (Port Corp and Rail Corp) and several other minor agencies. The maritime parcel which was situated in the centre area of the precinct was subject to extreme costs due to sea wall remediation,

which had not been anticipated. Other works included roads, construction of Carrington Bridge (1993), creek dredging (1995) and the main vehicle artery, Honeysuckle Drive (1992-1995) (Hunter Development Corporation 2009, p.14; Interviewee no 30 2013).

The public lands were subject to compulsory acquisition by HDC under the scheme which virtually left the whole precinct as one consolidated lot which then required subdivision for land release purposes (Interviewee no. 26 2013). This in turn required a multi-faceted understanding of real estate market and urban criteria, skills which were not held within the initial project team. HDC championed on under the Master Plan and created a Development Control Plan with Council which was the planning authority in this era (Interviewee no 30 2013). During this period, the prior industrial use zoning from the port era was changed and broken down into parcels which restricted the ability to tailor the end use of the parcel (Interviewee no. 30 2013).

The First Land Release: Carrington Precinct - Mirvac's Honeysuckle Grove Development.

Under continuing pressure to show some results through this period, HDC issued its first land release at the western-most end of the scheme in the Carrington Precinct, including land requiring considerable decontamination (Interviewee no 30 2013). The parcel was sold to Mirvac (1996) who worked to a pre-agreed sale price point of (approximately \$AUD 125,000 per dwelling) which led to what is now known as Honeysuckle Grove. This development was seen as a lower quality development than originally envisaged for the Honeysuckle Precinct (Interviewee no. 25 2013) (Interviewee no 30, 2013). Mirvac rolled out a planned 150 dwellings in 3 stages and an actual 93 residences from 1994 to 1997 (Interviewee no. 30 2013).

The Second Land Release: Linwood Precinct

During this period, across the creek from the Mirvac development, a second land release was being prepared in the Linwood Precinct. The remediation works included realignment of the local Hannell Street (1994), and the landscaping and gateway treatment of the Elizabeth Bridge in the same period (Interviewee no. 30 2013).

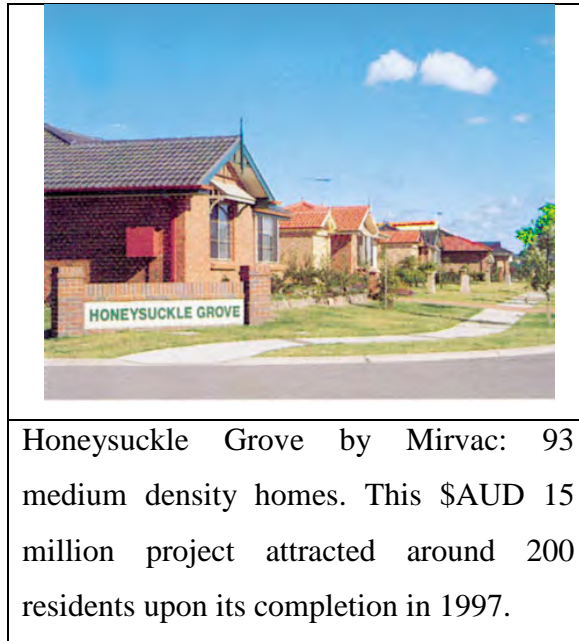


Figure 10.7 : Honeysuckle Grove Development 1997 (HDC Website 2003)

Early Sparks and Catalysts

In parallel with these releases a private developer capitalised on the Carrington remediation and launched a more upmarket residential scheme alongside Honeysuckle Grove outside the bounds of the HDC lands. Called Kennedy Cove, it is believed that the developer went broke, however, this was the first sign and signal that the land itself, which had not been viewed by the local development community as having much value, was now the subject of free market speculative development (Interviewee No. 26 2013). Similarly, residents who bought the Honeysuckle Grove residences held them and sold profitably at a later stage. The situation of allowing land releases to be arbitrated in this manner was not envisaged by the initial team; it was quite clear that new expertise was needed to lead the project into the complexities of market forces, urban planning and public lobby.

During this period, HDC spent \$AUD 115 million by 1996 and leveraged \$AUD 27 million in private sector investment. Despite these achievements, in the eyes of the city and its lobby groups there was little to show for the money. By some accounts, by 1996 the atmosphere was starting to become toxic in the HDC team and with the project itself.

1996 to 1999: Reality Settles In: BBC Funding Ends: The Sales and Marketing Organisation

From 1996 the HDC was no longer funded from government monies and had to fund its own existence. This was seen as an acute period as the team had originated more as an infrastructure group and by some accounts did not have either the requisite mandate or skills to determine their own funding model (Interviewee no. 30 2013; Interviewee no 26, 2013). The period from 1996 to 1998 shifted HDCs thinking to become a land release based sales and marketing organisation (Interviewee no. 30 2013).

Pressure and More Sparks

Under this funding pressure HDC released further land at the western end of the scheme to locals who saw the opportunity to arbitrage the early Honeysuckle land parcels and bought some of the earlier releases to hold for later on-sale (Interviewee no. 25 2013). This was a valuable lesson for the team as these wily local business people showed not only how to exploit the Honeysuckle lands but to show the land's speculative worth (Interviewee no. 25 2013). It also taught HDC that if it wanted to achieve its vital and visionary dream of inner city living in high quality residences, that it would have to control how the land was released as well as partially prescribe the desired outcomes to the market-driven developers. Another important control would also be added in the form of a 'buy back' clause which specified that if the land was released and not developed, that it would be bought back at a discount.

During this stressful period new skills were needed and a new team formed, partially drawn from commercial practice. The new management was drawn from corporate property development -both residential and commercial sectors (Angus Dawson in 1998 and Bob Hawes in 1999). They also had another essential ingredient, local knowledge (Interviewee no.25 2013).

Prior to their arrival, significant work had been done on remediation and consolidation, but there were structural issues in how valuation of the land was dealt with (Interviewee no. 25 2013). It was the practice until then to 'capitalise' the cost of remediation and planning into the individual land parcels. The land price target would then be determined (Interviewee no. 25 2013). It was also the practice for the team to

preconceive concepts on the individual parcels and obtain Development Approvals prior to land release (Interviewee no. 25 2013).

Instead of this, a new protocol was instigated. The land was valued on a market-based residual analysis which works back from the revenue, deducting the cost of development and then determining the real land value. A private treaty arrangement for the sale of the land would be determined with a bid process that was checked and mandated by independent scrutiny. Internal HDC designs (and DAs) were replaced by an outcomes-based document which established prescriptively the requirements for the development of the land parcel and a buy-back clause invoked to enforce the implementation of the agreed concept (Interviewee no. 25 2013).

A Major Catalyst: The Crowne Plaza Project and the Southerner, Becton

As part of the overall Master Plan, a hotel was envisaged in the HDC land. After an external consultant report the site in the middle zone of the Honeysuckle precinct was chosen.

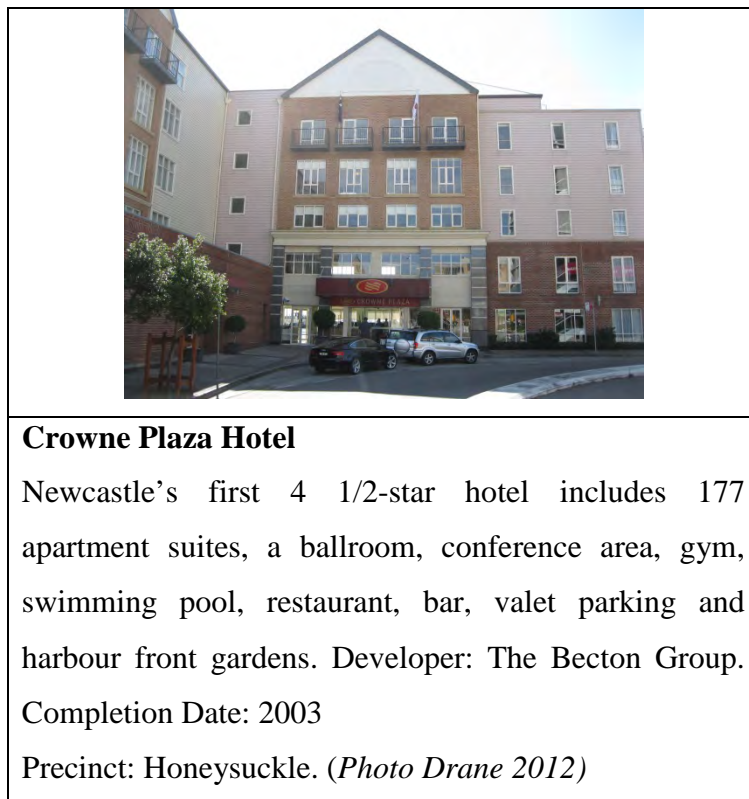


Figure 10.8 : Crowne Plaza Development 2003 (HDC Webstie 2003)

After little local interest and an unsuccessful attempt to precipitate a deal with a national group, a new tender was released and won by a renowned Melbourne developer and operator, Becton.

The condition was that the adjacent residential site also be developed which became part of the negotiation. By the time the projects were finished (in 2003) the apartments would sell for \$AUD 750,000. This was a far cry from the Honeysuckle Grove target sale price of \$AUD 125,000 in 1997 (Interviewee no. 25 2013).

This was a critical event; a major national development group had leaped over Sydney and placed their faith in the investment of what was once an abandoned rail yard and was still the emerging Honeysuckle Lands. The mood is captured in the vignette below.

Vignette 10.4 The Locals Stay Away

This isn't Keith Stronach, a third generation master builder in Newcastle, this isn't Geoff McLoy, this isn't Richard Owens...this is Becton and they have gone over the top of Sydney...Suddenly ... started getting phone calls from Australand, Lend Lease... "can we come up and talk to you?"... they want to know what's next... did we miss something...what is Becton doing here?" (Interviewee no. 25 2013)

Here was a signal and lesson to the local market in no uncertain terms. The apparently 'commercially infertile lands' of the old rail yards were now a major national asset, and the concept of inner city living, which was still being tested by the local market was being demonstrated in full colour and panoply and by an outside developer.

The Cinderella city was alive and well up to now but it would not remain so for long. Despite its earlier inertia, HDC now held the vision for a world standard development which up to now the locals did not think was possible (Interviewee no. 25 2013). This was all to change as the new products filtered into the real estate agencies, who prior to this, could not advise on products that were not previously tested or that had not had significant market evidence.

But it is too much to attribute this turn of events solely to Honeysuckle, for another nearby precinct had been gestating inner city living apartments since 1990 in the east

end of the semi-dormant CBD. A range of new developments would materialise parallel with the Honeysuckle projects, nearby (see Figure 10.2) (Interviewee no. 26 2013).

As these parallel developments came to life so did a merging of events occurring between 1998 and 2002. A new Master Plan was created which would reinforce the new vision while HDC became the public communication vehicle for the next era (Interviewee no. 25 2013).

In 1999 BHP closed its facility and despite national talk of a related demise in Newcastle, the coal city saw that it had already absorbed its past events. Instead of doom, the closure was seen to herald a decade of economic and social change from a heavily industrialised base to a more diversified economy dominated by the healthcare, services and education sectors (The City of Newcastle 2014).

During this period, HDC had founded a new strategy, achieved a major goal and in 1999 the Minister took the consent authority away from the local council (for all precincts except Linwood and Hunter) (State Library HDC Web 2003). The Honeysuckle project was now fully empowered (Interviewee no. 30 2013). Furthermore the economy was changing in late 1990, the Sydney Olympics was near and the dotcom bubble was just around the corner (Interviewee no 26 2013). The next era, from **up** to 2002 would precipitate the proliferation of new developments in Honeysuckle and a rapidly escalating sales rate (Interviewee no. 26 2013).

1999 to 2003: A New Model: A Land Release Project - Commercial funding through land release

Buoyed by the positive social and economic climate of the Sydney Olympic Games year, and empowered with a new business model for both land release and engagement with the development world and a new conceptual plan, HDC was well positioned for the future. The Linwood project was conceived and released along with the Mariner project (see Figure below) (Interviewee no. 30 2013).

	
<p>Linwood Stage 1 <u>70 Apartments</u> Developer: Task Developments, Huxley Homes, The Kingston Group and Wincrest Homes Completion Date: 2002 Precinct: Linwood <i>(Photo HDC Web Site 2003)</i></p>	<p>Fishermen's Cooperative Home to NSW Fisheries and NSW Centre for Seafood, Fisheries and Maritime Studies and Mangrove Jacks Seafood takeaway/restaurant. Completion Date: 2002 Precinct: Marina <i>(Photo HDC Web Site 2003)</i></p>

Figure 10.9 : Linwood and Fisherman's Co-op Development 2002 (HDC Website 2003)

Across the city, people were starting to gain confidence in Newcastle and its suitability for inner city living. After all, if you were living in the city, you could walk to the beach in five minutes, sit in a café and eat in fine establishments. Shop-top living had been reintroduced along with the sweeping high rise apartment schemes that laced the shorelines of the main beach of Newcastle. By its endorsement of this form of living, not only was Newcastle gaining confidence in its CBD once again but it was valuing the heritage of buildings that in some cases had been left derelict. All this played out in parallel with the Honeysuckle processes and in these manifestations, Honeysuckle's physical built form took shape (Interviewee no. 28 2013).

HDC had also found its feet, balance and wisdom. At the marketing end it had divided its activities into depiction and communication. The depiction was achieved by use of the imagery of the master plan along with its implementation (later in 2003/4) in community forums and what were termed 'live sites'. This involved the release of new precinct areas to the public through use of the area for artistic demonstrations and public gatherings. The once unknown, dust-ridden zones of the old rail yard were now brought

to life through individual example by celebrating a newly created space such as the Harbour Square fountain with its interactive water themes.


At the sales end, sites were released consecutively and were fully established with the developer before release of the next site. This aspect was of great importance, to ensure that every parcel was consolidated as a new building and that any surrounding parcels were clearly specified for use. After all, a developer does not like to develop one site whilst not knowing what is on the site alongside (Interviewee no. 26 2013).





The public record showed that by 2002 which marked the first 10 years of the project, government invested some \$AUD 174.9 million leveraging another \$AUD 162.4 million in private sector investment (Hunter Development Corporation 2009, p. 4) This included not only the land releases, but infrastructure and a range of enhancements that were for community benefit (State Library HDC Web 2003).

The stage was now set for the actual development of buildings. The 1990s decade of infrastructure, master planning, inertia, political tension and ‘naysaying’ was now behind HDC and with a buoyant economic climate leading up to what was seen as a market window in 2006, HDC started to realise developments and the dream of a new waterfront offering for Novocastrians and the world. The scale of the realisation, even to the HDC team was dramatic, in the period leading up to the GFC.

2003 to 2008: Heyday: Proliferations

It is almost surreal to observe the rate of proliferation of buildings that occurred in the period from 2003 to 2008 in the Honeysuckle precinct. During this period - 2006 to 2008 - several projects were developed (Figure 10.10).

 <p>Breakwater Apartments</p>	<p>43 Apartments</p> <p>Developer: The Becton Group</p> <p>Completion Date: 2002</p> <p>Precinct: Honeysuckle</p> <p><i>(Photo Drane 2012)</i></p>
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	<p>10,000 square metres of commercial office space.</p> <p>Developer: The Buildev Group Completion Date: 2003 Precinct: Cottage Creek <i>(Photo Drane 2012)</i></p>
	<p>3-star Hotel accommodation.</p> <p>Developer: Accor Asia Pacific Pty Ltd Completion Date: (Completed) Precinct: Hunter Street <i>(Photo HDC Website 2003)</i></p>
	<p>33 apartments cafés, restaurants, offices.</p> <p>Includes Harbour Square and the Foreshore Promenade. Developer: The Stronach Group Completion Date: 2003 Precinct: Honeysuckle <i>(Photo Drane 2012)</i></p>
	<p>60 apartments.</p> <p>Developer: Task Developments Completion Date: 2003 Precinct: Hunter Street <i>(Photo HDC Website 2003)</i></p>

 <p>Mariner Apartments</p>	<p>42 Residences, in 36 apartments and 6 townhouses.</p> <p>Developer: The Kingston Group Completion Date: 2003 Precinct: Marina</p> <p>Note this development not completed on the original allocated site. <i>(Photo HDC Website 2003)</i></p>
 <p>Regatta Quays Apartments</p>	<p>86 Townhouses and Apartments.</p> <p>Developer: The Kingston Group Completion Date: 2004 Precinct: Linwood</p> <p><i>(Photo Google Maps 2014)</i></p>
 <p>Lee Wharf</p>	<p>385 Apartments</p> <p>Lifestyle retail, café and restaurants, convenience retail, commerce, art and cultural entertainment, serviced apartments, residential apartments, commercial offices.</p> <p>Developer: Stronach Developments <i>(Photo Drane 2012)</i></p>

Figure 10.10: Developments 2003 to 2008 (HDC Website 2003)

Figure 10.10 shows the range and intensity of these developments which extended across commercial, retail, residential and hospitality sectors as well as the range of developers involved in the various projects. The scale and diversity of these offerings across various sectors of property development, is a ‘heady thing’ to observe, and especially after such a period of inertia through the 1990s. This inertia followed by mass proliferation after the empowerment of a state development body, supports the key aspect of the Model, in the notion of windows of alignment. Other aspects of the Model are brought clearly into focus, from the way the land was consolidated and parcelled, the way it was released in a prescriptive manner, the initial dynamics of the local

property developers and the way the precinct was manifested across public and private sectors. The next section places these elements in context in the form of an historical analysis.

10.3 Honeysuckle Precinct Historical Analysis 1970 to 2008: The Model in Action

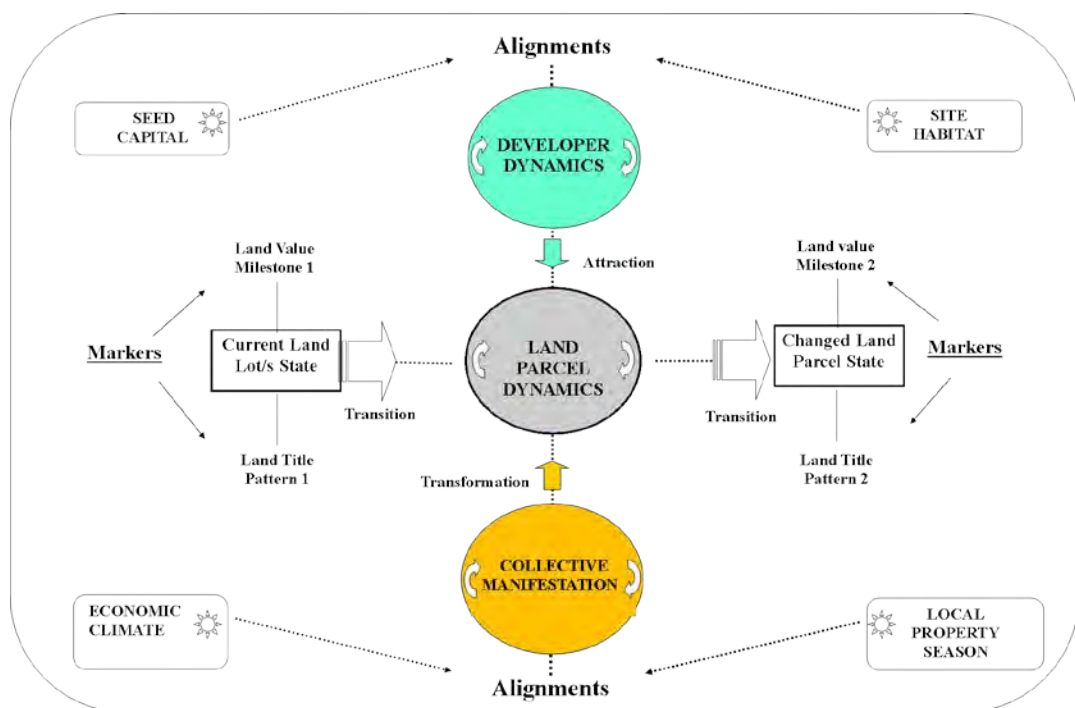
The historical depiction of the renewal of the Honeysuckle Rail Yards illustrates a longitudinal ‘island’, public land parcel which is land-locked between a rail line and a river used for port functions. Like the Railway precinct it existed in a state of public operation separate from the dynamics of the adjacent city, its lobby groups and its precincts. Its dormancy was sealed behind wire fences and in the historic mindsets of its traditional uses. Similar to the Railway precinct, it sat in waiting for decades, while the property development mechanism moved and changed the city around it. Then with the flick of a switch, with the advent of the BBC, the city and the mechanism was suddenly availed of a large redundant, un-remediated, un-enhanced, publically owned, 65 hectare longitudinal land parcel.

The machinations that ensued toward transforming this parcel into a vibrant waterfront included the creation of a *Concept Master Plan* and a State controlled development body in the form of HDC. Despite the associated injection of \$AUD 100 million of funds into the precinct, it remained resistant to change and took five years to seed its first development (Honeysuckle Grove) and a decade to see the first real signs of proliferation (in 2002), with a ‘big bang’ occurring in spectacular form from 2003 to 2008. Of these, some of the final developments fell into the precipice of the GFC.

It is easy to assume that the switch was turned on for Honeysuckle in 1992 with the BBC stimulus, however many factors and events were to provide catalysts in the lead up to, and parallel with, its transformation. There were structural changes in Newcastle’s economy which had already let go of its steel past and was well on the way to being a self-assured multi-sector, regional city. The loss of commercial and retail uses from the CBD focused the city on its inner city adaptive residential use. This then saw the resultant repositioning of prestige commercial and residential uses in Honeysuckle’s foreshore. A key catalyst also occurred in the 1988 Bicentennial project which opened the city to the foreshore and put Novocastrians in a water front park and walkway which opened their vista to an exciting, imposing port, previously seen as only industrial and

closed to the public. These events are charted in a timeline below, which begins in 1970. It starts there because since 1857 the precinct was under rail goods yard operation which could predominantly only be viewed by the public through tall wire fences over much of the twentieth century. The built envelope was predominantly low level workshops, bond stores and rail-related buildings.

The timeline charts these events, the redundancy, the steel works closure, the decline of the CBD, the advent of inner city residential, the foreshore project and then the key catalyst events within the precinct. The timeline has been designed to allow for the analysis of the precinct, based on the key elements of the Model – land parcel dynamics, developer dynamics, collective manifestations, alignments including economic climate, local season, site habitat and seed capital. These are exemplified below in Figure 10.11; the subheadings follow these elements.



Model 1: Land Parcel Transition Model



Model 2: Land Transition Chain

Figure 10.11: The Model (Drane 2012)

Land Parcel Dynamics

Given the lack of prior relationship between the land and the city's property market, then its sudden division into marketable parcels that sat within a disconnected waste land, the take-up of such parcels was slow or even tortuous.

Parallel with consolidation of the whole 65 hectare parcel, the land was divided into seven precincts which had broad conceptual uses allocated to them; the land was still not subdivided at this stage.

The ongoing choice of parcel release thereafter became strategic, since the early participants in the parcels (both land and finished residence) traded and arbitrated these offerings. The quality of outcomes were therefore not consistent with the concepts envisaged, nor the optimisation of the yield from the land release for HDC.

An example of the further release of strategic parcels included the Crowne Plaza hotel and associated residences. This brought people to the precinct from the community and from interstate, and breathed life into the precinct.

The further parcel releases were considered and staged to match market take up and developers were required to build to an outcome, both commercial and conceptual for fear of the buy-back clause. Land transitions from raw state through consolidation, subdivision and release were handled by HDC, whilst the ongoing Development Approval, pre-commitment and construction were undertaken by the respective developers. The DA was a pre-condition of the land release, meaning that the land could be forfeited should no DA be awarded.

These sites did not change hands between transition nodes. Figure 10.13 (timeline) shows the Honeysuckle Precinct developments, as well as events in adjacent precincts and their relative influences. Land parcel dynamics extend beyond specific land consolidations but include the way in which adjacent precincts and their level of development and improvement influence the uses of land parcels in other precincts.

Developer Dynamics

In the Honeysuckle Precinct, there was an overriding development body which was responsible for land consolidation and release to a diverse mix of developers who undertook these developments and engaged the various land parcels at different

transition phases. The developers included national and local groups and varied in their levels of intellectual and financial capital.

**SOCIAL OUTCOME
SUCCESS STORIES**

Location	Development	Units	Residents (est)
Carrington	Honeysuckle Grove	93	242
Linwood	Regatta Quays	86	224
	Linwood stage 1	70	182
	Linwood stage 2	70	182
	Linwood Shores	81	211
Marina	Mariner Apartments	42	109
Honeysuckle	Breakwater Apartments	43	112
	The Boardwalk	33	86
	Lee Wharf 1 3	216	562
Hunter Street	The Cove Apartments	60	156
	Bellevue Apartments	31	81
Wickham	Wickham School	22 (single)	22
	Wickham School Stage 2	18	47
	Wickham School Stage 3	28	73
Total 2012		893	2,289

Figure 10.12: Developments 1993 to 2012 (Hunter Development Corporation 2012)

One of the most noticeable dynamics involves the earlier rejection by locals towards the Honeysuckle precinct, which then saw an almost cathartic conversion after the entry of national group Becton.

As a developer in its own right, HDC adapted from being an infrastructure group to a sales and marketing corporation vested with land conceptualisation and release to a broader development world. Over time they imported the necessary skills and used local knowledge of the marketplace to create an adaptive market release of apartments based on market signals and conceptual principles.

The foundation of the Model and its typology recognises that in one direction developers are marked by their predilection to trade a particular node in the land transition chain (consolidation, rezoning, scheme approval) (Figure 10.12). Here HDC

monopolised all the transition nodes from raw state to subdivision then handed over for the latter transition nodes from DA up to retitled property.

Collective Manifestations

In the Honeysuckle precinct, the establishment of a *Concept Master Plan* by a State run development body created a formidable instrument of influence and change for the cityscape. Comparing this to normal local planning by councils who are under-funded for such projects, we see both the power of the manifestation system as well as its ability to bypass local interests and those protected through council processes. In this case Council remained the planning and consent authority until 1999 when the Minister for Planning deemed the process to be under state control for most of the precincts.

The community manifestation for the Honeysuckle Port Lands was tentative and a product of the city's Cinderella image and attitude. The vision for the precinct therefore lay with the empowered development body with significant public seed funds. Of interest is the fact that even with all this empowerment, the precinct still took the better part of a decade to proliferate development.

Seed Capital and Site Habitat

In the Honeysuckle lands, public seed capital was seen as substantial initially, however as time went by the discovery period unfolded the vagaries and latent conditions left behind by the previous government agencies. In this harsh light, the level of seeding was largely inadequate for the purpose of remediation and rejuvenation of infrastructure. In turn this was a deterrent to the stimulation of development interests in the earlier years. The public domain improvements were often restricted to a particular land parcel awaiting the funding from the successful land offerer. This did not make for integrated improvement of the overall land parcel as a precursor to successive development within the overall parcel. It is one thing to look at a pictorial depiction of the end result of improvement but it is another entirely to commit millions of dollars to a project in light only of such depiction. Site habitat in terms of actual improvements was patchy and even when the earlier developments were being constructed, much of the precinct held the remnants of its old port past.

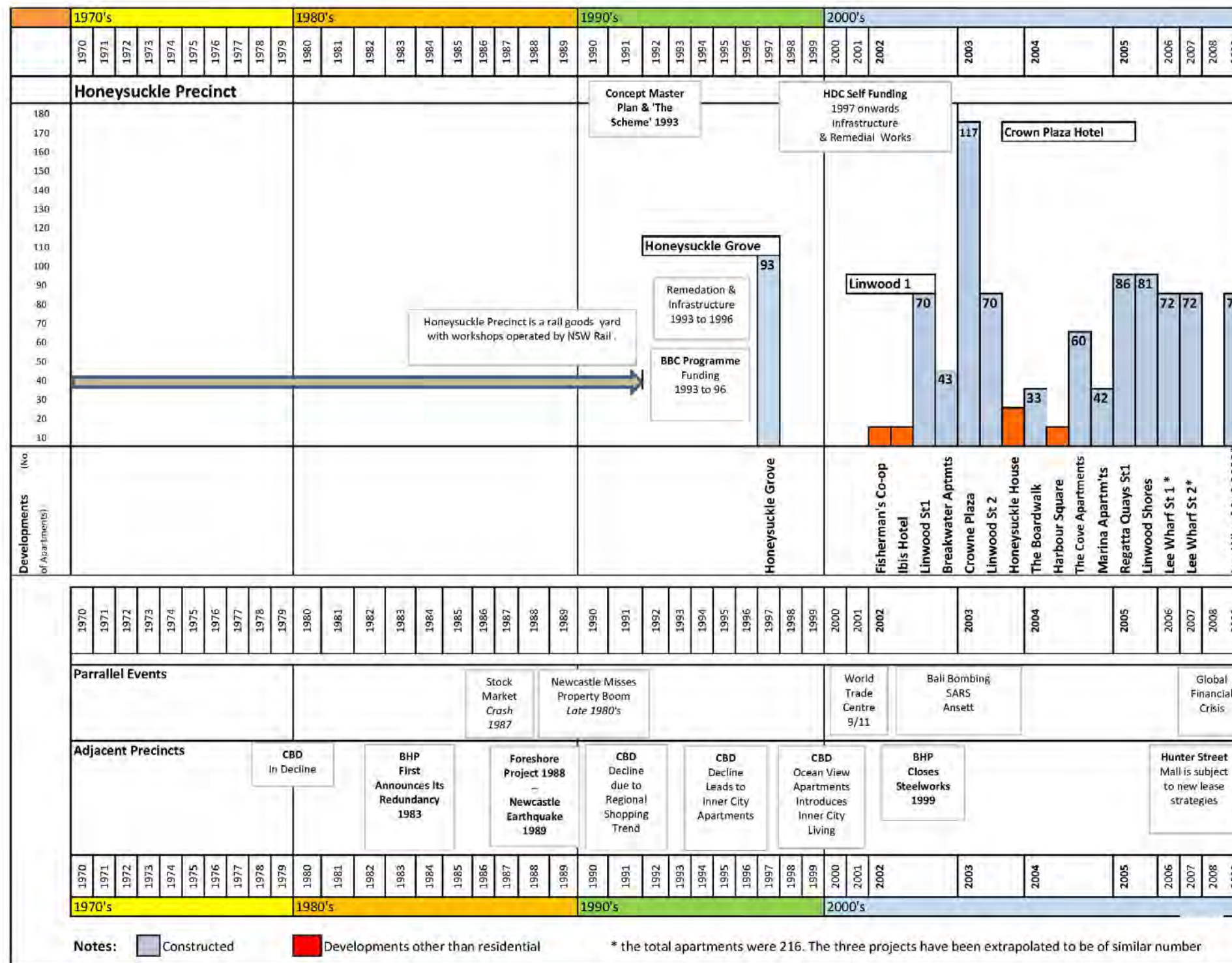


Figure 10.13: Timeline Honeysuckle Precinct 1970 to 2010 (Drane 2014)

Economic Climate

By their gradual dormancy over many decades leading up to 1992, the Honeysuckle rail good yards were the victim of broader economic forces relating to the gradually obsolete port handling functions. In property terms however the land had no relationship to the broader economic cycles until it was released under the HDC and BBC initiative. Newcastle had a unique response to the broader economic conditions in that it missed the late 1980s boom in a similar manner to Townsville as it was largely a property-driven cycle with a strong hospitality component which leaped over the more industrial cities and to the more exotic Gold Coast, Sunshine Coast, reef resorts and Cairns. Newcastle 'took its medicine' during the 1990s and despite national concern for the closure of BHP in the late 1990s, was already well on its way to modernised economic sectors.

Local (Property) Business Season

Up until 2000 Newcastle saw its economic state as in a plateau that had started in the early 1980s as part of its restructuring in the wake of BHP. The local development industry was largely concentrating on urban housing and not focused on inner city residency. The real estate industry had no penchant for these new offerings in the earlier days of Honeysuckle simply because they had no local market evidence from an existing marketplace. It in turn guided the local developers who, as has been shown, showed little interest in the new gentrified offerings of Honeysuckle. The advent of inner city residential units in the east end of town partly changed this, even more dramatically with the entry of Becton into the central project of Honeysuckle - the Crowne Plaza hotel in 2003.

The local business season from this point became quite intense with vigorous interest in the new land parcels, where once they could almost be given away. The mid 2000s local stampede to market across several precincts as shown above, presaged the 2008 GFC and the falling into receivership of some developments.

Windows of Alignment

The story of Honeysuckle is the surprising suppression of proliferation for nearly a decade despite the empowerment of the BBC and HDC, then the massive, regulated development of product to a market based on a signal in the mid 2000s window. Prior to

that, the Honeysuckle Grove and Linwood offerings of the mid 2000s were almost experimental as is witnessed by the arbitrage market that ensued. The later offerings that lead to further parcel arbitrage were based more on financial desperation by HDC than a market window. The pre-GFC window was therefore the primary target and influence on the overall eventual proliferations. Again, like Townsville, there was a sense of suppression of supply which then self corrected when market demand and an appropriate land supply occurred.

10.4 An Empowered Proliferation

The Honeysuckle Precinct case study has illustrated an example of a building proliferation in a dormant, port, rail goods yard which consisted of a single land consolidation of considerable size (65ha) and length (3.5 km). Under HDC control, this land acted as a land bank which was then staged and subdivided for individual land release, based on market signals. The land parcel had been disconnected from the adjacent city precincts due to its internal use as a public goods yard and its lack of physical connection due to the adjacent rail line.

Despite the empowerment of the state run development body and the significant level of initial public seed funding through the BBC programme, the cityscape only saw moderate proliferation of buildings through the 1990s and then quite dramatic proliferation between 2003 and 2008 leading up to the GFC.

This is seen as an inertial trait in the Honeysuckle parcels explaining how cityscapes take their own time for renewal despite the powerful machinations of a seed- funded government development body. In this case the HDC with all its power was not immune to the vagaries of the development mechanism and its waves of operation.

The funding and priming of the Honeysuckle lands was considerable but, when compared with the actual infrastructure needs of the old port precinct, with its considerable scale and dilapidation, it was disproportionate to the desired end outcomes. One has to only think of the relative cost of infrastructure of a comparative city area of 65ha or to bring large scale green fields sites to life, and the relativity is immediately obvious. When the proliferations did occur however, they were considerable and out of normal scale to the usual annual take up of the city's marketplace. The window held within it suppressed demand and volatility.

The eventual priming of the Honeysuckle land occurred parallel with the land consolidation and release, predominantly through private conceptualisation and instigation by the public development body – HDC. This priming, which included Master Planning, council planning, remediation, infrastructure and roads, were all undertaken based on government funding up to 1996, and then by self-funding through the land sales. After 1996 and onward into the 2000s the priming was therefore undertaken in a relatively piecemeal manner which was funded by and related in a positional sense, to the project at the time. This in turn robbed HDC of the ability to undertake large scale holistic seeding and preparations across the whole cityscape in a measured fashion, In a way that could send uniform signals to the market place of the overall reality of the vision, which remained locked in pamphlets and master planning concept documents.

Due to the lack of porosity of the land parcels with the surrounding property market, the parcels as a whole remained non-porous (for many years) until 2000 when a ‘spark was lit’ in the marketplace. Then more so, with the commitment of Becton with the Crown Plaza hotel project bringing the cityscape to life in the eyes of local development. Prior developments in the 1990s such as Honeysuckle Grove, sat on the fringe of the cityscape, and although a similar national group, Mirvac, led the way, the spark did not lead to significant development in the heartland precincts of Honeysuckle, the places where the public would eventually endorse and parade the vast new offerings of the precinct.

This example illustrates the power of the development mechanism to sit in waiting over apparently long periods even during the priming period of the 1990s. The mechanism allowed for a stilted offering by Mirvac in the 1990s, out of step with the marketplace;, when the time came, the massive pre-GFC wave dominated.

The mechanism is also seen at work in the adjacent precincts with the demise of the CBD, its brave attempts for renewal and the advent of inner city residences in and on its fringe along the ocean front. This all helped to set the stage for acceptance of the new residential offerings of the Honeysuckle precinct. The emergent high-end office precinct of Honeysuckle was also to replace what might have been envisaged to occur in the CBD, but the positioning of the commercial precincts in Honeysuckle prevailed.

These dynamics and proliferations are representative of the Model and all its elements. The Honeysuckle Precinct can be seen as an empowered cityscape with dormant and inertial traits, and like Townsville's Railway Precinct its long, unprimed dormancy led to a sudden release of new building proliferation.

10.5 Case Study Findings from Chapters 8, 9 and 10: Comparing the three case studies.

Each case study in this thesis has included an analysis and substantiation of the Model across its key elements. This section draws on further, broader findings arising from a comparison of the cityscapes, extending the understanding and relevance of the Model and its applicability to similar cityscapes. This section compares the overall phenomenon at work in each cityscape related to transformation phases, catalyst events, waves of development, priming and market dynamics, which all provide further substantiation of the property development mechanism, its dimensions and its action as a seed in the cityscape.

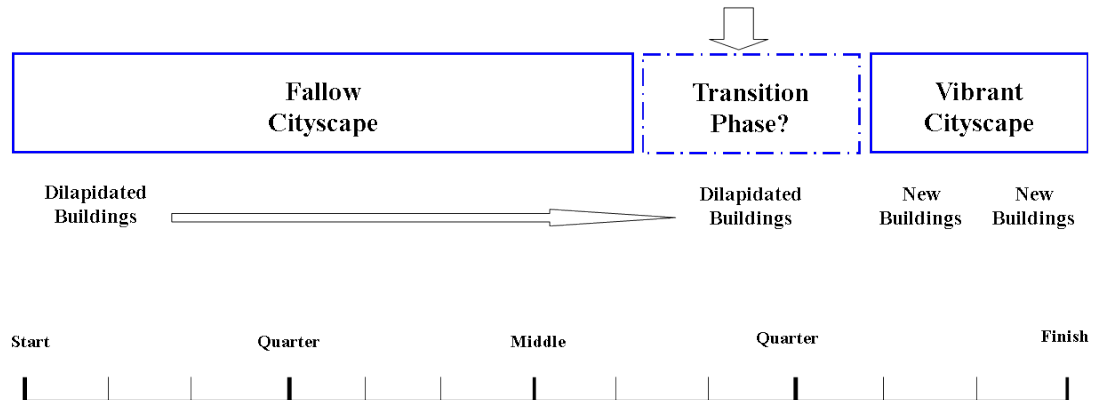
Phases of Dormancy, Transition and Proliferation

The three case studies have depicted three different cityscapes in two regional cities of Australia which were in states of dormancy, and were subjects of the property development mechanism in action. The result on each cityscape was the eventual, apparently sudden, proliferation of buildings in the cityscapes in the mid-2000s leading up to the Global Financial Crisis of 2008. Each of the three proliferations involved three historical phases, 1) a long historical period of dormancy of a prior active use, followed by 2) an interim 'transition period' involving catalyst events and developments and then 3) a relatively short period of sudden proliferation in the form of new buildings which transformed the cityscape for more modern use.

Historical Acceleration

Each of the cityscapes displayed sequentially diminishing periods of time related to their 1) dormancy period, 2) transition period and 3) proliferation period. The dormancy periods were several decades, the transition periods were between one and three decades and the final proliferation period within a decade (over five to eight years). This phenomenon reinforces the Model's concept of historical acceleration as the cityscape moves along its own transition timeline in a similar manner to the way individual land parcels move along their own transition phases in their own time lines (Figure 10.14) (and Figure 2.16).

The Life Span Of Fallow Land



A Relative Scale

Figure 10.14 The Life Of Fallow Land (Drane 2014) (Chapter 2, Figure 2.16)

The relative length of the transition period across the three cityscapes showed a longer period where land parcels were privately held and were open to local (and broader) market forces and the associated nature of free collective actions by creating parties and property developers. This is not to say that such precincts were slower to achieve transition but were able to start earlier than the other precincts which were gated public lands. This is here termed ‘porosity’, a factor not originally envisaged in the original model, discussed further in this section.

Catalyst events in the transition period of each cityscape also presaged the eventual intense level of developments in the proliferation period. This also reinforces the Model’s concept of the seeding of the eventual proliferation.

Seeding by Catalyst Elements

The history of the three cityscapes each spanned several boom and bust periods through the 1900s including the 1980s boom, the 1990s aftermath and the 2000s optimism followed by the Global Financial Crisis in 2008. One of the cityscapes, the Palmer Street Precinct, which consisted of lands historically open to the public marketplace, was the subject of episodic developments through an extensive transition period. The transition period occurred over 20 years from the first physical development of Southbank in 1987 then the later Quest (1999) to the start of the proliferation phase in 2007 with the Gateway Apartments. However the overall transition period which

commenced with the entry of young professionals into the precinct (mid-1970s) was three decades.

The lands within the Honeysuckle Precinct and the Railway Precinct were both ‘gated’ public lands which did not allow for physical development to occur until the release of the land for market purposes. In these cases, their respective transition periods were subdued, commenced suddenly with the land release, and were subsequently shorter. This suppression of the mechanism which was acting in the cityscapes around these precincts during their dormancy periods meant that when the land release occurred there was an associated ‘latent energy’ at work that was released in the form of proliferations sooner than the Palmer Street Precinct example. In this way there was an apparent, resultant ‘kick-start’ of the proliferations rather than them being the subject of natural historical orders.

Honeysuckle’s transition period started with the advent of ‘The Scheme’ (1993) then the first catalyst development Honeysuckle Grove (1997) then proliferations: Proliferation 1 in 2002-2003 (Linwood, Breakwater Apartments, The Crowne Plaza Hotel) then Proliferation 2 in 2004-2008 with the balance of (The Cove, Mariner, Regatta Quays and others). In the first proliferation The Crowne Plaza was seen as the catalyst for the second proliferation.

The Railway Precinct however had no physical catalyst developments in its transition period. The transition period in that case was purely related to conceptual manifestations. The first catalyst event was the award of the lands to Honeycombs with a Master Plan (2004) which then led to the proliferation period which started within a relatively short period with Islington in 2009. Islington can also be seen as the catalyst event for the ongoing developments.

Despite the absence of such physical stimulus developments in the Railway precinct, like the others, it displayed proliferation with high levels of intensity relative to its scale and activation across the GFC in a difficult economic environment. The Railway Precinct was observed to produce 301 apartments, Palmer Street 469 apartments, and Honeysuckle 893 in their proliferation periods.

Porosity to the Open Market Place

The nature of the Honeysuckle Precinct and Railway Precinct public land release meant that they were not seen as ‘organic’ (like Palmer Street) since the precincts had been a controlled enclave with no porosity to the city’s property market or manifestations, apart from existing in a state of suspended animation on the fringe of the city. Unlike Palmer Street’s plural ownership and developer dynamic which led to oversupply, in the Railway Precinct there was a single private developer, a developer-led Master Plan and associated development and release of apartments in balance with market demand. Meanwhile in the case of the Honeysuckle Precinct there was a public development body, a Concept Master Plan and associated release of land parcels to individual private developers based on measured market signals with some oversupply evident.

Supply to Market Windows

The story of Palmer Street’s proliferation was one of massive, unregulated supply of apartments by a plurality of independent developers, operating stand-alone development projects in the same market. These developers and their competitive dynamics meant that the street could not be staged in a manner similar to the Railway Precinct or the Honeysuckle Precinct. Palmer Street’s new apartment supply was left to the forces of the market place, which spawned concepts and buildings liberally toward a common target market window in 2006/7. Palmer Street not only proliferated 469 real apartments in the boom period 2003 to 2007 but conceptualised (with DAs approved) a further 367 apartments that did not reach construction, but provided the foundation for the next wave of proliferation in the street. The Railway Precinct on the other hand due to its central control by one private developer, who showed adaptive strategies in a difficult economic period, provided a measured supply of apartments to market signals.

In the Honeysuckle Precinct the controlled land release of the parcels by a single public body, saw a more measured supply in two waves with a lower incidence of project receivership, when compared with Palmer Street. This is seen as the result of the overall control of land release by HDC as well as its ‘hand to mouth’ funding model which restrained parallel land release.

Both the Palmer Street Precinct and the Honeysuckle Precinct were only studied up to the GFC and each proliferated pre-GFC apartments based on an owner-occupier based

apartment footprint. These precincts were not studied beyond the GFC timeline. The Railway Precinct was studied across the GFC up to 2014 and the smaller investment product apartment footprint was observed except for the initial Islington Apartments which were implemented in 2008.

Priming Levels and Duration

With each transition period comes the act of priming the land in the precinct with improvements such as landscaping, infrastructure and roads. Given the decades of transition in the Palmer Street example with its catalyst events and then the post BBC infrastructure priming (mid-1990s), the actual transition period in the case of the Railway Precinct was a remarkably brief period. This was made more salient by the fact that Palmer Street enjoyed the normal waves of priming, land trading, city planning, seeding and business season that a public streetscape is availed of as a domain that is porous to the public and all its imaginations and machinations.

The Railway precinct on the other hand, sat idle while the vision and dreams of the city unfolded around it. It was released suddenly to a private development market without any priming of the land and a need for extensive remediation, infrastructure, master planning and council endorsement.

The Honeysuckle Precinct similarly enjoyed a relatively short transition period with the first development occurring within four years and the first proliferation within a decade of the start of the period. It then was the subject of two waves of proliferation over the ensuing decade.

The development of the Palmer Street precinct was set within a natural historical progression out of the port era into gentrification, the inner city village, BBC concept and the creation of the new city plan in 2005 by Townsville City Council. Whilst in Palmer Street, the collective conceptualisation of the street lay in an iterative relationship between the state, the public, the council, the developer and the market place, the Railway Precinct was based on a sudden land release with no prior public or private conceptualisation, except by council vision for it to be an education precinct in its 2005 plan. This was then overridden by the Master Plan conceived by the developer and then supported by the council.

Honeysuckle similarly involved control by a State Body using imagery of cityscapes across the world. Whilst the Palmer Street Precinct and Railway Precinct developed their own local visions, Honeysuckle's vision was drawn from international examples with questionable local collaboration.

In Palmer Street, sites changed hands and were primed in a free market depending on the nature of the developer, their resource and intellectual capital. In the Railway Precinct the land sub-parcels were held by one private developer through project vehicles, then the buildings were constructed and re-titled for sale and lease to the end users by the same developer. The Honeysuckle Precinct, like the Railway Precinct was under the control of one development entity, in this case a public body which then released the land parcels based on available funds and market signals. These centrally controlled cases showed a less chaotic release of buildings to market as a result .

In the Palmer Street precinct, there was a diverse mix of developers who undertook the developments and engaged the various land parcels at different transition phases. Many had never developed in Townsville and some had not even been to Townsville before. The polarity of the mix was also evidenced from large corporates to a small syndicate group. Honeycombs on the other hand in the Railway Precinct monopolised the whole land parcel, released sub-parcels based on their resource capacity, local seed capital and local sales lists. They also had the ability to 'drip feed' the sub-parcels based on market need; in smaller offerings and to an investor market place. Their local knowledge of the market place and local history provided a distinct advantage in determining the nature and scale of offerings to the market.

Seeds, Climates and Harvests

The three precincts under study were of a similar nature involving lands in states of dormancy which were transformed into dynamic new uses leading up to the same GFC event. The difference in the length of their relative dormancy, transition and proliferation stages were explained by how the property development mechanism activated each precinct. The mechanism's key elements were seen to be relevant to each precinct but operated in different combinations based on key factors.

These factors, developer interaction, creating party manifestation, historic acceleration, transition phases, catalyst events, waves of development, priming and market dynamics, all provide further substantiation of the property development mechanism and its dimensions as a phenomenon which acts like a seed in a cityscape. This includes all the similar dimensions of land preparation, seeding, season and climate, harvest and with those who act collectively in this setting to effect the creation of a proliferation of buildings. The mixture of circumstantial and volitional forces is seen as acting as part of this mechanism. This is elaborated in the final chapter, in light of the central tenets of the Model proposed in this thesis.

Conclusion: Final Reflections

The property development mechanism involves a series of local actors, (property developers and local interests) external influences and conditions (socio/political and economic) which operate in windows of alignment, that transition land parcels along a land transition chain toward the creation of titled buildings. (Drane 2014)

This chapter returns to the original propositions framed in the thesis statement above, and reflects on how the thesis has substantiated the statement and responded to the initial research questions:

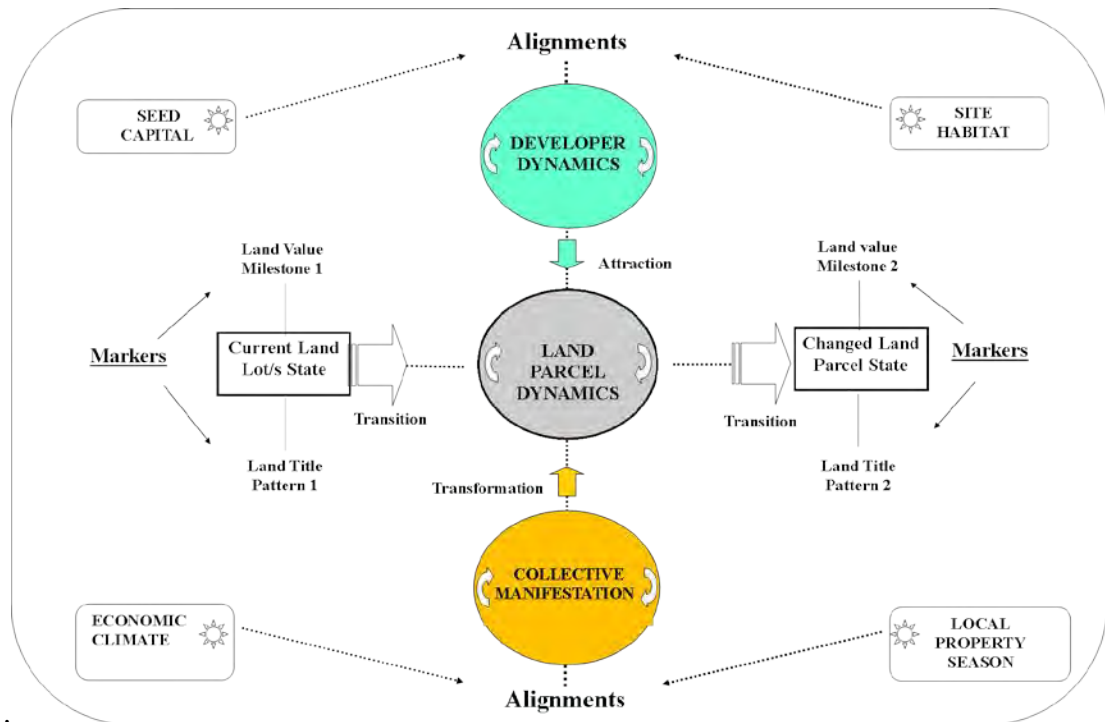
- *How does property development influence the growth of cities?*
- *What influences the phenomenon of sudden building proliferation occurring in semi-dormant cityscapes, which are emerging from a previous use/s to another use/s?*

To substantiate the statement and answer these questions the thesis has established a conceptual Model of the property development mechanism supported by theoretical analysis, autoethnographic reflection, case examples and three case studies. The theoretical chapters (Part A: Chapters 1 to 6) have included case examples and vignettes to support the Model. The case study chapters (Part B: Chapters 7 to 10) and their findings have supported the Model further and elucidated its phenomenological and mechanistic nature.

The thesis explains and substantiates the influence that a ‘property development mechanism’ has on the growth of cities. The ‘act of property development’, is modelled as relying on a series of actors, forces and alignments making it mechanistic in nature. The two areas of study within the thesis are addressed in turn; on one hand ‘the property development mechanism’, and on the other ‘the growth of cities’. The thesis explores and grounds the model in the theoretical base of both and links the model to the central foundations of their literatures, particularly with Healey’s work on this area in the early 1990s (1991,1992).

The thesis proposes that the central hand in the growth of cities is the property developer, and that there exists a ‘property development mechanism’ which acts as a power source for growth in a series of windows and alignments.

A graphical Model has been constructed to ground the reader in the central concepts of the thesis. The central elements of the Model form the organisation of the chapters. It is revisited below:



Model 1: Land Parcel Transition Model (Drane 2012)



Model 2: Land Transition Chain (Drane 2012)

Each chapter has addressed central elements of the Model and here they are reflected upon in the context of the thesis statement and research questions. Later in the chapter significance, applicability and limitations are addressed.

A. Reflections on Land, Land Parcels and Transitions (Chapters 1 and 2)

In Chapter 1 and 2 the foundations of the model were established in an understanding of the land lot, the land parcel and their transitional nature in a land transition chain (Model 2). This addressed a key component of the thesis statement '*transition (of) land*'

parcels along a land transition chain toward the creation of titled buildings'. The chapters provided a history of the land lot and title, the patterns of land development of the city and the contemporary context of land parcel trading along transition nodes. The land parcel is shown to be the commercial derivative of the land lot which therefore represents the past, while the land parcel presages the future.

This concept is shown to be central to the indeterminate nature of land parcels since they are derived from a cluster of adjacent lots that have commercial opportunity. This leads to the land parcel becoming a tradeable entity in a more complex form than the traditional notion of the simple trade-ability of the single lot.

These transitions along the land transition chain were shown to be marked by 'value increments' and 'title patterns' and this concept was explained using case examples and vignettes. The concept of value tension between adjacent parcels, a force that drives the transition along the chain, was also explained. This in turn was extended to include the notion of cityscapes which also display value tensions which affect land parcels and their transitions in adjacent precincts.

The diversity of views of the city and its growth by the various schools of thought in the literature has been revealed. The face of the city and the complexity of its physical patterns are seen to be vulnerable to surface tensions derived from the forces acting on land parcels at a micro level. The Model has advanced urban theory by providing an individualist and micro view 'from the ground' of the dynamics of land parcels and their indeterminate nature.

The central concept of the land parcel and its interactions have been shown to apply to both urban extension at its outer edges as well as infill development. The Model does not cut across the theories that are founded on the study of patterns of the city, since the physical patterns are a product of land parcel dynamics in their own right.

B. Collective Manifestations (Chapter 3)

This chapter discussed the notion of the collective will of local 'creating parties' and addressed the following part of the thesis statement: "*The property development mechanism involves a series of local actors (property developers and local interests)*"

The concept of ‘collective manifestations’ which involves the collective imagination and will of local interests that have a long term view for the development of the land parcel, was addressed. This is contrasted with the more transient interest of the property developer whose dynamics are explained in dialectic tension with the ‘creating parties’. This is also founded in the theories of the dialectic of Marx and Hegel. Vignettes and case examples were provided to verify these concepts empirically across several cityscapes; case studies that occur later in the thesis were introduced.

The enduring local visions of the creating parties were found to be vulnerable to the transient interests of the incumbent developer, which may lead to diversion from the concepts envisaged under local plans.

The interplay between the local interests of creating parties and the transient interests of property developers is seen to be underpinned by the dialectic theories of Hegel, Marx and Engels. In the modern context these have been extended into institutional versions of development processes by Healey (1992). The Model uses these concepts as a foundation and recognises both their timeless elements (in the dialectic between these parties) and the modern depiction of these processes at work on land parcels.

C. Developer Dynamics (Chapter 4)

This chapter discussed the dynamics and behaviours of property developers and addressed the following aspect of the thesis statement: *The property development mechanism involves a series of local actors, (property developers...that transition land parcels along a land transition chain toward the creation of titled buildings.*

The chapter firstly charted the different types of developers who operate at the various nodes of the land transition chain and how their participation is determined by their intellectual and financial capital. Their predilection to also operate in this manner in different sectors (residential, office etc) was also included.

The ‘property developer’ is shown to be not just one party, but plural in nature along the transition chain, each suited to the particular transition state. The developer is also shown to hold the key to the transition of land parcels in these cityscapes and is proposed as an inevitable central agent of the phenomenon, due to the requirement for private seed capital. Examples of developer behaviour were provided in vignettes and

six key developers and their dynamic behaviours were illustrated along with their power to influence and precipitate projects.

The entrepreneurial nature of the developer was discussed and charted in Barreto's (1989) framework. The property developer as an entrepreneur is shown to display traits consistent with the several dimensions of the framework, however the aspect of risk and ownership related to trading and development deals suggests a missing trait in the framework.

The developer is shown to be transient and nomadic with local interest in a land parcel or a cityscape which is short lived, should the right windows of alignment and related conditions not be present. This transient action sits in direct conflict in a dialectic with the long-term visions of the local creating parties who have a community interest whilst the developer, even if a local player, has the more commercially oriented development interest.

D. Windows of Alignment (Chapter 5)

This chapter illustrated the concept of windows of operation and alignment which addressed the following aspect of the thesis statement: *The property development mechanism involves a series of...external influences and conditions (socio/political and economic) which operate in windows of alignment, that transition land parcels along a land transition chain toward the creation of titled buildings.*

The chapter focused on the conditions where economic climate and the local business season coincided with a joint action by an incumbent developer and the creating parties, in what is called a window of operation. When these forces coincide with the 'site habitat' a window of alignment exists that can transition the land parcel toward development of a titled property.

This coincidence of events is shown to be both circumstantial and volitional, reinforcing the mechanistic nature of the phenomenon working over periods of time that are long historically, in such windows. This concept balances previous notions that the property developer is all powerful and in full control of events.

E. Seed Capital and the Machine and the Power Source (Chapter 6)

This chapter addressed all aspects of the thesis statement with particular reference to private seed capital provided by the incumbent developer to precipitate a transaction chain reaction, creating a transition in the land parcel and trading or development of the parcel toward a titled property.

Healey and Hooper's concept of a "machine and the power source" (Healey 1991, p. 232) is explained in the context of a vignette of a transaction in operation. The connection of the power source (applied seed capital in a window of alignment) to the machine (the property development mechanism) is explained and exemplified. The indeterminate nature of the mechanism and its operation with perfectly aligned factors in a window of operation, reveals its catalytic nature as a phenomenon and a mechanism in waiting.

F. Three Australian Case Studies: Townsville, Queensland and Newcastle, New South Wales (Part B: Chapters 8, 9 and 10)

Part B illustrated the mechanism at work in three case studies across two regional cities of Australia (Townsville and Newcastle) and addressed the thesis statement and the research question, "*What influences the phenomenon of sudden building proliferation occurring in semi-dormant cityscapes, which are emerging from a previous use/s to another use/s?*"

Precincts were studied in these regional cities, The Palmer Street Precinct and Railway Precinct in Townsville, Queensland and the Honeysuckle Precinct in Newcastle, New South Wales. These cityscapes were chosen because of their history of transformation from one use such as Rail or Port, to a more contemporary use like hospitality, restaurants and accommodation. A brief background was provided of the city and a more detailed history of the development of the precinct, which was then analysed to substantiate the key elements of the Model. Proliferations were observed and recorded in each precinct and then compared at the end of Part B to illustrate the mechanism and its commonalities across the three precincts.

Proliferations were found to have distinct characteristics across the diverse cityscapes influenced by the ownership profile of the land parcels, (private or public); their manner of release to the market place; the plurality of developers; their methods of engagement with the land parcels and the manifested concepts for the precinct. The proliferations involved three phases: an historical dormancy, a transition phase and a proliferation phase all of diminishing period and spurred on by catalytic events in the transition phase of each. When a precinct was the subject of private land parcels and a plurality of developers, the proliferation was observed to have more over-supply and project failure than the precincts which involved singular developers (private or public) who released the land parcels for development similar to a land bank.

Returning to the central research question of: *how property development influences the growth of cities*, the thesis has provided an explanatory Model which answers this question together with the thesis statement and its propositions. The previously described property development process has been redefined as a property development mechanism with its circumstantial and volitional drivers which operate in windows to transform land lots into land parcels which in turn transform into new titled properties which can be developed individually or in a cluster in proliferations in cityscapes.

The central driver of this mechanism is a duality between the local creating parties of the city and the incumbent developer. However, the essential ingredient of the transition toward development is seed capital engaged in a window of alignment. The influence that this mechanism has on the growth of cities is phenomenal in nature and explains how the city can not only grow outward from its centre but also reinvent its older more dormant areas resulting in localised, prolific growth of buildings.

G. Significance of This Research

A new and missing lens is provided to the existing body of research into the growth of cities through the eyes of the property developer. This informs researchers, planners, property developers and policy-makers. The often high level, morphological view of planners and policy makers is balanced by a model which is built from the ground up, revealing the mechanism of property development and its key forces and protagonists.

The thesis creates a contemporary model of property development practice which influences the growth of cities. This is achieved by both revisiting and building on past

models, and introducing an embryonic philosophy and model for a distinctive theory of property development.

The Model provides a natural constraint to property development on land parcels that relies on historical factors as well as local contemporary action, the collection of which might not result in a transition toward development of a land parcel. It may instead prime it for the next window of operation which will again play out with different developers and renewed local interests due to the time that has passed. In this way planners, their zoning methods and control plans, are seen to be naturally unresponsive to the indeterminate nature of these windows, or to the likelihood that a zone might spawn a completely new use due to a specific land parcel dynamic and its operation in a future window.

Property developers similarly, are at the mercy of the mechanism and their understanding of it will take them beyond their macroeconomic predilections to a more complex social and historical understanding. Their tendency to use feasibility analysis in snapshots just prior to the pre-commitment phase in the land transition chain will be extended to deeper analysis on this basis. The Model integrates the complexity of history, politics and the interplay between parties and advances their social understanding of the mechanism.

The Model will raise the awareness of local lobby groups that both planners and property developers will be at the mercy of the same mechanism and its indeterminate windows of operation. A greater understanding of the complexities of the overall mechanism is provided.

H. Research Limitations & Applicability

The thesis provides an explanatory Model that is built on theoretical analysis and empirical methods. The theoretical analysis provides a strong foundation and link to past theories and a contemporary elucidation.

The empirical analysis includes three case studies in two regional cities across two states. These cityscapes are explanatory of the proliferation of buildings in cityscapes within the regional city with its local geography and complexion. Further case examples and vignettes of cityscapes in the Sydney inner city and western areas have been included for substantiation purposes in larger city situations. Developer vignettes have

been included to bring the dynamics of developers to life, and to show their power to influence development and represent a wide cross section of developer types.

Chapter 7 provided a method of substantiation of the model based on Yin's justification of 'case study' as the appropriate method of analysis (Yin 2003) for the particular phenomenon under study. Further substantiation was provided using Flyvbjerg's analytical framework, which offered a method of categorising cases by a more deductive process aligned to falsification versus generalisation (Flyvbjerg 2006, p.5). The developer behaviour vignettes from Part A are also analysed, using these frameworks to provide a basis for comparison with developer behaviours in the case studies.

This analysis provided a reasoned substantiation and support for the relevance of the model across a diverse sample of Australian cityscapes, determined by the prior autoethnography, case examples and then the case studies in the Honeysuckle, Palmer Street and Railway Precincts.

Applicability to other cities and states in Australia is a matter for further empirical investigation of other case studies and examples. Because land parcel dynamics are intrinsic to the Model it is presumed they are applicable to situations where land lots form land parcels under the title system of Australia. This suggests extensive applicability given that Australia's Torrens title is central.

The dynamic between creating parties and property developers, is shown to be timeless and extensive and reliant on the dual dynamic of a community interest in a dance with a commercial interest in the land parcel by the property developer.

The alignment of forces which impact on the land parcel to empower its transition is based on recognised dynamics related to economic climate, local property season and site habitat. These are recognised forces across the Australian example.

The timeless requirement for both public and private seed capital is again seen to be intrinsic to the Model and these are prerequisite for the transition of land parcels.

The Model is therefore made up of a series of elements which indicate its broad applicability across Australian situations.

As for its applicability to overseas examples, the same ruler can be applied across each of these constituent elements. It would therefore be seen as relevant to countries with similar title systems, free market dynamics and progressive inclusive political systems that foster development through the dialectic of private development and creating parties.

The Model can therefore form the basis and foundation for further analysis of its central elements and concepts, and in doing so reveals its limitations which include the inability to generalise the Model in its existing form to all situations without further empirical investigation.

I. Final Remarks

David Adams in his study of the Scottish executive in 2012 (p.3) said: “The substantive academic account of what typifies the property developer has still to be written”.

Patsy Healey in her personal comment to the author suggested that urban theorists had “moved away from this field” in the area of study of the models of the development process (Healey 2012, pers. comm., 29 June.) A simple conversation with her colleague Alan Hooper in 1991 revealed one of the key insights into their research in this area, that the development process is in effect a phenomenon which lies dormant and in waiting, or described previously by Hooper as a “*machine waiting for a power source*”, (Healey 1991, p.232).

Adams and Healey’s two statements occurred 20 years apart and fortunately neither has been forgotten here, for this research has used the statements as inspiration and motivation to reveal what has not been done in sufficient detail in the recent era across the great realms of urban and property development theory.

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Appendices

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A. An auto-ethnographic reflection.

The author reflects on his involvement in development and construction practice over four decades from 1970 to 2010. A history of development practices back to 1950 is included. Developer practices, their vagaries and evolutions are described. Developer types and nature are revealed. Cityscapes are visited and observed over historical periods in Sydney, Kuala Lumpur, Brisbane and Townsville. World events and local economics are overlaid. A picture of developer action on cityscapes is unfolded. A picture of cityscapes and their nature is unfolded. The human face of property development is revealed.

“A researcher uses tenets of autobiography and ethnography to do and write autoethnography.” (Ellis & Bochner 2011, p. 273)

Traditional ethnography has assumed objective observation of a culture or a tribe by an outsider. Autoethnography is the study of one’s own culture. Here this is achieved through reflection of the author’s life story in a geographical time path, which flows across a number of countries, cities and cityscapes over four decades of world circumstance and change. It is an auto-biography, ethnography, history, and an urban archaeology.

The reflection seeks out themes that are relevant to the thesis at hand. Through the application of this lens, more has been revealed than a life story, or just a culture and typology of the sub-culture of property developers. Included are their fields of operation, in this case building sites within cityscapes, as well as the nature of such cityscapes and their transformation over historical time. Time floats around these cityscapes and these players in the form of world events, economic climates, local business seasons and the opportunities and sentiments that such influences bring to the actors and their cityscapes, and development sites within. All of these are themes that are central to the thesis.

In loving memory of my late father John Ridgway Drane

The realms of adventure are vast and come in many forms; the expedition, the discovery, the victory, the return journey and the heralding of the heroes and the fallen.

Business has its own forms of adventure: venture capital for example - the creation and trading of businesses; or derivative trading - the creating and trading of instruments secondary to the business asset. Each could be likened to an extreme sport due to the underlying risks related to asset security and the fleeting ability to divine future uncertainties. Businesses are being created out of nothing, promoted and invested in, without any underlying or existing asset base, apart from perhaps courage, confidence, bravado, intellectual property and of course the capital itself.

Property development is slightly different, an adventure sport perhaps, it is underwritten by a tangible asset in the form of land or buildings. The tangibility of that asset however, has its problems in the form of gravity, resistance and inertia. For all its tangibility, it is sluggish and illiquid, slow to be changed, weighed down by its past uses, its ownership, its history, its condition, its size and scale, its relevance to the community and the city itself- its enduring but potential obsolescence. To take a land or building asset and change it into something else, which is tradeable at a higher result, is the troubled adventure realm of property development. I have partaken in this odyssey, in the name of others and in my own. If I was asked to provide a defining remnant notion of it, my flickering reflection across four decades of involvement in this world, is that it is 'like getting an elephant to rise and then to drive it through the eye of a needle'. The eye of the needle can be seen somewhere in the distance as a remote but alluring target, diminished in scale and clarity by perspective - a spot on the horizon, awaiting the elephant but which changes in place and time. A mirage of sorts that taunts and mocks us, humbles us exalts us and defeats us; one can hear it say- I am not far away, it will not take long, I am just ahead, you will be rewarded. And indeed there have been rewards and celebrations, money made and lost, friendships created and others ruined, rivalries inflamed and doused in the later reflection and commiserations of the truth and its revelations. Employment has been created for thousands of people; employment, the moral conjunction and balancing condition between capitalism and communism (or the latter's more contemporary forms). Greed however also, has played a part, and

ambition, valour and in some cases desperation.

So it is not all it might seem, to the creators and traders of land and buildings, and though it is easy to relegate developers to the nature of rampant capitalists, there is something beneath the superficial story. There are in my opinion and as will be revealed, no un-humbled property developers- given time that is. Here the layers of this stratified geology of human spirit and endeavour are first laid bare in at least one of its members (myself) and then placed in the setting of the world and ethnography of property developers that I have worked with, studied, admired, partly reviled and in part once was. The story is cast across a time line of five decades. Spanning three countries and in its time travel starts where perhaps it should- at the end, with a dilemma and then return back in time with an explanation of sorts to its roots. Then like a stepping stone from that time, it follows the people (alive and dead) and the projects, the adventures, the pilgrimages that were their passion and obsession, and most of all part of my life. Over this time span, and with each stepping stone, the players will be placed in the historical setting of the time marked by world events, technologies, governments of the day and the prevailing economic climate. In parallel the property development industry as I saw it will be described, and eras will be revealed that will in turn help the protagonist reader to orientate to the settings of practice, structures and institutions (both human and other) of the day. The buildings that were created in this story are all giants in my mind, both physically and spiritually since I, for some reason over time, gravitated toward massive, challenging projects of a high rise nature, multi -story and towers in their own right. In between these towers I found myself involved in other large scale projects across industrial and commercial landscapes with massive sometimes international organizations- again, giants in themselves. As mystical as these towers remain in my mind's eye, they however had nothing on the mystique (and in some cases madness) of the people that seeded their existence- the property developers I met (and did not meet) in my life, the sowers and plough-men of the seeds that catalyze the buildings in our cities.

This reflection is designed primarily therefore to give the reader a sense of the human face and foundations of the property development world, through my own view and experience of it. I am in effect telling one of its stories, as a member of this world and this sub-culture. The intention is on one hand to dispel some mythical, moralistic

scholarly views about some inhabitants of the capitalist system (property developers), and also show the vagaries and drivers of those who are compelled to engage in this adventure and some of its more extreme forms. When such seeds of human energy as depicted are sown into the realms of the property development world, it has ramifications for the resultant buildings that are the object of its desire, and therefore the resultant growth of cities. True to the ontology of this thesis however the story and proposition starts with the central unit of the overall mechanism- in the human protagonist who enacts the property development mechanism, who takes on the elephant, raises the beast and runs it through the eye of the needle (or not). For good reason however I start at the end, in effect with the conscious finale of my personal foray into this world at my own expense as a developer in my own right. This was in a bookend form, and in counterpart to the other forays that I had undertaken for others over the many decades, firstly as a commercial builder and then a corporate property developer, to end as a developer in my own right.

Based in Sydney Australia, the commercial setting of this reflection starts in the middle tier Australian corporate construction market populated by the likes of Girvan Brothers, Kell and Rigby and A.W. Edwards in the 1970s, with the emergent and dynamic Mainline constructions, who were soon to vanish. The era presaged the ongoing demise of the institutions of the 'architect and the master builder', in the post war construction period and the rise of project management. Already emergent prior to this era was the rise of the 'corporate development group' in Civil and Civic (established 1951) (Murphy 1984, p.2, 3) and Lend Lease, (established 1958) (Clark 2002, p.85) which represented the first recognised corporate form of division between construction and property development in the commercial sector, led by the dynamic Dick Dusseldorp. The earlier Caltex House (completed 1957) (Murphy 1984, p.27) Australia Square, the MLC Center tower and later Grosvenor Place were the icons of the new 'design and construct' project, with an integrated property interface, together with the austere iconic designs of emerging architect Harry Seidler . These were the role models and icons of this then youthful student of the early 1970's. Nothing I have seen including the modern Lend Lease of today can match the evolutions of that era in the realms of construction and property development.

The ongoing years however saw a circuit change in the phenomenal rise throughout the 1980s of Christopher Skase and Qintex, Alan Bond and Bond Corporation, who created a heady background setting to the other dynamic groups who I was involved with- the likes of Girvan Brothers' Paul Peterson, and then Custom Resources International (CRI) with Peter Wills (in the late 1980s). The latter, an architect, Wills was arguably the earliest significant if not reviled 'other people's money' developer and proclaimed by his jealous rivals to be a "straw man" in the late 1980s. The CRI era will be covered here in particular, as I was drawn into that world in the late 1980s for two years whilst CRI grew massively only to explode (and reform) in the early 1990's bust. Peterson's era (with which I had a small interface) is also brought to life, as it was as an important example of spectacular (and eventually destructive) growth of an old and conservative 1919 construction company taken to the edge and beyond by ambition, in the name of integration with property development based objectives.

The use of other people's money and the gradual clouding of the equity layer of funding in Australian property development, had its substantial origins in these times. In particular in public display at least with the vision of Peter Wills and the emerging machinations of the ambient deregulating banking industry, the panoply of emergent investment banks, property trusts and funds managers. Macquarie Bank also set the scene for what I call here 'proxy development', by engaging in risk ventures with property developers- an example being Brian Ray, who I worked with on many Queensland developments. Not liking to foreclose on themselves, banks would operate discreet ventures through such developers.

The subheadings of this reflection are organised based on eras and practices which are as I saw, stepping stones in my development and understanding of the property development process (or here later called mechanism) and its partners in commercial construction, as well as finance in its many and veiled, and as will be revealed, dangerous forms.

For clarity, this autoethnography will present a chronology, autobiography and history of eras of construction practice and property development as I perceived and experienced them. They are of my memory so are not universal, and there would be many developers who would acknowledge them but add others. The eras are marked by the theme of significant change and evolution of the industry in its practices. The eras

that I have chosen are each marked where possible with a substantial if not revolutionary player (or practice) in the industry who, or which acted as a catalyst to change in commercial building and property development. The central purpose overall is to depict the catalytic nature property development in both its indeterminate nature and its key protagonists.

To give life to the nuances and vagaries of property development practice which is a central tenet of this thesis, I concentrate on the aspects of strategic intellectual property displayed by not only protagonists of property development but also finance houses in their various forms- the Siamese twins of property development. Several other themes are seen as important to elaboration of the thesis that this chapter sits inside. This includes: the speculative nature of property development; the power and influence of developers and their effect on building proliferation; the unreliability of the practice as a balanced source of creation of building stock; the volatile effect of over-willing finance houses; the rampant effects of the collective action of several developers competing for a cityscape; the arguably more balanced but monopolistic result of land bank based schemes which allow for more measured supply in keeping with demand. A central theme however is the nature of fear, risk, power and venture in all of these stories and cases. It is in effect a practice that is not for the faint hearted. Nor for people who do not understand the difference between construction and real estate (a common thread in this reflection) or how markets work. The spirit of entrepreneurship which underlies the Australian ethos of 'having a go' is at the heart of the individual self-made property developer. A person who for all his vagaries and associations with capitalism provides the entrepreneurship and seed capital that enables and delivers the provision of buildings in our cities. From these strange bedfellows and practices, from the giants that they raise and in uncertain forms also, our cities grow.

Emerging from the reflection also were not only the projects that I was involved in, but the cityscape settings that each project was placed in. The part that the project played in being a seed for further development of the cityscape will place in perspective the time lapse nature of the changing of cityscapes from a prior predominant use, to a more gentrified or contemporary use. This aspect informs another central tenet of the thesis as well.

This is as an aide-memoir and an orientation for the reader. Other layers will also be brought to light - the governments of the times (state and national), the wars, the economic crises, world events including a memory of the technologies- a most vivid reminder to all those who have shared in this history of the times portrayed.

Beginnings

A story should often starts at the end I believe, and so it is proposed for this reflection also. Here I start at a point in my commercial life in a later stage at what I saw as failure at the time, but with hindsight and the benefit of time, was something else altogether. It starts in one of the most painful of memories- in a man staring through a fence which in effect had cost over a million dollars to create. There was one important thing missing in this view- the apartment tower which was meant to have started construction behind the fence. The man was me, the tower- a giant in my life.

The Million Dollar Fence (early 2005)

My father said there are bankers and then there are merchant bankers. The latter are not real bankers he insisted, and one should tread carefully with them. I wish I had remembered this at times throughout my business life.

These ruminations were however not lost on me on one particular day. It was a day when I found myself gazing through a galvanised steel construction safety fence which surrounded one of the prime sites in Townsville in Northern Queensland, Australia. South Townsville to be exact, it was called the Gateway site. Its name had its heritage from it sitting at the entrance to the city on the road that draws travellers from the south into Townsville (The Flinders Highway) and sits just before the bridge over the Ross Creek. The adjacent southern shore of the creek, upon which the Gateway Tower was to sit one day, was now a remnant of not only this past, but also successive other working eras that left a largely obsolete stretch of the shore in a dilapidated industrial and former port state, with a small emerging restaurant and accommodation precinct.

Returning to my anguish, it was early 2005, and the site actually had nothing on it but a temporary dirt car park devoted at a peppercorn rent to a recognised charity. The car park provided overflow parking for people in the city who could park and walk across the bridge directly from the site to the city. It was very popular in fact- as a car park that

is. We however wanted it to be popular in other ways- as a new city apartment tower with a mixture of 112 managed and residential apartments. I had the distinct and nauseous feeling however that we were missing an important market window which was up-coming. To meet it, I thought we would need to complete construction (which was to take 18 months) by December 2006 or early 2007. So we were already late! When the product mix was agreed, presales of the product was also slow due to a range of factors including a cooling of the market at the time, confidence in regional Townsville by the market, the confusing complexion and market understanding of managed apartments and the new price points we had pitched the apartments at (which were taking Townsville into a new era of quality and type of apartment). That market window was in fact to be played out in vivid form in late 2007 and early 2008 to become one of the most historic cataclysmic economic events since the great depression of 1929 to 1933. Such an event spread itself internationally and became a boom and then a cavernous long term crash - the Global Financial Crisis. It was the case that this was also the nemesis of several development groups along the South Townsville eat street strip (Palmer Street) which in tormented chorus marched their elephants toward the eye of the needle that was to be cursed by an event that rivalled if not overshadowed all recessions to that time. Only some would commercially survive the event, and the city would see half a billion dollars worth of giants marched into their former quiet cityscape only to see many giants and their ring masters fall into receivership.

Thirty years of corporate experience in commercial building of high rise towers, as well as corporate property development of high rise and other development, preceded me. My professional credentials were extensive, my collection of qualifications and associations, my bio, working with name corporations on key commercial development and building projects was impeccable as was my reputation. But it all meant nothing in that moment. The elephant could not to that time be risen and we had already sunk funds and two years into the endeavour. The project also included a mezzanine layer of funding. Such funding is given this name because it sits between the equity layer (provided by the owners of the project) and the bank funding (or parent debt). Such funding is usually a form of debt funding and attracts interest and is an associated holding cost on the project.

Townsville is a vibrant five sector economy and was known as Queensland's capital of the north. It had a multi-billion dollar economy including military, port, government, tourist and mining amongst other derivative and sub-sectors. We had been introduced into Townsville by a high profile network contact who had already enjoyed some quick returns on property trading deals.

The city had bent over backwards to support our project, the zoning was mixed and suited our development, height limits were relaxed and shifted along the Palmer Street strip which had several projects in the approval pipeline. The pro-development Mayor supported the projects, the street had been embellished with millions of dollars of new street-scaping going back to the earlier Building Better Cities Programme (Australia) of the early 1990's. The street had in effect been groomed over time to prepare for the giants to be built along it and sit in the new 'eat street' setting.

We had bought the site at a low price in the down time in 2003 and showed great acumen and courage in entering the market when there were plenty of naysayers. Our feasibility showed a healthy return.

Looking through the cold steel fence, I was caught by the moment, and with that moment I contemplated 'how did it come to this'. This was a different question altogether. It did not just relate to the project, commerce or the opportunity at all. It did however relate to me and my personal story and how I arrived here at the million dollar fence.

The Seeds of Adventure

With most adventures there is usually a hero. Mine started I suspect with my father. My father's name was John Ridgway Drane and was a veteran of nine theatres of battle, in World War II including Tobruk and Kokoda. He was buried alive in the trenches of Tobruk under the Stuka attacks of Rommel, to then have the hospital ship he was evacuated in, bombed as well. The rest of the war was spent in other gruesome theatres, including the gruelling jungle campaign of Papua New Guinea and Borneo. He returned after the war in uncertain condition to continue where he left off as an advancing manager, with the Bank of New South Wales.

These two men, the forgotten soldier and the bank manager would play out in my life, the former surreptitiously, the latter overtly. Little was revealed of the former, as was the way of the times. The latter man of the bank was of course portrayed to these then young eyes, and I grew up in the loving canvass of the sixties suburban dream, on a quarter acre in a red brick renovation in Willoughby. It was a working class suburb then, servicing the factories of Artarmon and Naremburn on the lower north shore of Sydney. Sir Edward Hallstrom's factory loomed over the 'tip' which sat at the base of Willoughby hill, which would later be turned to apartments, and the tip a bi-centennial playing field of my children's youth. The Bridge View hotel in Willoughby road was, in my childhood days, filled with factory workers and former soldiers, and was called in those days, a 'hose out' where the practicality of floor and wall tiles in the public bar was self-evident. My middle class father however protected me from this world. Dinner was 'meat and three vegies' and a roast one night a week. I played cricket in summer and football in winter. My father managed both teams. Life could not be simpler.

I was to forget however how I had, amongst the mists of my childhood memories, roamed these playing fields with the sons of these fallen soldiers and blue collar men. That was until I wrote this reflection. It was then I realised that much of my spirit had been forged in their presence (and my father's) as a child warrior of sorts. More too that it would account for my affinity throughout my working life with the workers and tradesmen who ultimately I interfaced with closely over many years, and who to this day I believe are the grassroots of an industry which has along the way often forgotten them. Looking in the mirror, now it is hard to see the remnant flicker of this child, its wild and loving nature and these vague connections masked behind the lined eyes and grey hair.

These memories and the resultant forces however that were implanted in me, would play out as an undercurrent which would take me to the realms of adventure and beyond, through the worlds of corporate apprenticeship, on to executive-ship and so called profession, and then on in my own right into personal entrepreneurship, and the complex realms of property development.

What happened in those years is restricted in this reflection, to my life as a young student and then corporate; as a commercial builder and then property developer through the years of 1970 to 2010. It depicts a young man grounded firmly in the

protestant work ethic of middle class Australia in the quarter acre dream. Groomed to succeed through discipline and hard work, and to man the pumps of the machinery of corporate Australia, which I did skilfully and gratefully, for it fed and educated my own nuclear family- of my wife and our three children. In counterpart to this corporate upbringing, I also grew up in the post era of McCarthyism, and remember to this day what I was doing when John Kennedy was assassinated in 1963 (at the age of 8). I remember being handed the little red school book (a Chinese communist publication) in the school yard of North Sydney Boys High around 1970, of being warned about 'reds under our beds' and not knowing what it meant. This was a young life which had as its political background the Menzies era, followed by successive liberal governments, then on to the charismatic, circuit breaking Whitlam government of the early 1970's and the successive less vibrant liberal (Fraser, Howard) and more vibrant labour (Hawke, Keating, Rudd and Gillard) incumbencies. The life portrayed has as its military background setting the Vietnam war, Granada, the wars of the Gulf and Afghanistan and the troubled decade since 9/11 in the forces of terrorism and homeland protection and the recent Arab Spring. The commercial setting saw economic booms and busts played out over the 1970's, 80's and 90's together with the Wall street crash of 1987, the Global Financial Crisis of 2008 and its evolution into the European Economic Crisis.

The setting in my earliest career recollection must however start in 1973 when I enrolled at the University of New South Wales in the Bachelor of Building course. I knew nothing of construction and since I had not done so well in my Higher School Certificate due to an excessive love of - well life, it was suggested by my father that perhaps a career in construction might be a good direction. Given that I had no other real sense of direction, at the green age of seventeen I walked through the gates of the Kensington campus and on toward my future. I did not know then what a complex, intense and exciting world this portal would lead me to, but I have to say all these years later, that I will always remain a faithful student of this industry, which I suspect would take lifetimes to fully grasp, and in addition, have never regretted that day.

The Changing of an Ancient Order (1950s to 1970s)

The 1970s was a decade which was emerging from the Menzies (prime ministerial) era, with Whitlam as its new and charismatic labour prime minister. Askin led the NSW

parliament as a liberal premier. Australia was still steeped substantially in the quarter acre dream and lived on meat and three vegetables or so it seemed. The post war immigrations drew substantially from the Mediterranean European countries who manned the blue collar industries of the time. I went to school with people from Italian, Lebanese and Armenian backgrounds and we grew and we learned the Australian way of life alongside each other. The Vietnam war was to end in 1975 together with the fall of Whitlam, and I remember to this day thanking him (mentally) for allowing me to miss the card, or the compulsory random call up of teenagers to be conscripted into the war.

I was studying a Bachelor of Building at the University of New South Wales. When I first went to the university I still used a 'slide rule' and calculators were only introduced a year or so later. There were no faxes and the land-line telephone was the key communication technology of the day. I drove a 1966 white Ford Cortina. I bought it second hand for \$500. Life was good.

Our building degree was brand new, and we were a new breed I was to find out, when later I entered the workforce in 1976. The building industry had been in the slow process of being professionalised through the Australian Institute of Building, which had been established in 1951, and of which I became a student member. Until then however, architecture and engineering were the main degrees related to the industry. The school of building was part of the Faculty of Architecture and we all (architecture and building students) did year one architecture, then we branched off into building and construction studies. It was not evident at the time from our course work however that two revolutions had been in progress at the commercial coal face of the Australian building industry. One was in the form of the evolving nature of industrial action of the day in the form of Green Bans. The bans involved the stopping by often physical protest of major developments in the city of Sydney and surrounds (Mundy 1981). This would have ongoing dramatic significance for the future development of buildings in the city based on environmental and moral grounds. It would also place working class union workers alongside affluent members of the social structure of society. Strange bedfellows indeed, who presaged the future complexity and nature of industrial and social action rallied around specific issues of moral concern.

The other was in the form of the gradual threat to the ancient practice of architecture. On the second count, until the post war building era this practice worked on the old model of the architect and the master builder. It was very simple, the architect designed the building and the builder built what the architect designed. The conflict lay in the architect also managing the administration of the project and therefore the purse strings. The architect's design and its associated cost became the target of derision, since the architect was seen to have no one to independently vet the design. In effect it promoted its status as a profession to vet itself. In this lay the seeds of change of this old order. It should be noted that I use the word change cautiously, since this structure is still practised willingly on projects today and in many cases has enduring benefits. This aside it was the case that there was an emergent new concept and a growing new profession in the form of what would be formally called project management, and which sat above both the architect and builder organisationally at least, and managed the commercial and performance outcomes of the project. This was also in time to become the central mode of the delivery system of property development.

This idea had implications to the surety of project outcomes, since the client was no longer at the mercy of the more artistic architect and their potentially 'over budget' designs, which could not always be warranted by an associated increase in value to the project. In this change lay the seeds of greater surety of project cost and time outcomes, and this in turn underlay the surety of outcomes at both construction and development interfaces. The Design and Construct contract in fact had its genesis in the 1950's (with Civil and Civic), whereas the industry developed over the decades, the client could commission a design and construction company to handle the overall outcome based on what was called a firm lump sum price, or in some cases called dubiously a guaranteed maximum price. These latter generations of this order were not seen by me personally this early but it is worth mentioning their roots for now. In the scheme of property development practices I can say now, it formed the foundations of greater certainty of tangible project outcomes although the resultant quality was questionable. This would be in dialectic terms an ongoing source of struggle between the dialogues around art, value, cost and expedience.

At that time I confess not knowing what a property developer was, or even the difference between a developer and a builder. That is until the day I went to a site visit

on a huge commercial building project in the city, which was being built by some company called Civil and Civic. The project however was to become an icon for both commercial development, design and construct, and the retention of monumental architecture. It is to this day still large in my mind, and although I would over the years never get to work with them directly I learned much about their ways through some of their people as time went by.

Towers in the City (1970s)

They must have seen us coming. I remember being herded into the site office of the MLC tower project in Castlereagh Street Sydney. A 67 level monolithic, commercial building tower designed by Harry Seidler under the management of the emergent 'design and construct' company, Civil and Civic. The project nearly covered a city block and was well on its way out of the ground. There was a tower crane, and the man who operated it sat a hundred feet or so in the air, in a small cabin, lifting large bundles of reinforcing bar onto the steaming ply formwork decks. The guys who guided these moving bundles were called dog men. Back in the office we (a group of about five students) were sat down, and then a formidable older person came in and stared us down. Of course with older eyes I realise now he was probably only in his mid thirties but he was ancient and forbidding to this young student. He proceeded to grill us with questions about the project. He had one of my friends in tears before long. It was funny though because the first question he asked, I can still remember to this day, "Who is the client of this project". Stunned silence and my friend Mark said "Civil and Civic". This was met with raucous laughter and belittlement, by the interrogator and his colleagues, who had gathered for the show. Before long we all lost our confidence and couldn't get any of the questions right or were not game to answer them. The interrogation ended gratefully, and we were discharged in feigned disgust into the bowels of the site with a tour of the working platforms and floors of the giant construction that was steaming and towering above us.

For the reader's sake the right answer was MLC, well at least at first take, however with what I know now about the history and power of Civil and Civic at that time, Mark probably got it right, for he showed some prescience in his answer.

There is more than meets the eye here because there was another player in the wings at the time in the form of Lend Lease, who acquired Civil and Civic in 1962, (Clark 2002, p.85) but prior to that the latter had their origins in Australia in providing prefabricated housing to the Snowy Mountains scheme in the early 1950's. Their first design and construct project using what they called 'the better way' and probably the first of its kind in the commercial sector of the Australian building industry was a small gatehouse (Murphy 1984, p.7) built in 1953 for The Commonwealth Oil Refinery.



Figure 1: MLC Tower, Sydney (www.sydney-city.blogspot.com)

The first recognised high rise building (and the first in concrete) in the city of Sydney (besides the Amalgamate Wireless buildings steel tower) was also built (and developed) by Civil and Civic in the form of Caltex House in October 1957. (Murphy 1984, p.16, 27)

This project was also the first large scale commercial development deal, not only for Civil and Civic, but also for the city. Post war rent controls, which stopped profiteering were to be lifted in 1957 (Murphy 1984, p.16) and make way for what would be called the anchor or long term tenancy. This would become a pre-requisite as a covenant on lending for development of commercial offices in years to come. The deal was between Civil and Civic (developer), Caltex Oil (long term tenant- forty years) and AMP (financier and end owner) (Murphy 1984, p.18). Lend Lease, which did not exist at this

point was formed the year after, out of a Tahitian visit and vision by Dusseldorp in 1958 (Clark 2002, p.81). Dusseldorp would not take things in half measures it would seem, and created it straight up as a listed public company, to allow for the group, the autonomy to raise their own funds on projects and also act as the developer, leaving Civil and Civic to construction. The concept is to not simply design and construct a building for a client but to fund and develop the building and then trade it as a property to institutions (or later- property trusts) who deployed investment funds into quality commercial property with underwritten returns. Dusseldorp was forward integrating from construction to finance and then to development. He just needed to be able to control the end take out of the resultant developments. The industry however was in the early stages of evolution, with what would eventually be called the property trust as a more contemporary vessel for such end sale of projects. Up until then (1958) there were relatively few speculative developers “owner occupiers and investors then constituted the two main groups responsible for ‘creating new real estate’” (Clark 2002, p. 83, 84) and no formal institutional trading vessels or markets for the purchase of large scale speculative developments. Not only did Lend Lease integrate itself as the development arm of its own construction company, but it was also one of the earliest to create a property trust in the form of GPT or General Property Trust which was registered as a listed trust in 1971. The aspect of unlisted and listed property trusts is covered later in the reflection. As an after note to Mark’s ‘wrong answer’, in 1985 MLC became a wholly owned subsidiary of Lend Lease (Clark 2002, p.13). This was a strange bed fellow as a mutual life insurance company, but it was to provide Lend Lease with a valuable network relationship, not to mention an anchor tenant and ‘client’ for the massive MLC tower. For mention now the Lend Lease story, marked one of the earliest substantial forward corporate integrations of funds management, property development, design and construction in the Australian construction industry. The aspects of captivation of each of these sub-groups within an umbrella group however, remains a structural point of tension in these arrangements as will unfold throughout this reflection in this and other examples.

Of significance also in this story is the fact that Dusseldorp also established some of the earliest of what were called productivity agreements with the unions of the time-marked by the Caltex House project in the late 1950’s. At the time, what we know now as OH&S was unheard of especially on building sites. Conditions were rough and

dangerous and the prevailing management by certain accounts oppressive (Clark 2002, p.53, 54).

In 1999 Civil and Civic would be replaced by Bovis Lend Lease. The Lend Lease model of capturing its own construction group continued in principle at least, however there are complexities of an internal construction group held captive to an internal developer client.

This conflict plays out and has done so consistently in organisations I have been involved with, where the construction arm seeks freedom to trade outside the group and the development arm lobbies for an independent construction price. To this day this troubled dynamic is enacted in organisations who try to capture their own construction department. There are several examples of this throughout the reflection.

Lend Lease's passage through this forward integration over several decades was spectacular, but not immune to problems due to these factors. However in terms of this reflection, it remains the ballast and benchmark for what is seen here as other spectacular ventures into similar realms by other more mercurial developers. Unlike Lend Lease many would not survive and none would provide a corporate and moral legacy like Dusseldorp's.

I pause however to reflect also on another aspect of this project that has relevance to the thesis proposed herein. It lies in the fact that the MLC tower was placed on the prior site of the historic Australia Hotel and Theatre Royal and the associated buildings of that era (Clark 2002, p.155, 156; Munday 1981). The site extends a whole city block from King street to Martin Place in the north south direction and to Castlereagh street on its eastern boundary. The project subsumed 23 former properties (MLC Center Web Page 2013), and in this scale was a mini cityscape in its own right. Cityscapes usually comprise a number of independent developments sitting on separate titles. Such was the state of the site prior to the MLC project. In this case the whole site was consolidated into one for the purposes of development of a 67 storey concrete tower. To consolidate 23 properties with their own lots into one is also no mean feat. The acquisition manager deserves a medal. Of interest also as part of this thesis is the relatively quick succession of the MLC tower after the Australia Square tower also constructed by Civil and Civic in 1967 (Australia Square Web Page 2013). Site consolidation is, as proposed in this thesis a pivotal restraint on new development and if achieved, a key transition point in the

creation and trading of a land parcel. Land parcels and their nature and dynamics is another central tenet of the model proposed herein.

At the time, Australia was in the aftermath of a resources boom which had gone into a recession. It hung over the decade and has been likened strangely to the intensity of the GFC in a recent article (Carter & Rausser & Smith 2011). I was however with luck, after only a few interviews able to secure a job as a cadet with a very old mid-tier construction company called Girvan Brothers. For this respected, conservative vessel however there were dramatic changes ahead with the arrival of a powerful character. This was a project manager who in effect 'bought the corner office', and built a development group out of the old construction group. A questionable move it appeared and a practice that seemed to be repeated by others in future parts of this reflection.

The Shaky Giant (mid 1970's to late 1980's)

The mid to late 1970's saw the Fraser liberal government engineer the dismissal of the Whitlam government. Thatcher was just around the corner. Star Wars played at the cinema to the wonderment of all and Elvis died. The 1978 charts were ruled by the Bee Gees with songs like Night Fever and Staying Alive. At Girvan brothers we used calculators, hand wrote or used a dictaphone to compose letters that were typed by secretaries. We eventually used the fax.

Despite what I would find were my relatively high qualifications, I was to find also they were held suspiciously amongst the predominance of carpenters, who had worked their way out of the sites and into project management positions of the company. I was accordingly placed on the shovel for six weeks shifting sand at an industrial site in the inner west. Here I learned in gritty detail about the common denominators of the building industry- the shovel, the barrow, the brick and the trowel. This was my first interface with a building site and indeed building labourers and trades. I was not to know then that my work life would be spent predominantly on site for the next fifteen years.

Girvan Brothers then was what is called a tender builder which had its origins in the old model mentioned above. I do remember however being involved briefly in a D&C project at the time and it was experimenting with this mode in 1980. There were tensions in the ranks I would discover, with the arrival of a new project manager in

around 1978 called Paul Peterson. Brimming with confidence and vision, I was to briefly interface with him as I was in the process of leaving in 1980. I was to discover over the coming years that he in effect bought the company and turned it into a modern construction and development group. Perhaps in the image of Lend Lease and Civil and Civic, both construction and property deals were put together and the company grew massively into the early 1980's and onward. There was however nothing left of the company by the late 1980's. It went into receivership in 1990 along with Hooker and Interwest (Corrigan 1990). Its dealings ended as a subject in the Royal Commission into the NSW building industry (Bruce 1991). It apparently exploded under the weight of ambition and growth and fell along with other groups of the heady era of the late 1980's. It was however a major force in the industry at the time, and one of the successive examples of the attempt by one person to build a development empire out of a construction company, and to do so in a constant mode of growth.

Growth for the sake of growth, is the silent killer of companies. During the ascendancy of these companies, in questionably golden eras like the 1980's, the press trail is often lined with glorified accounts of grand visions and forward thinking visionary magnates. The press trail after their fall is less than complimentary. The aftermath articles however bring me to earth, and also paint the picture of apparently obsessive acquisition practices and in another, in this case silent player, who sometimes escapes un-noticed in the scheme of these colossal stories- the finance houses involved. The banks and the merchant banks of my father's decree. His decree praised the former and reviled the latter. In the days of Girvan and others of its kind however, the old banker from the post war Bank of New South Wales would be ashamed of both. The reflection brings this to life in no uncertain terms.

The Girvan story forms a sobering glimpse into the extraordinary power of an individual and his corporation (and financiers) to spawn buildings for which there is no natural marketplace.

On Banks and Merchant Banks

My father's disdain deserves further explanation, and this is said in memory of his words, as well as my own recollections of both public banking and of merchant banking, which would become known as investment banking in time. In my father's

time as a banker with the Bank of New South Wales which was to become Westpac, there was an old ethos and protocol to institutional banking. It involved the collection of deposits from the public in the form of savings accounts. The savings account was offered as a place that was safe to keep one's money. We are talking here of the deposits of the general public which were numerous. There was little to no interest offered on the savings account of my youth and the whole philosophy was to actually save half and spend half in those days. The general member of the public was happy with this (and did not know any better) and one held a cardboard deposit book which was physically stamped at the bank counter with each transaction. There were no ATM's, and bank managers were actually people who were seen as respected independent members of the community along with the other professions. One would have papers signed and executed by bank managers as with lawyers and accountants. The bank manager would be sought for personal references when seeking a job.

On the other side of the balance sheet, the public monies were then lent predominantly on home mortgages at the interest rate of the day. This meant that if the interest rate of the day was 3% then it was on first count, all profit, less the cost of running the bank. There was little pressure on the bank from the depositors and life was relatively simple. There were also prudential ratios in place, which required the banks to keep a large percentage of deposits in cash reserve with the Reserve Bank.

A merchant bank on the other hand was an investment unit. It sought ventures which had a commercial potential for profitability, and it acted as a middle man between depositors seeking higher returns and specific investment projects and ventures. The depositor (investors) was offered either an interest return or an equity in the venture. In some cases a collective of projects were invested in by the bank and the depositors in effect invested in the bank itself in some form. The pressure on the merchant bank for returns is higher due to the ambient pressure of the depositor who seeks the higher interest rate. As banking became deregulated in the mid 1980's the ability for investment bankers to attract money from investors was fuelled by promises of high interest rates on investor's deposits and instruments. The other side of the equation in this case required a higher return than the cost of the money deposited and so the formula for disaster was forged in the uncertainty of those returns. When you add to this unscrupulous behaviour by the investment banks, you get a situation as will be revealed

in the accounts herein. And thus my father's disdain.

The Two Faces

Emerging also is something that needs more explanation, and is an important component of the nature of operation of builders and property developers within property development practice. To the builder the building is a series of sub-elements, a construction and a sequence of events that goes to make up the end building. The end product is actually the view of the property developer, the property trust/institution and real estate agent who are all less interested in the sub-elements and assemblies of construction, but vitally interested in the end product and the time of its delivery to the market. The end product is a titled property that is devised from the building. Until the building is registered for title it is just a mass of concrete and glass or at most a sculpture, a monument. The building is in effect the embodiment of this title, a concept that is covered in the thesis.

Over thirty years with attempts by construction groups to do both, I have seen a common problem of failure to do so. One is the separable realm of the constructor the other of real estate. One can only prescribe the product from the real estate perspective. One can only construct the building from the construction perspective. In integrated development construction groups, this clash of perspectives together with the troubled conflicts related to captivation as noted earlier will always tend to pull this model undone. The true developer will operate out of a real estate ontology and then seek the appropriate constructor of the end product based on the valid requirements of the project. These aspects are also central to the thesis in what is called here 'property developer dynamics'.

This concept serves for now to help explain the ongoing litany of failure of this approach even to this day, and certainly is exemplified in the case studies of this thesis. For now however it helps to understand the emerging typologies of property developers from what I would call the ashes of the old realm of the architect and master builder. In these early ruminations in my sphere, the developer emerged from the construction company, however as time went by and the industry matured and learned from these mistakes, more sophisticated (and possibly too sophisticated) operators entered the marketplace. It is a revelation however and a testament to the risk and complexity of

property development that even they have in some cases seen their own demise.

My restlessness in the late 1970s plagued me however, and so it was that I conceived from some strange youthful ambition that I would like to work for a while at least, on overseas construction projects with a major group perhaps. In this case my dreams came true and along with my new wife and eight tea chests, we set off to the South Seas and a distant land with another old but large construction group from New Zealand. In 1980 at the energetic age of 25 I obtained an overseas contract to work with Fletcher Constructions on the construction of the Parliament House Port Moresby and then the LUTH Tower in Kuala Lumpur, Malaysia. The latter is covered here due to the cityscape it was placed in and which provided the rare glimpse of a cityscape in a state of proliferation that is relevant to the thesis in international terms.

The 1980's was about to explode into my life. Fraser was still in power at Federal level and Wran was State Premier. John Lennon was shot in the streets of New York, AIDS emerged as a new international health threat, the world watched while Charles and Dianna married in royal grandeur, and the IBM personal computer was released to the world. In the early 1980's there was a recession which was to herald a phenomenal boom later in the decade. I was off to the South Seas.

The Distant Towers (1980 to 1985)

Fletcher Constructions is not so prominent in Australia now, but it was a real force here in the 1980's. It has been an institution in New Zealand construction since 1909. In 1980 it bought a major Australian construction group called Watts Constructions and operated out of Australia as Fletcher Watts. It specialised in large scale commercial projects. Its people were very strong on engineering solutions and had a grounded ethos for ingenuity, engineering, quality of work and delivery. Watts also bought expertise in high rise construction (Fletcher Constructions News 1984). Fletcher's overseas division had operated since 1948 but its major expansion into the Asia Pacific basin commenced in 1978. A dynamic former project manager from a former Melbourne high rise project called Bruce Connor championed this expansion era, taking Fletchers into Polynesia and South East Asia over a relatively short period and I was to meet him in 1980. I was swept up into this great wave and found myself appointed by Bruce as project coordinator at first in Port Moresby, Papua New Guinea on one of the most prominent

building projects of that time- The Parliament House Port Moresby.

In late 1982 my contract was to expire, however I was offered what would become one of the most difficult but enduring high rise project experiences in another foreign country. It was in the form of the LUTH Tower in Kuala Lumpur, Malaysia. The tower was 38 levels in height, circular in plan, and hyperbolic in elevation. It was described as one of the most complex high rise construction projects of its time. The local work force had no ability to create such an edifice, especially to the quality and status required of the client Tabung Haji (The Pilgrims Fund). Tabung Haji arranged pilgrimages on the Haj for the predominant Malay Islamic community. Local contractors however railed against the predominance of foreign companies who were winning the tenders and deals of the day (New Sunday Times 1984). It should be noted that even so we were required under localisation policies to partner with what was called a Bumiputera (son of the soil) and Fletchers did so in a joint venture- Fletcher Song Pang Seng.

As assistant project manager, I was to work on the project with an ex Civil and Civic project manager called John Davies who had just completed the Riverside Tower- another high rise project in the same vein as the MLC Centre in the heart of Brisbane. John was to become (and possibly remains) one of the foremost experts in tall building construction in the world. During my time on the LUTH tower I learned from John the way that high rise buildings are put together, and the intense reliant interface between trades that follow each other in sequence all the way up the tower like a chain gang. I call it the vertical spherical tunnel, as they literally had to wind their way up the building, flowing around each floor, following each other in a helix type pattern if one was to draw an image of their slipstream.

This knowledge and John's influence would play a big part in my later career and on into the Gateway Tower project in Townsville in 2004. It also reinforced the organisation of human energy required to create these massive buildings to a programme.

The LUTH tower was a monumental sculpture in design form, designed by Hijas Kasturi (Seidler's Malaysian protege) and constructed for a firm price by Fletcher for LUTH who were owner occupier. In my notes on the project I found that we bridged the gap in design documentation at the time with a revisionist form of what would become

known as a ‘design, develop and construct’ project delivery method.



Figure 2: The Tabung Haji L.U.T.H. Tower, Kuala Lumpur, 1984 (Drane 2014)

Barely noticed by me as background data at the time, was something else which was unfolding around the project.



Figure 3: LUTH Tower , a view from the tower across the racecourse which was to house the Petronas Towers. (Drane 1985)

The tower sat beside a vast but soon to be disappearing race course (see Figure 3) which was to house another monolithic world famous development in the Petronas Towers.

These two tower projects and the CBD precinct would be known as KLCC and would later come to provide me a later perspective. For by the time I returned to Kuala Lumpur in 2000 for a reunion a decade and a half later, the giant that we had so proudly built was now a child in height next to the mighty twin towers, and the surrounding city. In addition, there was a vast cityscape that had engulfed the golf course and surrounds right up to the walls of the Tabung Haji tower. These two projects and the cityscape that was their field of operation provided a rare snapshot of the speed of growth of a cityscape from a former golf course use and into a new cityscape in a period of 10 to 15 years in a Malaysian city. Despite its distance from the Australian shores, this cityscape would have a strange relativity and resonance with the case studies in this thesis. A resonance I did not become aware of until I actually started researching data to support this reflection.

The LUTH project left me with international construction experience in high rise complex construction, and this was to lead me back to my home country to another twin tower project of significant scale. Something else was happening as well. The year was 1985 and the decade, or at least the second half of it was about to go mad, and spawn some of the most dynamic, volatile and mercurial developers in the history of Australian property development and its sister act - investment banking. I was to be drawn into this world and out of my prior foundations in construction high rise- and into development high rise.

Booms and Bubbles (the 1980s)

The mid 1980s was a defining era in the world of property development in Australia, and for that matter corporate Australia. Its excesses created and redefined property and finance structures and practices. It saw the deregulation of banking in Australia, and the emergence of globalisation of financial markets in property and development (Harley et al 2002).

Rampant in that era also was the explosive growth of Qintex and Christopher Skase with his acquisitions including ATN 7 and the creation of the Mirage Resorts on the Gold Coast and Port Douglas (Van Der Plaat 1996). Relatively quieter but possibly

more powerful was another more established player in the corporate sector in the late Robert Holmes A Court who was engaging in his favourite art – in the corporate acquisition (Australian Broadcasting Corporation 2012). The decade moved into a boom state toward its end and my personal mortgage interest rate hit 17%. This is not a typographical error and is hard to imagine now. Another outside force was also adding an ingredient to this cocktail in the late 1980's as the Japanese Asset Bubble of 1986 to 1991 spread its tentacles to our shores and beyond, through the South Pacific and on to Manhattan (Sterngold 1991). I would come into direct contact with one of its agents of acquisition, a heady and threatening episode I was to find.

Another factor had occurred which was related to the coincident timelines of Australian governments at national and state level. There was a coincidence of labour governments in the middle of the decade with Hawke who had been swept to power in 1983. Together with Neville Wran then Barry Unsworth they enjoyed a concurrence of Labor power in NSW from 1985 to 1988. In the north, Bjelke Peterson still held the Queensland reigns and had done so since 1968. This would with time see its own implosion under the temptations of the decade in 1987.

The Twin Towers (1985 to 1988)

By this time my contract had expired on the LUTH project, and in mid-1985 returned to Sydney where I was interviewed by Leighton Contractors for the position of design manager for a massive twin tower project on the western edge of Sydney city in Kent Street. It had the largest glass facade in the southern hemisphere and can still be seen at the entry to the city from the Harbour Bridge.

The client was Leighton Properties and the major tenants were the Maritime Services Board and Price Waterhouse. A blue ribbon project, it was my first real interface and the start of my fascination with property development as a dimension of the project. Since I was the design manager and I had the most high rise experience I had a relatively free reign with my role, and interfaced freely with the development manager at the client Leighton Properties - Ashley King.

Here I ran project meetings that integrated the property development requirements with the design and construction. It was the first time I saw the dual ontology of the builder and the property developer first hand.



Figure 4: Maritime Plaza and Caltex House, (Leighton Properties Brochure 1989)

I knew then that I wanted to move toward the property development side of the industry and as it was with my dreams (in those days at least), they usually came true for some reason. Of interest here also is that the project sat two doors down from the first high rise construction in the Sydney CBD- Caltex House.

Leighton Properties developed the whole project at some considerable risk it would seem in hindsight, for they were not known at the time as a prominent developer, and were more recognised as a construction giant. The property group sold the whole tower in a substantially leased state to BA Australia for a noted price of \$183million (Leighton News Letter 1987). This was a substantial transaction of its time. At the latter part of the project I had had extensive involvement with the Leighton Properties team in Andre Biet and Cedric Fuchs who would become the founders of Charter Hall (an emergent funds and development group).

Of interest here also is the fact that Maritime Plaza heralded one of the first seeds of urban renewal of the western precinct of the city bounded by Kent Street. Parallel with this project and others along this strip was the emergence of Darling Harbour with its Festival Marketplace, Convention Centre and Chinese gardens (and eventual Casino). High level view shots from the Maritime Plaza brochure of circa 1988/9 (see Figure 5) show the emergence of Darling Harbour in the distance, along with the then undeveloped Barangaroo and Walsh Bay areas.



Figure 5: Maritime Plaza view to the Darling Harbour Precinct, (Leighton Properties Brochure 1989)

Nearby Walsh Bay also, was to become the subject of renewal, through a group who I was to work with and who extended its reach across the western precinct with its own projects and then into Darling Harbour. The old dock precincts of the Western edge of the city were due for gentrification and parts would also become the subject of the early 1990's phenomenon called the *Building Better Cities Programme* (BBC).

As this thesis is being written in 2013 to 2014, Barangaroo is in a state of catalyst with James Packers/Lend Lease VIP gambling scheme and the contentious matter of their award of the site without formal tender under the O'Farrell liberal government's new approach to unsolicited proposals (Boyd 2013).

It is also of amazement that there is a scheme in play to demolish the Convention and Exhibition Centre built in the 1980's and designed by Philip Cox. The brave new cityscape of my younger adult life in the mid 1980's, is already seeing its own obsolescence at the pull of development requirements for new apartments. Thirty years – is this the shelf life of a cityscape? It is unimaginable but lends light to this study and its time lapse view of such forms of the city.

There was however something else happening in the development industry at the time, with the rise of an innovative project management group called Custom Resources International, (CRI) which had been created in 1981 by Peter Wills as a joint venture with NAB's 100% owned Custom Credit. The construction of Maritime Plaza was

coming to an end, and something was calling - the pull of the property development interface. So it was that I found myself suddenly a project manager with CRI. It was to become the ride of my life into the world of property development on a grand scale.

The Straw Men (1988 to 1990)

It was 1988 and a boom was emerging from the seeds of the earlier parts of the decade. A massive boom as it was to turn out, which would take its toll on many. But we didn't think of that at the time. Times were good, I was in my early thirties on a young executive level salary, married happily and our first child was on the way in 1987. The business week invariably included Friday lunch- usually at a restaurant on the harbour with the management team. People started used the term blue skies not only referring to the weather but to economic sentiments. The Hawke government was at full swing and Barry Unsworth (liberal) had been replaced by Nick Greiner as NSW state premier. Hawke at federal level and Greiner would usher in the era of the *Building Better Cities* programme which would change the face of our harbour cityscapes across the nation, and become a key aspect of the case studies in this thesis.

It was the era of Glasnost, and Chernobyl. The MIR space station was launched and the Space Shuttle exploded. Tiananmen was just around the corner, along with the fall of the Berlin Wall in 1989. Wall Street's Black Monday gave a warning signal in 1987 but was soon forgotten or not seen as a storm signal. Mobile phones were in their infancy and CRI's newsletter boasted of their use of Apple Macintosh computers.

I had joined the dynamic group CRI. Peter Wills, its founder had a nose for the network, was politically connected, had a visionary architectural ethos and a real sense of the property development world, deal and process. He was operating out of a project management vehicle but soon was putting together bids for large scale development projects around the city through CRI Ltd, the newly created development arm. For a while he could not stay out of the papers, as he seemed to be winning or sealing up all the major development projects- Walsh Bay Development, Jones Bay Apartments, Lillyvale Hotel, Park Hyatt Hotel, ANA Hotel, Sydney Airport Centre , The Arthur Young Building (King and Kent St), Parramatta Travelodge and the Regent Hotel in the Rocks (CRI Limited Newsletter 1988). In rough terms his portfolio of projects grew to over a billion dollars seemingly within a year or two. His newsletter of the day spoke

of his projects totalling \$5 billion over the past five years. A newspaper article of the day described him as a straw man, a name fuelled by developer rivals who claimed that he did not put his own money into the development deals. Wills in fact had created a 'fees based' business model where he packaged deals and then fed off them with management arrangements at both the development management and project management interfaces.

Wills did not seem perturbed by the straw man reference however, and was laughing all the way to the bank, or so it seemed. Wills would string together development groups and package the concept to win these bids. He famously negotiated the sale of one of the deals as he was in the process of winning the bid, making a multi-million dollar margin overnight. This approach and the scale of activity had been the province of large groups with huge asset bases that were what was termed bankable. For a 'non asset base' proponent to string together a group with the requisite assets, delivery and concept was revolutionary if not courageous. It was however a rarefied era in Australia. Another two powerful competing forces are suspected to at least partly explain Will's success and then temporary demise. One was his historical source of funds in Custom Credit and NAB, and the second was brewing slowly at the time in the form of the Japanese asset price boom which ran from 1986 to 1991.

The Japanese Asset Price Bubble (1986-1991)

There was an extreme asset price bubble in Japan and a glut of banking funds looking to be deployed at very low interest rates. The Japanese banking industry aligned with venture vehicles to seek greater returns in foreign shores. It spread this force and washed funds across the planet. For Australia it was like an invasion. One of the main Japanese groups that were visible in Australia was called EIE and their spokesperson was the charismatic and mercurial Bungo Ishizaki. Bungo was seen in many places including on television on the current affairs programme '60 Minutes' and other news services. EIE went on an asset purchase spree that spread up and down the east coast of Australia and into the South Pacific, all the way to Tahiti and Manhattan. To quote a New York Times article of 1991 (Sterngold 1991):

(EIE's chairman Harunori Takahashi) "charmed lenders and the news media alike, while assembling an empire stretching from Tahiti to 57th Street in Manhattan, where he is building the Regent Hotel designed by I. M. Pei. Although little known in Japan, Mr. Takahashi became one of Australia's biggest and most talked about property barons".

(New York Times 1991)

In the Australian theatre, EIE was to form strong links with CRI and embarked on a South Pacific odyssey which I only saw the genesis of, before I left for my own distant projects.

When I arrived in 1988 there were about thirty people employed in their Spring Street office in Sydney. Within a year this had spread over the floor above and risen to 70. There seemed to be a new face in the tea room every day. I was the project manager for the \$AUD 250 million Sydney Airport Centre, a world class business park, researched from international examples and which was to be designed and created in a mini-cityscape in itself in Mascot. The expansive site consisted of old disused factories sitting on the sandy, dune like geology of that area of Sydney. This was surrounded by a sea of aging industrial buildings that formed the face of Mascot, right under one of the flight paths. The site had been purchased by CRI from Walker Property Group "shortly after the property was rezoned to permit airport-related development", (Iffland 1988). This point is made because of its relevance to the proposed model which explains transitional states of land parcels which are traded from one developer to the other. This is elaborated further in the thesis in the concept of Land Parcel Dynamics.

My enduring memory of the site in its earlier time, was to have our non-native landscaping, which had been liberally spread along our main avenue devoured by local rabbits. We moved out on site with a team of 10 people and created a master plan for what was to become a precinct in its own right, and went to work building infrastructure including services and a main avenue (built by the Department of Main Roads) into the precinct using a seed fund of \$2.5million dollars.

The numerous land lots were consolidated and sub-divided into six individual large land parcels which would be conducive to sale, development and/or leasing to commercial and industrial uses. CRI Ltd created a property trust as an investment source and 'end take out' (or sale receptacle for the properties) of the various buildings. I worked alongside CRI Ltd's development manager Bob McCulloch and we conceived and

implemented the massive project in conjunction.



Figure 6: Sydney Airport Centre: Master Plan superimposed on cityscape (Planner 1988)

The project was divided into five sub-precincts including commercial, light industrial and hotel uses under the airport related mixed use zoning. The first stage was leased by Qantas for its office, catering, warehouse and training facility. Southern Pacific Hotels took up the operating role for the Stage 2 Centra Hotel. These entrants to the precinct, created a quality covenant for the office park which was intended to attract further entrants down the track. CRI also seeded the development with \$2.5million of infrastructure and planting to enhance the marketability of the business park for future tenants and owners. The equity and funding partners in the project were from Japan in the form of Toyomenka Development Australia and Shimizu Corporation (Iffland 1988). These Japanese contacts presaged links to and the entry of a dynamic entity straight out of the Japanese price bubble- in EIE. These groups would in effect add another vital ingredient- in further seed capital.

The project catalyst for realisation of development in the precinct was the securing of Qantas in a development deal. This together with the development of what was called the Centra Hotel with Southern Pacific Hotels created the ongoing interest in the

precinct for other developments.



Figure 7: Sydney Airport Centre Perspective (CRI Ltd Critique, 1989)

In terms of these catalysts, the Qantas Centre and the Centra were the ‘jewels in the crown’. The cityscape filled up with other tenants and occupants over successive years and when looked on today using Google Maps , the once barren, obsolete, industrial, sand-duned, rabbit-ridden land with our then shining new concept and avenue cutting through it, now looks like it has been swallowed up by the city that surrounds it.

I was soon to leave CRI and this project serves to illustrate some key tenets of the thesis; the power of conceptual master planning, its use as a device for commercial marketing and political advocacy, and associated engagement with delivery actors such as authorities and architects who were enrolled in the concept collectively. The resultant manifestation of a former obsolete stretch of semi barren land into a dynamic commercial and industrial business park, from this device is likened here to what is termed Collective Manifestations in the thesis.



Figure 8: Sydney Airport Center swallowed up by city (Google Maps, Drane 2013)

The ingredient of seed capital is also felt strongly in this project, as there was a substantial injection of cash from an equity partner and less from the incumbent development group making it a proxy of sorts, a theme that is repeated in this reflection across other actors. This seed is discussed later as a key catalyst also. The heady economic climate and the local business season were aligned and floated in a sea of positive sentiment stimulated massively by the times; CRI's Australian funding partner and the Japanese seed capital. The Japanese sentiment was in effect also a once in a generation experience. The aftermath of the Japanese asset boom was later called the lost decade and there would be many recriminations (Brull 1995). This, along with the LUTH cityscape (and others in this reflection) also provides a sense of time lapse involved in the creation of such cityscapes from former uses, which relies on a series of catalysts that send signals from earlier entrants to later entrants. These too are a form of seed. Inherent in this part of the reflection is also the nomadic, dispassionate nature of the developer who seeks entry to sites in separate cityscapes and settings across diverse geographies and zonings. This is another aspect of the concept of 'Property Developer Dynamics' in the thesis.

My time with CRI was however to end and I soon found myself back at my previous employer Leighton and in their property development section- my prior dream being realised. I was after all now working in a major property development group, on some of the most exciting and massive projects that Australia had seen- the Casino bids of the early 1990's.

Casino Mania (1990 to 1992)

The early 1990's could be likened to a hangover. I remember in those years the first wave of 'retrenchments' occurred. It was a new term and no one really knew what that meant, but were soon to find out it was a politically correct term for being sacked. Not because you had done anything wrong but because you were no longer able to be supported. Skase's empire collapsed in 1991, he disappeared and would later be found operating anew in Spain (Ellis 1991). Bond Corp was declared bankrupt the year after in 1992, with billions of dollars in debts (Barry 1990, p. 266). Bond had carte blanche with some of his banking partners who traditionally would not normally engage in what appeared by these accounts the equity end of the finance arrangements.

The Japanese 'lost decade' of the 1990's was well underway, *Pretty Woman* played at the cinemas and Julia Roberts was embedded in the Hollywood memory. Desert storm invaded Iraq under the first Bush regime, Mandela was released, and the internet started to come onto the scene. CRI would reel from the downturn, stagger and then revive during the decade only to fall into receivership by 2008 (Korda Mentha 2008). A good innings starting in 1981 and surviving almost three decades. Paul Peterson's Girvan Brothers did not see the end of the decade (to 1990). Peterson seemed to disappear from the corporate scene and then end up doing smaller discrete developments in the Hunter Valley. Like Alan Bond he just picked up where he left off, perhaps in a more discreet manner (House 1995). The dynamic hunters of the 1980's had either been locked up, struck down or chased and trailed into the mists and remnant jungles of property development history.

What strange political and social systems are these that formed the setting for these developers- to take mere notions to reality so prevalently and to such grandiose and material outcomes? And in the process to employ thousands and impact hundreds of thousands of others in good and bad ways, and what these ventures and projects injected

into the nation's economy? Single men, pandemic outcomes, powerful finance houses, ancient orders which under certain times flourish in unimaginable and sometimes grotesque grandeur, and then it would seem with the flick of a switch are returned to dust.

I remember sitting in the Leighton boardroom at this time in 1991 with my colleagues listening to the chilling account of the invasion of Iraq, and the associated nuclear threat of the time from potential retribution on the Western world. We at Leighton however had lots to do. The various state governments had created new authorities. In NSW for example it was the Sydney Casino Authority (SCA) with related licenses for the creation of Casinos up and down the East Coast of Australia. I was appointed to run the bids in Leighton Properties together with their internal services group who helped with strategy, networks and production of bid documents. The next two years saw me working on the Brisbane and Cairns Bids which were unfortunately lost by Leighton. The bids were tendered by associated Government agencies and were pre-qualified to ensure that proponents were capable of undertaking these massive projects and were 'bankable'. I was sitting now in the role of property developer manager with one of the largest balance sheets in the industry. We had power, means, and the ability to not only conceive but build, operate and on-sell the resultant project. It was in effect a golden moment in my career at the age of 35 considering where I had come from- a cadetship starting on the shovel at Girvan Brothers in 1976 at age 21.

The bids involved literally the creation of not only a new building but a micro city, and a fully operational Casino, providing revenue for the government in various forms. This included the purchase of the government land that the Casino would sit upon, and the eventual taxes from the gaming revenue and operation. As such it was not a construction bid but a property development, finance and operational deal requiring the creation of a syndicate of parties who could enact the various components of bid. Finally it also needed a group to provide an 'end take out' or purchase of the end property itself. The bid was a complex and expensive undertaking and involved for each bidder over a hundred thousand dollars in funding with the possibility that the bid would not be successful. The pressure was on, the challenge enormous, the adventure inherent.

The further complexity lay in the fact that the Government in the case of the Brisbane Casino bid, offered two alternative sites for the bid. One was in the emergent South Bank cityscape on the Brisbane river which was already in the process of being gentrified conceptually. The other site on the fringe of the cbd- The Treasury Building, was more of a stand-alone site. In terms of this thesis the far more relevant result would have been the winning of the Casino bid in the South Bank precinct. The precinct was in the process of transformation also and would have benefited by using the Casino as a crown jewel, key seed and catalyst for ongoing development of the various sub-precinct areas. This however was not to be, and we were to lose the bid to what was called the Treasury Site, which was the stand alone CBD site which involved the placement of the Casino in the historical Treasury Building. Licking our wounds we went on to take on the Cairns bid which at least was on a nominated site and which unfortunately we lost as well.

We were lining up to undertake the Sydney Casino bid which Leighton were later to win, when I felt the next tide of restlessness. For once realised that I was not bound for the dizzy heights of rising in these corporations and this was despite the mixture in me of my extensive experience and diligent work ethic. With some real regret at leaving Leighton, who had been like a home to me, and with a sense of ultimate adventure, I decided to jump out of corporate life and into my own business.

Underneath the yearning was an inner voice that called me to venture in my own right, to make my own way as a business person and eventually a property developer. Property development and its complexities and forces was the ultimate experience and adventure and the desire to understand it fully, had been injected into me. I needed to show also that I could create my own world that was not reliant on employment. I believed then that if you valued security above freedom then you could never be free. If you chose freedom above security you could have both.

So it was in the middle of a recession, that I walked across a bridge into another world. It was to be the greatest decision of my life, but it did not come without its pain.

The Design Bridge (1990s)

Twenty years had passed since I walked through the gates of UNSW. I set up office in North Sydney as an advisory consultant. The specialty I offered was not property

development, but a key subcomponent of that world which crossed over into the construction world as well. It was called design management (and later client representation or what is now called client side project management).

To offer a design service as well as a construction service put the builder closer to the decision end of the process and so at an advantage to your competitors. The approach also was often offered with the promise (of sorts) of a guaranteed maximum price (GMP). After all it (supposedly) took away the vagaries of what plagued the traditional approach in the form of variations to the building contracts due to inadequate design definition by architects. You simply worked up a concept for the clients with a performance brief and specification and then locked in on a GMP. It all sounded great but had holes in it. It did however suit the mindset of the property developer, because it allowed early visual conceptualisation of the product, the promise of an earlier mobilisation of the project, and of course a guaranteed maximum price. For the developer this offered the tangible manifestation of the end product at a quality and within a time frame that suited the market and its notorious windows of operation.

This new business staggered for a while, but I was then involved in a design management capacity in the emerging City West precinct which was being managed by the City West Development Corporation (CWDC) and the NSW Property Services Group.

City West Development Corporation (1993 to 1995)

CWDC in effect served a similar purpose to the Honeysuckle Development Corporation (HDC), which had formed without my particular knowledge at the time in Newcastle to the north- a subject of a case study in this thesis. The CWDC mandate was a part of the *Building Better Cities Programme* (BBC). The programme allocated \$AUD 816.4 million across Australia to rejuvenation projects as part of a nation building initiative dating back to the Whitlam era. Part of the allocated funds for NSW went to the Ultimo/Pymont precinct as well as the Eveleigh rail workshops (Neilson 1997). The programme operated through special purpose public development vehicles such as CWDC and HDC and was run by the NSW government's Property Services Group (PSG) in NSW who reported to the Minister for Planning. The PSG is now defunct. The rejuvenation mandate was extensive and extended from Pymont to Ultimo through the

adjacent suburbs in a contiguous form right through to Eveleigh and its redundant railway workshops.



Figure 9: City West Development Corporation Scope of Renewal (Sydney Harbour Foreshore Authority 2004)

Over the next years I was to briefly help facilitate design solutions for CWDC at the Johns Street Square renewal and the Australian Technology Park, which was being forged from the historical Eveleigh rail workshops,. The view I obtained of this massive gentrifying precinct played out in counterpart to the Honeysuckle precinct to the north in Newcastle, and unknown to me at the same time, in a distant precinct in the old port area of Townsville- The Palmer Street precinct (also a BBC recipient). I was not to link these precincts in any real sense until I first undertook to create a property development in Palmer Street in 2003. A further link was made also when I started this thesis, as I realised I had a unique, snapshot type, developer view of these cityscapes over large periods of time, that was traceable to the thesis at hand, and brought to life the time lapse nature of cityscapes and their renewal through the use of catalysts and seeds. This is another key tenet of the thesis.

The Mid 1990s

The Japanese call the 1990s the lost decade, and in my mind's eye the middle of the decade remains a lost memory of sorts, as the decade slowly gained its confidence after the hangover of the early 1990's. Nation building initiatives were used in the form of the *Building Better Cities Programme* (BBC). The BBC involved cities bidding against each other on the merits of their proposals for renewal of large previously obsolete city areas. In many cases they proved to be predominantly old port areas. Darling Harbour had already been substantially created and offered a bright new vision of an old port area based on what was termed the Festival Marketplace concept. This idea had its international precedents in old port areas which were also undergoing rejuvenation including Boston, New York, San Francisco, Baltimore, Vancouver and Sydney (Suters Architect Snell 1992). It was in effect what I would call a related cityscape concept, and one that has relevance to the notion of not only concept benchmarking but what is termed here value tension amongst cityscapes which is covered further in the thesis. Of interest also is the coincident international synchronicity of harbour rejuvenation, a point that is returned to in the historical analysis of the cases studies in this thesis. In summary, the benchmarking of one old cityscape area against a vibrant revisionist cityscape can add to the value potential of the old cityscape, even if the benchmark is across the planet or the country. This is another concept of the thesis related to what is termed Land Parcel Dynamics.

In this era however something else very different happened. It was in the awarding of the 2000 Olympic Games to Sydney in 1993. To win the Olympics was one thing, to seize the Millennia Olympics was unimaginable for this small nation on the other side of the planet. Especially to most of the serious competitors and for that matter the world. Sydney would place itself and Australia on the world stage and indeed it did- at least at the Olympics level which became a model for further Olympics.

My business at that time was plagued by small project commissions, and so I met a dynamic property development group who had been in the world of supermarket development. Their company was called Strand Estates and soon I was on contract with them to help them run their supermarket developments with then Franklins and Woolworths.

The Market in the Catchment (1996 to 1997)

Strand Estates had an interesting model which involved sourcing sites for Woolworths for their new supermarkets on a catchment basis. The concept was relatively simple, the Woolworths supermarket modules as they were called relied on a catchment size and demography. Using geographical search, it was relatively easy to pick a gap in the geography. Based on this, a site would be targeted and acquired where possible. A deal was put together with Woolworths to develop the site with them as what was called 'anchor tenants'. The anchor tenant brings in the other retail tenants because it attracts people to the centre for basic needs i.e. food. Woolworths had created a further model called the Village Marketplace which typically involved a supermarket module and a group of shops, the number of which was in proportion to the size and demography of the catchment and module. There might be normally 20 or so shops in the more intimate models.

Often the deals were engineered by Woolworths to break even on the development feasibility based on a lower long term rent for them. It was a creative method of market penetration, and Woolworths would not always rely on developers to initiate the sites. Of interest also to this thesis is one of the strangest projects I have worked on (or witnessed) in the form of Gunghalin Market Place which is on the outskirts of Canberra. When it was being conceived it was built literally in a cow paddock with virtually no population in its immediate vicinity. The emerging master planned suburb of Gunghalin however sprung up around the new Woolworths. A drive to the Woolworths at Gunghalin now shows virtually no signs of the prior cows and green pastures. This was another example of a Crown Jewel that stimulated ongoing development for later entrants to a precinct, in this case Gunghalin.

Huntingwood (1998 to 1999)

By the late 1990s I was by strange circumstance and not a little luck, to land three large consecutive contracts. They included a strong element of design management but I was also appointed as client minder to large multinational groups in the form of Alfa Laval, Kerry Ingredients and later Makita. In the first two cases my client representation included the packaging of the concept and contract documentation with building groups. In the case of Makita it was with a major development group in the form of Australand,

which involved a property development deal. The building projects effectively took me to the end of the decade and century. This client minder role gave me a unique view however from the outside, of builders and of larger big balance sheet industrial groups and for that matter property development groups. The building projects introduced me to the Huntingwood precinct, an emergent industrial precinct on the western edge of the city. The Makita project however has more relevance to this thesis as it gave me a glimpse into fringe land development on the western outskirts of Sydney, with what was once called Wonderland, and prior to that the western Sydney grazing and pastoral lands.

Wonderland (2000 to 2004)

Makita are known for their power tools and equipment. They are a multinational organisation and were moving to a new facility in the Eastern Creek business precinct, which had been created out of the old Wonderland amusement park, which sat on the western outskirts of Sydney.

I was appointed as their client representative to manage the creation of a new facility for their office and warehouse functions. Makita could have built their facility in their own right, but land was an issue so they leaned toward development deals offered by large land development groups. Such groups had acquired huge land estates to the west of Sydney and would master plan and market them as technology parks or business parks in a similar vein to the CRI Sydney Airport Project mentioned over twenty years earlier. This would involve the consolidation then subdivision of the greater site, which usually had been a prior farm. The old farms would usually have remnant titles related to former ownerships and acquisitions, whose patterns of title did not suit the new land parcels that were on offer in the new business parks. This point is relevant to the thesis and model proposed here as a central tenet- 'title distribution' and will be dealt with in the thesis under the concept of Land Parcel Dynamics.

Expressions of interest were called from these developers, and the various offers of land and development were reviewed, with a long term lease to Makita on offer. Australand's proposal at Eastern Creek was chosen. Australand would typically develop the facility and on-sell it into a relevant property trust vehicle, usually of their own making. Makita would become tenant on a long term basis and underlie the quality of

the asset and the property trust.

When the Makita project was being built, there were a number of concurrent tenants being installed into the new business park, but there was also a lot of open space that had been re-titled into marketed land parcels, and were in need of occupation. The likes of Makita would prove to be a valuable catalyst for the entry of other tenants into the precinct. A review on Google maps (July 2013) shows a number of recognised industrial groups which have settled in the precinct. The map also shows the balance lands of the precinct which as at 2013 are yet to be taken up by new corporations (see figure 10).



Figure 10: Eastern Creek Business Precinct (Google Maps 2013)

Parallel with this I was drawn into Queensland to assist Matrix Constructions to build their management support systems. In the process I assisted in the strategic plan of another hybrid building and development group called Ray Matrix. One of the owners of that group was Brian Ray. The other half of the group was Matrix Constructions which was created by John Davies and Peter Burt who were ex Civil and Civic. Matrix

had been modelled partly on Civil and Civic. It would prove to be a dynamic duo with many projects that I would become involved in. It also gave me a special glimpse into the Queensland way of doing business.

The Queensland Way (late 1990s to mid-2000s)

Brian Ray, who unfortunately died alongside his wife Kathy when their charter plane flew into the mountains near Mount Hotham in 2005 (Clark and McClymont 2005) will remain an enduring memory, and my first and personal glimpse into the world of self-made property developers. By that I mean they are people who also actually often put their own money on the line (but only when absolutely necessary). I learned this one day in dramatic form when at a business meeting with a financier to secure a sea side development site, Brian was signing the papers and as he was completing this process left one piece of paper aside. Just as I thought we would finish up, he handed me the piece of paper and asked me to sign it. I looked in confusion at the paper and it had a signature point for the personal guarantee over the project which was many millions of dollars. I looked at him in bewilderment and asked why. He told me that his commitment to the deal had relied substantially on my advice which was greatly valued. Surely if I believed in my own advice I would have no problem signing the guarantee. I was struck in one statement by a central inadequacy in my twenty five years of experience, which I had proudly gathered in the name of large balance sheet groups but not in my own name. He fortunately played around momentarily and joyfully with my embarrassment and then signed the paper. I would however never forget that moment, and it was a catalyst for what would follow in my own foray into property development.

By Brian's personal account to me, he was a self-made man from the suburbs of western Sydney. He had risen in his younger life to great fortune through land deals in Western Australia which were operated remotely by the company vehicle of a Malaysian Prince. It is substantially clear in my memory that the Prince's vehicle would become known as Ipoh Gardens. Ipoh Gardens is most famously known for its involvement in the Queen Victoria building development and then the World Square Project (Sydney Morning Herald 2004). Brian had evidently gone to school or college with the Prince in Australia and they had become friends. Brian had done very well and in his own words to me said that in these earlier days (in his twenties so this by calculation would have been in the early 1970's) he had accrued a fortune of 60 million

dollars, which was a sizeable amount at that time. It was then he delivered my next lesson in property development. He said that it is much harder to keep money like that than to make it. “The money slipped through my fingers like water”. He also delivered me another message which was after I commiserated with his loss. He said Jon “the way to wealth is to not become attached to it”. It was true in fact because over the years of working with him and beyond, his career was marked by wins and losses of unimaginable proportion and consequence. Many people would not be able to get up and try again after such loss. During that time he never gave up and in the troubled passage supported a young family. I was to meet his young son Tom along the way. Tom is now the owner of The Ray Group.

In the dealings with Brian I came into direct contact with Macquarie Bank who was Brian’s key funding house at the time. It was in those meetings how I also learned about the symbiotic relationship between high return finance houses who sought such returns by engaging in property development through what I would call proxies like Brian Ray. I also started to learn more about the layers of finance that make up a development in its initiation, implementation, on sale and operation. The clear divisions between the equity layer and the debt layer were clouding, with the emergence of an insidious form of quasi equity. It sat between the two in what was called the mezzanine layer of finance. In my father’s day this would have been called second mortgage lending, often the province of solicitors. This layer would have its day of darkness a decade later, as it formalised in public offers and in the lead up to the GFC, where it took thousands of people down together with their life savings in some cases.

These lines on Brian Ray however are written with not only nostalgia but with good reason. In its relevance to this thesis it introduced me to the notion of the dispassionate, nomadic, hunter as a developer type. This spirit would never die with Brian. In the years before his death he had finally really made it rich (well for a while under his own depictions) with the creation of the Salt Development on the border between NSW and Queensland. It was a fitting bookend to Ipoh Garden, decades earlier, Salt was worth millions, of his own making entirely and existent at the moment he crashed into an icy mountain. Vale Brian Ray.

A theme is arising however and worth noting, which relates to the human profiles of several high flying developer types depicted in this thesis in Skase, Bond, Peterson and

Ray and many others not mentioned here. It relates to what I would call driven mercurial natures. Their related personality types show signs of being highly persuasive if not in some cases manipulative, are compulsively acquisitive beyond apparent reason. They are blue sky climbers, often do not heed storm signals, fall to earth and even in some cases after severe corporate breakdowns are back on the hunt within a number of years. Just behind them and in the shadows often are their chosen finance houses. The sycophantic partner who in the right business season lends without prudential integrity, bathed in the light of the times and these persuasions. The body count is measured in the number of properties that go into receivership and are left in the hands of the silent partners. When it is hunting season with these players, buildings are literally spawned and proliferated. Here is another layer in the seed of the cityscape. I should note that I omitted Dusseldorp from the list and this is for good reason as his *modus operandi* though acquisitive and persuasive was considered and measured by all accounts. This was a product of his engineering background. Wills was similar also in this respect. It did not however protect either of them from the vagaries and complexities of the property development mechanism.

The Ray Matrix vehicle is worth noting also as it was a joint venture between Brian Ray and Matrix. A melding of a design and construct construction culture with a self-made property developer. John Davies who I had worked with a good 15 years prior on the Malaysian LUTH project asked me to assist with the creation of his management support systems. In the process I was to be introduced to Brian, his projects and the era of Ray Matrix and their strategic growth and projects. The same old tension however would remain in this mix, despite the good and dynamic relations. This played out again in both the captivation of a building group and the associated loss of competitive pricing for the building works. Also in the involvement by the Matrix arm in development activity which was the traditional province of their own clients. Matrix were in effect seen to compete against their own clients in some cases. Matrix would counter this somewhat through the nature of the management contract arrangement that went with their maximum price philosophy. An old order however, this conflict is in effect a micro political inter-play which still existed in this example even across the decades from my earliest student memory of Civil and Civic in 1973. It, together with time and circumstance would unravel the Ray Matrix group.

A Property Trust Era (1990s)

It is with some wonder that I read in the researching of this reflection that Lend Lease had created General Property Trust (GPT) in 1971, a point of education to this author. This is partly because I remember an era in the early 1990s when I was introduced to unlisted property trusts which were in their infancy or so I thought. My interest related to an unlisted property trust that had not gone well due to the crash in property values associated with the times of the early 1990s. The problem with the unlisted trust was liquidity. It consisted of a select number of private investors who each owned units in the trust. The trust in turn bought a portfolio of buildings which provided a return on the investment and associated potential distributions to the unit-holders. If there was however uncertainty with a particular trust, it could precipitate a run on the trust where unit holders demanded their money back. Of course the only way to retrieve the money was to sell the often commercially illiquid assets. This reinforced the era of the listed property trust on the Australian Stock Exchange with its liquid trusts.

Such property trusts were in effect receptacles for the end product of property development; the titled property with an asset return in the form of capital growth and rental returns. The trusts would not only provide a 'take out' for the new developments but also acquire existing properties. The trust industry also emerged with a development version and example being Charter Hall. Charter Hall was the brain child of Andre Biet and Cedric Fuchs, and not only engaged in development through a development trust but in end take-outs. This recount serves to bring to life the nature of the receptacles at institutional level of developed properties. It also adds to the numerous typologies of developer that has been gathering throughout this reflection and which is dealt with in more detail in the thesis under the concept of Property Developer Dynamics.

The Rise and Fall of the Mezzanine (2000s)

I remember in 1991 when attending a Master of Business Administration course at MGSM, that a term called financial engineering was taught to us. It was all the rage it seemed, and one of its case studies was the European junk bonds of that era. It is a complex area and I did not confess to understand it fully, but even then I did understand its central philosophies, which were brought to life spasmodically in my dealings over the years. It was also brought to vivid light by a finance manager at Leighton in the early

1990s who said something to me when I was working out a feasibility at the time. He said “Jon always concentrate on the asset and the debt will take care of itself, never make the debt the key objective”. In my dealings with Brian Ray and in subsequent dealings of my own I remembered this, however there was one assumption that the finance manager had not accounted for. He was working with a big balance sheet group. In such groups the projects are normally funded on the old principle of equity and debt with little if no use of mezzanine (there may be exceptions, but in a recent interview of a similar group they did not use mezzanine funding). In lesser groups with smaller balance sheets, the mezzanine layer comes to bear and so it was with us in the Gateway Project which will be related later in this reflection. Suffice it to say, Gateway aside, the finance manager was right.

However this (mezzanine) practice was not just the realm of the nomadic low-to-no balance sheet developer, but an emergent group of funds managers who were to make mezzanine an art form. The key issue with the mezzanine layer of funding is that it does not have the benefit of the parent debt in enjoying the first mortgage over the primary asset. The mezzanine debt which is offered with high interest returns e.g. 12% and various profit share arrangements (but no equity shares) comes with a lower security in the form of the second or third mortgage. This can be warranted in bouyant times, but it is like a leach on the project funds and a time bomb that grows in ever increasing volatility with the over-run of time in projects and especially in a declining market. Due to the recent nature of these schemes which are no secret to the public, and the associated losses of the GFC, I will refrain from naming parties.

The urban theorist and geographer, David Harvey (Harvey 1985) talks of circuits of capital and relates them to the nature of capital deployed in consumption and production landscapes of the urban fabric. The same term can be used for the intricate labyrinthine layers and circuits of mezzanine capital that feed off an asset. Worst still, like remora it drags the slower property development down as it seeks completion and is the scourge of any project. The return to the traditional equity and debt layer is a wise move, and one is advised to only engage in projects with adequate equity. I know this will be seen with some derision by modernist funds managers.

The Invisible Developer

For the smarter operators of these schemes they were also able to create what had not been done before at least not on this scale- the invisible property developer. This meant that the funding structures of the project were created with layers of mezzanine finance that had no recourse to any sponsor or the sponsor's assets. More astounding, in such schemes the banks would offer parent debt on a non-recourse basis. This meant that they only had recourse to the land asset itself and not the sponsoring party. In the typology of developers this stands out on its own. In the lead up to the GFC, this brand of development existed almost as a replacement and equal to the mercurial developer of the 1980s. At least with the 1980s beast with all its vagaries there was a sponsor who could be trailed and supposedly put to account. In the pre-GFC world, the sponsor literally disappeared into a maze of entities and complex circuits of capital.

The Gateway Tower Townsville (2003 to 2010)

The Gateway on Palmer apartments were finally completed in November 2008 three and a half years after my 'fence with a view' moment (in early 2005) and over eighteen months later than the window we so desperately wanted to achieve in early 2007. It in effect missed one window and landed in another, possibly the one it was meant to land in. This statement may sound strange, but as this thesis unfolds it will be seen that every city has its time, will indeed takes its time and in some ways can not be rushed. The Global Financial Crisis engulfed our project and the rest of the developments along Palmer Street, and took their toll on other developers whose projects (and in some cases they) went into receivership whilst we did not. However Palmer Street was never more alive, and then and now is a bustling active eat and accommodation strip that draws Townsville and tourists to its amazing cuisine. The Gateway on Palmer Apartments were eventually fully sold and indeed when we finally got our presales together all 88 managed apartments were sold relatively quickly.

It transpired that with the pressure of the (fence) moment we eventually decided on a product mix but our presales were sluggish and time was running out. Banks at that time in some cases would lend up to a loan to value ratio of even 90% but this was fraught with danger and as a side note not possible today (2013). Even with this we could not obtain bank funding and so with much deliberation, we were forced to sell the project.

This we did after many months to a group called Quantum who were engaged in the creation of a superannuation product called a warrant. The warrant allowed you to borrow money (in another form) through your self-managed super fund. This could then buy investments- in this case apartments. The site was sold based on an acceptable level of pre-sales gained by Quantum, and we moved forward as project manager toward an urgent construction programme. In the end instead of completing prior to 2007, we completed by late 2008.



Figure 11: Gateway on Palmer Development, Palmer Street, Townsville (Photo Drane 2011)

Today the Gateway on Palmer Apartments sit on Palmer street at the entrance to the city from the south with an Oaks (hotel operator) sign on the top. It is always hard to get accommodation there and it trades operationally very well. It in effect provided another valuable and convenient form of accommodation to the Townsville market place.

Townsville were cool to take up the residential apartments at the top of the tower, being concerned about the perceived managed apartment operator/hotel below, but they eventually sold and the project never went into receivership. However the true toll on developers along the strip leading up to the GFC would be revealed in my revisit to Townsville for a later project and for this thesis, and show how well the project did in

operational end outcomes at least. The story of Palmer Street and its proliferation is revealed further in the thesis in the case study in Chapter 8.

This autoethnographic reflection has provided not only a chronology of events in the author's life but brought to life themes and concepts related to the thesis.

Through the application of this lens, more has been revealed than just a culture and typology of the sub-culture of property developers. Included are their fields of operation- in this case building sites within cityscapes, as well as the nature of such cityscapes and their transformation over historical time. The seeds of change are revealed in many forms; the developers' actions, processes, structures and institutions, their considerable power to influence change, the prevailing circumstances, and their related windows of opportunity (or lack thereof), the cityscape's propensity and readiness for change, the local setting and social forces that support or engender this change. It also includes the history of the cityscape's land and lots and their propensity to be reformed or parcelled into a form that engenders such change.

The cityscapes have been revealed to sit in relatively undisturbed prior historical states, to then by a seed be transformed into other contemporary creations, by individual acts of development often through the force of individual actors. The power and nature of some actors is also revealed. In some cases the mercurial, persuasive and somewhat obsessive self-made property developer seeks acquisition and trade at an almost unnatural pace, un-hindered by failure or even the extremes of punitive consequences. These singular powerful human beings gather support around them based on conviction and spin. The power and potential to change cityscapes is shown as formidable. They are in effect more than traders but constitute a powerful human catalyst for change. In this case the manifestations of their catalysts are the buildings of our cities in our cityscapes, a concept central to the thesis herein.

B. Appendix : Literature Map - Logic and Process

This section provides a detailed explanation of the literature mapping method used in Chapter 1.3 and the more detailed literature maps are included.

To provide relevant clarity to a considerable and extensive field of study in the thesis across both property development and the growth of cities, the various scholarly views were classified and filtered using literature maps based on their ‘focal preference’ using the terms ‘social action’, and ‘artefact’ as the two focal choices. The term artefact can apply to any object of a physical nature, but here refers specifically to built-matter in the form of buildings. These focal points and relationships between them, are used to polarize and filter the literature and place it in context with the Model. The distillation process then leads to theories relevant to the Model. The literature maps are evolved along the two central themes, firstly the proliferation of buildings in cities and secondly the property development mechanism.

Each map is graphically organised by placing the proposed original model into the centre of the page and then placing relevant literatures (represented by a theme card) around the centralised proposed model in positions that are based firstly on a micro emphasis on the upper page and a macro emphasis on the lower page. Micro being related more to a focus on individual social action, macro that the theorists tended to view the proliferation from a higher level, based on describing the phenomenon using ‘upstream economic or political factors’.

Label	
Central Theme	
Author	
Reference	Year

Figure 1: Theme card used to distil theoretical works and to aid graphical representation of literature maps (Drane 2014)

The theme card is based on the system of the library card. The blank template for this is shown in Figure 1. The cards allowed the various theoretical works to be organised by a central theme, a label, author, reference and year of publication.

The page was also divided into quartiles based on emphasis on either social action or artefact. The four quartiles were represented as follows:

1. 'artefacts explain social actions' (centre right quartile)
2. 'artefacts cause social actions' (top right quartile)
3. 'artifact explains artifact processes' (bottom right quartile) and
4. 'social action causes artifact' left top and bottom quartile).

The exercise allowed for both the identification of aligned theories as well as gaps in the theory base, and most importantly the incidence of theoretical works that were of a mechanistic nature (and therefore similar to the proposed model). The more mechanistic theories would by the logic of the graph, move toward the middle of the page where the proposed model sits. This was to say that theories of a mechanistic nature both recognised higher indeterminate forces (sometimes mirrored by artefacts), as well as individual action. The extent to which such higher forces were of a human or a teleological nature was not of itself explained by the map, and instead elaborated in the theoretical discussion around the maps.

Three literature maps are employed: Literature Map 1A and 1B covers 'proliferation/growth of cities', and Literature Map 2 covers the 'property development mechanism'. Literature Map 1A maps and organises related theories of city growth with the proposed model. Literature Map 1B takes Map1A and collects aligned theories, centralising them graphically with the proposed model. Within these theories emerge theories of the property development process and mechanisms which align with the intent of literature Map 2 with particular reference to Giddens and Healey.

Literature Map 2 draws on the central relevant theories from Literature Map 1B and unpacks headland theorist Healey's work on models of the development process. Here her categorisation of such models into the four following categories are included in new quartiles of Map 2:

1. Agency models,
2. Event sequence models,
3. Equilibrium models and
4. Structural models

A further dimension was added with the category of ‘institutional models’ which included both Giddens theory (1981, 1984) and Healey’s later institutional model of the development process (Healey 1992). The overall result of the literature mapping exercise, as will be elaborated, was both an alignment of the proposed model with these important foundation theories, and a maturing of the proposed model from the original model to the developed model. The three maps are shown below in consecutive order without interruption, to assist the understanding of their relationship to each other and how the overall theoretical framework was mapped. Each map is firstly elaborated with a brief description of their contents. The overall summary foundations of the theoretical landscape observed from the mapping exercise are then discussed, showing its roots in the literature of the dialectic, capitalist and development theories. Finally theoretical analysis is provided by a discussion of the theories in context with the artefact-social action categories, which leads to discovery of the nature and extent of mechanistic theories related to the proposed model.

Summary: Literature Maps 1A, 1B and 2.

The literature maps are to be read sequentially, in effect in the same order that they were created. This is because they are both graphical and organisational. **Literature map 1A** collected the theories related to city growth without specific reference to any preferred discipline. It also explored and revealed foundation theories of political economy and capital that were revealed to underpin more contemporary urban theorists such as Hegel, Marx and Lefebvre. The map speaks for itself in this regard, with the array of theorists spread across the page and around the proposed model that sits at the centre of the map. Due to the polarisation of micro theorists at the top of the page and macro theorists at the bottom of the page, and the social action-artefact emphasis in the quartile direction, social theorists tended to move toward the upper left quartile. Physics based theorist (Batty, Bak, Taubenbock) gravitated toward the lower right quartile, whilst ecological theorists (Park, Burgess) and those related to power and symbols (Foucault and Lefebvre) moved to the upper right quartile. The lower left quartile was seen to be sparse at first, since in that quartile both macro theorists, and those who aligned with

macro social action were fewer. Here however Giddens' work was revealed and the quartile started to house an institutional emphasis, with other theories of political economy.

Literature Map 1B collected theories that related to the proposed model and placed them in the centre left zone. It then enclosed them in a square including the proposed model. Here the works of Healey were revealed along with her links to Giddens' institutional theory. These in turn led to other headland theorists related to urban development and development models including Molotch (1976), Barrett (1978) and Guy (2000) amongst many others. The proposed Model was now aligning with these theories and soon to be anchored in both Healey and Giddens' work. The map also shows an arrow from the proposed model pointing to the top left quartile, which aligned the model with the foundations of urban theory and theories of capital, elaborated in the next section.

Literature Map 2 was derived from the above maps but focused on the property development process and mechanism. Here a new quartile layer was added using Healey's four categories of development model – agency, event sequence, equilibrium and structural. Her works on the models of the development process was unpacked and the theorists related to these four categories displayed in their relevant quartile. This led to the identification of a gap in the literature related to development models, of a mechanistic and institutional nature. This was derived and based on Healey's institutional model, which attempted (embryonically) to align a model of the development process with Giddens' institutional theory. The ultimate result of the filtration employed by the literature mapping process in effect placed the new model in a substantial gap both graphically and theoretically. The literature maps also revealed the nature of historical and foundation theorists related to both urban theory and theories of capital. These two categories align with the two central themes of the thesis - the growth of cities and the property development mechanism.

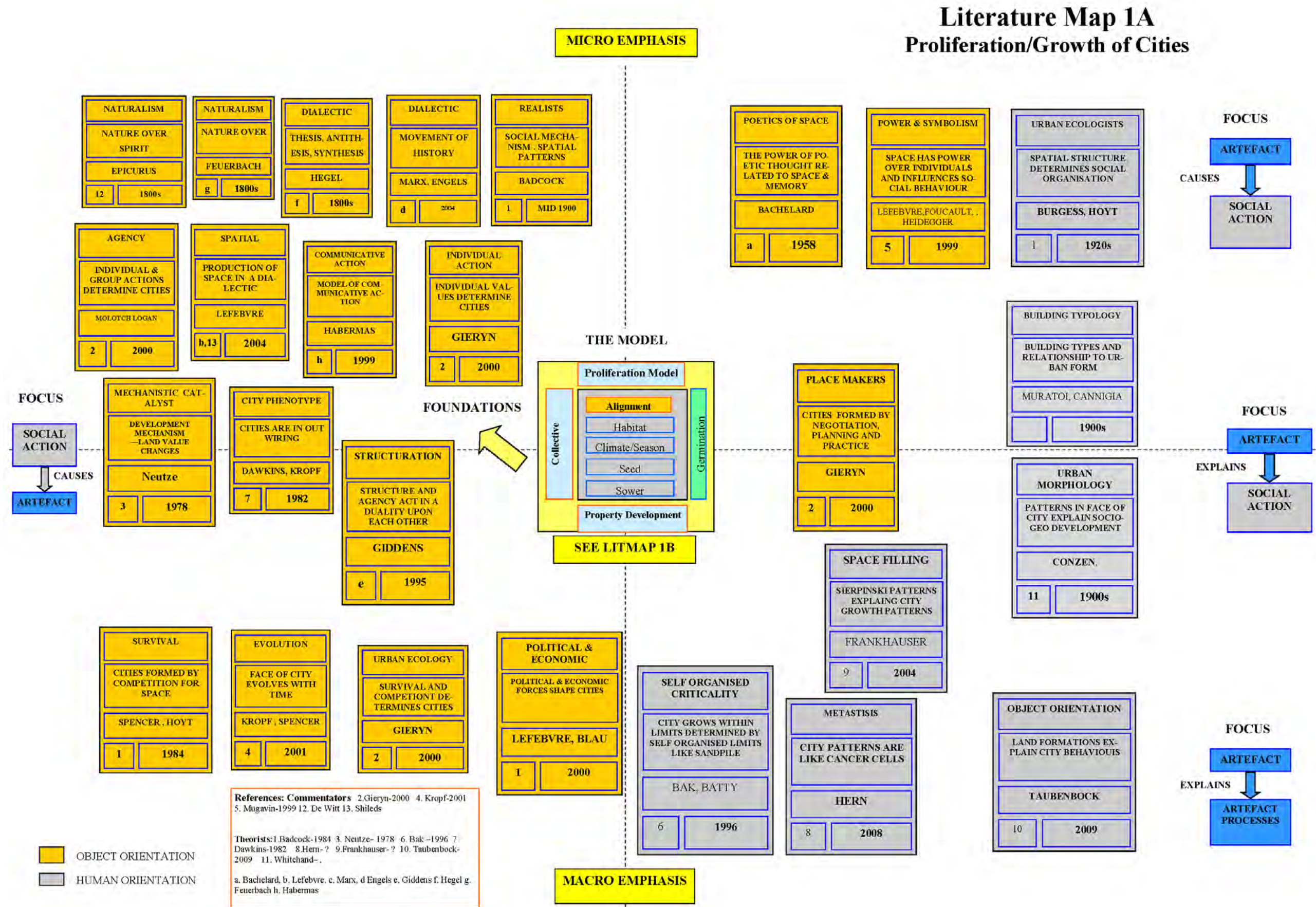


Figure 1.14: Literature Map 1A: Placing the original model in context with theories of city related to proliferation and collecting aligned theories (Drane 2014)

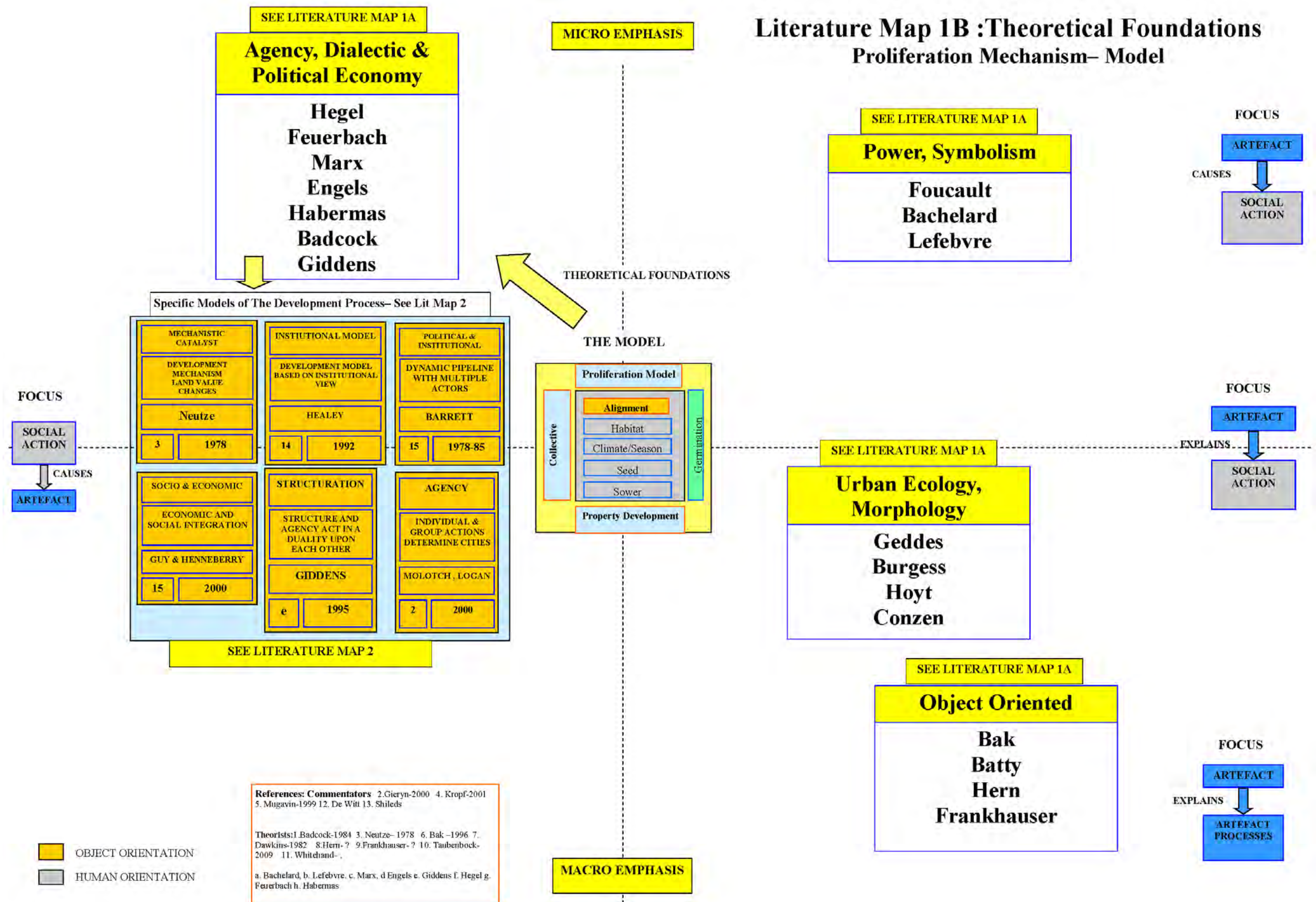


Figure 1.15: Literature Map 1B: Aligning the original model with other theories of the city's growth (Drane 2014)

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C. Townsville Bulletin Article, 17 October 2012



Street studied

by Tony Raggatt

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THE transformation of Townsville's Palmer St from a city backwater to a hospitality and dining mecca is being studied to provide clues on the catalysts for property development and city renewal.

Sydney developer Jonathan Drane, who was himself involved in the making of Palmer St, is in the city interviewing people for doctoral research he is undertaking with the University of NSW.

Mr Drane, part of a developer group which initially proposed the Gateway on Palmer apartment and restaurant project, is writing a thesis on property development theory.

"My theory is that there is a mechanism related to property development which unlocks sites and puts buildings on them," he

said. "It relies on a number of factors ... not just economic."

Mr Drane said Palmer St, where hundreds of millions of dollars worth of development had occurred over the past decade, had been an obvious success.

He was also studying the renewal of Newcastle's waterfront Honeysuckle Drive and another Townsville renewal project, Central, being developed on the former North railway yards in the CBD.

Mr Drane said opinions appeared to differ over the aspects which had been most responsible for the changes to Palmer St.

"How is it that over a period of a few years in the mid 2000s a precinct could change so rapidly?" he said.

He said the reasons ranged from the closure of the road to port trucks through to the opening of inventive restaurants.

Mr Drane can be contacted at j.drane@student.unsw.edu.au or via jondrane.net

CHANGES: Developer and author Jonathan Drane has studied the transformation of Palmer St.