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## CONDITIONS FOR A RETURN TO PRODUCTIVE ACTIVITY IN METROPOLITAN AREAS

**27,310 ha**

SURFACE AREA OCCUPIED BY PRODUCTIVE ACTIVITY<sup>1</sup> IN THE PARIS REGION, INCLUDING 5,975 HECTARES (22%) IN DENSELY POPULATED AREAS

**413,000**

INDUSTRIAL SECTOR SALARIED JOBS IN THE PARIS REGION IN 2018 (ACOSS)

RE-INDUSTRIALISATION HAS BEEN AT THE HEART OF EU AND FRENCH ECONOMIC STRATEGY FOR THE PAST DECADE OR SO. HOWEVER PRODUCTIVE ACTIVITY, WHICH ALSO INCLUDES LOGISTICS AND SELF-EMPLOYED TRADES, IS STRUGGLING TO MAINTAIN ITS PLACE IN METROPOLITAN AREAS AND IS BEING INCREASINGLY PUSHED OUT. INITIATIVES LAUNCHED IN FRANCE AND ACROSS EUROPE OVER RECENT YEARS DEMONSTRATE A DESIRE TO REVERSE THIS TREND: A DESIRE THAT IS LIKELY TO STRENGTHEN DUE TO THE HEALTH CRISIS.

**A**lthough the subject of de-industrialisation is widely covered in the media, its causes are not all well identified by the general public. In addition to relocation, which is all too often highlighted as a cause, the externalisation of many activities (logistics, various services, tech outsourcing, etc.), as well as productivity gains, have been major contributors to the significant reduction in the relative weight of industry in the economy over the past forty years. Lack of available land is also a factor that contributes to this phenomenon and which can be an obstacle to re-industrialisation. Space requirements, low employment density, the large size of certain production facilities, activities generating traffic in goods and materials, relatively low financial resources (companies in these sectors having smaller margins than elsewhere) and a reputation for being harmful (polluting, noisy, smelly, dirty, etc.) are characteristics shared by these businesses whose purpose is to process, store or transport materials and goods.

Today, cities are undergoing transformations that affect the location of productive businesses, largely due to competition between different modes of use. The development of tertiary activities, whose urban forms seem more compatible with nearby residential areas, leads to high land prices and the eviction of productive businesses.

This results in the increasingly rapid disappearance of productive activity from urban centres and residential areas. It concerns not only businesses traditionally located in the heart of old residential suburbs (in the Paris region, areas on the outskirts of the city such as the Grand-Orly Seine Bièvre area, or to the northwest, such as Gennevilliers), but also those located in business zones near densely populated areas, particularly along the A86 motorway in the Paris region, as these areas gradually place more emphasis on tertiary, commercial or leisure activities or shift towards residential development.

## THE SEM ÎLE-DE-FRANCE INVESTISSEMENTS ET TERRITOIRES

Set up in March 2020, the SEM Île-de-France Investissements et Territoires is a semi-public company whose capital is mostly public but which includes private shareholders. Its purpose is to manage property assets with the aim of retaining and developing productive activity. To achieve this, it focuses specifically on industrial properties and workshops, as well as productive third places. Its action takes several different forms: purchasing new developments, purchasing and renovating existing buildings, creating project-specific companies, taking out long-term leases, etc. It has an investment capacity of around 50 M€, of which 5 M€ was supplied by the Regional Council at the outset in order to fund some fifty projects within five years and purchase 35,000 sq.m. of property.

The need for housing is a stark reality in metropolitan areas, particularly in the Paris region, that must be addressed. However, despite this urgent need, industrial facilities can no longer merely be perceived as potential sources of land for tomorrow's housing developments. The distancing of productive activity from city centres has become a source of current and future problems and fails to meet emerging expectations and requirements.

### CITIES NEED PRODUCTIVE ACTIVITY

In several respects, retaining or even developing such activity in urban environments is vital in order to improve how metropolitan areas function.

First, environmental factors must be taken into account: in order to limit or even halt the consumption of non-built space, it seems advisable to make more intensive use of existing facilities. By bringing production or storage facilities closer to consumers, we can reduce the transportation of goods as well as human journeys. This ultimately encourages the emergence of short supply chains within circular production systems (repair, reuse, salvage, recycling, etc.)

Second, there are social considerations: social diversity in cities also depends on the diversity of their economic activities. An essentially service-oriented model of urban development causes acute social polarisation. Productive activity, including industry, helps to make employment opportunities more diverse, with jobs that are, on average and comparing like for like in terms of qualifications, better paid and more stable than in the service sector. Several local authorities explicitly emphasise how important it is to offer a diverse range of jobs and qualifications in cities. For example, by the year 2030, Bordeaux aims to offer 20,000 additional production-related jobs in order to reach the target of one million inhabitants set by the city's elected leaders. Lyon aims to retain 80,000 jobs in industry by 2025: this represents 18% of salaried work in the metropolitan area. The Aix-Marseille metropolitan council deems it necessary to free up 1,700 hectares of land by 2025 in order to maintain the number of jobs offered in the area. In these cases, employment diversity is a challenge that underlies planning strategies; how economically oriented planning is carried out impacts a city's ability to create and maintain jobs and retain productive economic activity.

Last but not least, there are economic considerations: feeding a city and producing and exporting goods requires land that meets the requirements of the supply chain and provides suitable places for businesses to move into. Moreover, it will be increasingly beneficial for productive businesses to operate near, or even inside, cities, in order to be as close as possible to residential areas. This is the case for the thousands of self-employed tradespeople and repairers serving companies and residents in cities: businesses whose activity is encouraged by local public authorities, in particular with a view to developing the circular economy. It is also the case for logistics firms, especially last-mile carriers, whose

growth is being driven by e-commerce. And it is true of industrial firms adopting hybrid business models including services in their offerings. Such firms will need to operate in a skills-rich environment in order to design solutions and deliver them to their customers with a high degree of responsiveness. The need to operate in an urban setting will also apply to firms that embrace the principles of functionality and circularity, or companies that increasingly individualise their products and manufacture them in smaller production facilities. The need to operate in an urban environment will be all the more pronounced as these firms begin to upscale, as this will mean attracting well-trained employees for whom quality of life in the workplace is key.

The implementation of industry-friendly strategies within the framework of "Europe 2020" and their application in EU countries reveal a positive trend for industry. It also responds to a societal demand for more materiality, illustrated by the Makers and FabLabs movements that seek to redefine the role of industry in our economies, our cities and our societies. But what concrete steps can be taken?

### PRACTICES ALREADY AT WORK

Metropolitan councils have been grappling with this subject for a number of years. With the support of the CDC research institute and the Ministère de la Cohésion des Territoires, the Cerema [public planning consultancy body] has documented and analysed this phenomenon by carrying out a survey of seven French metropolitan areas: Aix-Marseille, Bordeaux, Grenoble, Lyon, Nantes, Toulouse and Grand-Orly Seine Bièvre. The Institut Paris Region has carried out similar work via a focus group involving several European cities within the Metrex network.

It emerges that, in order to respond to these challenges, metropolitan areas elaborate regional land-use strategies that address one or more of the factors that tend to exclude productive activity from cities (see diagram). These strategies have in common their long-term vision, robust political and technical governance supported by regional partners, and multi-scalar initiatives coordinated via strategic approaches. Together these elements enhance the effectiveness of their interventions and the tools that are tested across each region. The main initiatives are described below.

### POLITICAL WILL DRIVES INITIATIVES

The NOTRe act [2015 act of parliament reorganising French regions] brought major changes to the scope of action of new metropolitan areas and the way their competencies are deployed. It is thus not surprising that political leaders are taking time to engage with issues that are complex and whose repercussions are difficult to assess. Some metropolitan areas already have experience in the fields of economic development and urban planning that allows them to go further in trialling and implementing innovative schemes.





## Amsterdam

The city of Amsterdam has significant housing needs, with a population that has grown 25% in 20 years: a total of 15,000 new inhabitants annually. Its main land resource is its 450 hectares of industrial land representing 25% of the industrial port area, where the plan is to build new housing for the coming decades. Moreover, based on the knowledge that the urban economy of the future will need logistics and production facilities as much as services, Amsterdam has put in place a “productive 2030” strategy. The aim is to build 500,000 sq.m. of productive units in mixed-use areas by 2030, and to add density to some of these business zones by introducing mixed use and constructing new buildings. Mixed use will be achieved by retaining some of the existing buildings and combining different functions, both within districts and individual buildings.

Aerial view of the Hamerkwartier site, the IJ and Amsterdam Central Station

The system relies on a range of tools:

- the implementation of specific “productive activity” zoning for certain strategic parcels of land;
- a target of 25 % of floor area devoted to productive activity;
- architectural specifications specifically designed for productive activity;
- determining the feasibility of a cooperative for the operation of a range of business units, with the aim of creating the right functional mix and ensuring that rents are compatible with productive activity.



Aerial view of industrial estates and business parks in northwest London, Whitby Avenue, Abbey Road, Park Royal, London NW10

## London

London is eager to retain its residual productive activity. With the 2019 London Plan, which sets out development plans until 2041, the Greater London Authority (GLA) has created measures specifically aimed at protecting “strategic industrial locations” (Sils). The GLA has designated a total of 59 Sils, including the largest industrial site in Europe, the Old Oak and Park Royal, which provides 43,000 jobs and is undergoing a densification project that will not undermine its industrial nature. The stated aim of the GLA is to halt the loss of industrial locations, running counter to the trend that saw London lose 1,300 hectares of industrial land between 2001 and 2015. Its philosophy is both to set aside specific areas for the most polluting industries and to locate productive activity next to existing sources of pollution such as transport: under flyovers, along roads and railways, etc. The possibility of accommodating types of productive activity that can be combined (repair workshops, small-scale logistics businesses, urban services, creative productive activities, etc.) on the ground floor of buildings in newly built

districts is being explored. However whether this idea will be implemented is open to doubt as it essentially depends on the Boroughs, which are under significant pressure from private developers.





Lyon Site – Parilly Factory

doubled by adding 30,000 sq.m. of new space, which will accommodate 20 to 25 new industrial firms and provide 1,000 jobs. Bosch will remain on the site as a tenant with its research, training and sales departments. The BoostHeat boiler manufacturer has already committed to leasing 9,000 sq.m. once the sale is completed.

## Lyon

“Usin” is a re-industrialisation project on land belonging to the Bosch company. After several attempts at re-industrialisation since 2010, the German firm has sold its land and buildings next to the Lyon ring road in Vénissieux.

The project originated in the “PLUiH”, the local development and housing plan, which included zoning measures classifying the area as “UEi1” (industrial use only), as distinct from “UEi2”, which earmarks areas for mixed use (tertiary, shops, industry, etc.). Bosch responded positively when the Lyon Metropolitan Council announced this.

The fact that the site was to retain its industrial use convinced Bosch to sell it to a public-private consortium comprising the semi-public company Serl, the Banque des Territoires and the Caisse d’Épargne Rhône-Alpes (CERA).

The Usin project will be a business park for industrial firms (small and mid-size companies, start-ups, groups, etc.) ultimately offering 60,000 sq.m. of renovated and new business premises.

The current floor area (32,000 sq.m.) will be



Bordeaux-Lormont Côte de la Garonne. Perspectiviste : NicolasRichelet.com

business units are expected to provide the impulse for further groundbreaking approaches where industrial, logistics-related and perhaps ultimately residential facilities can exist side by side.

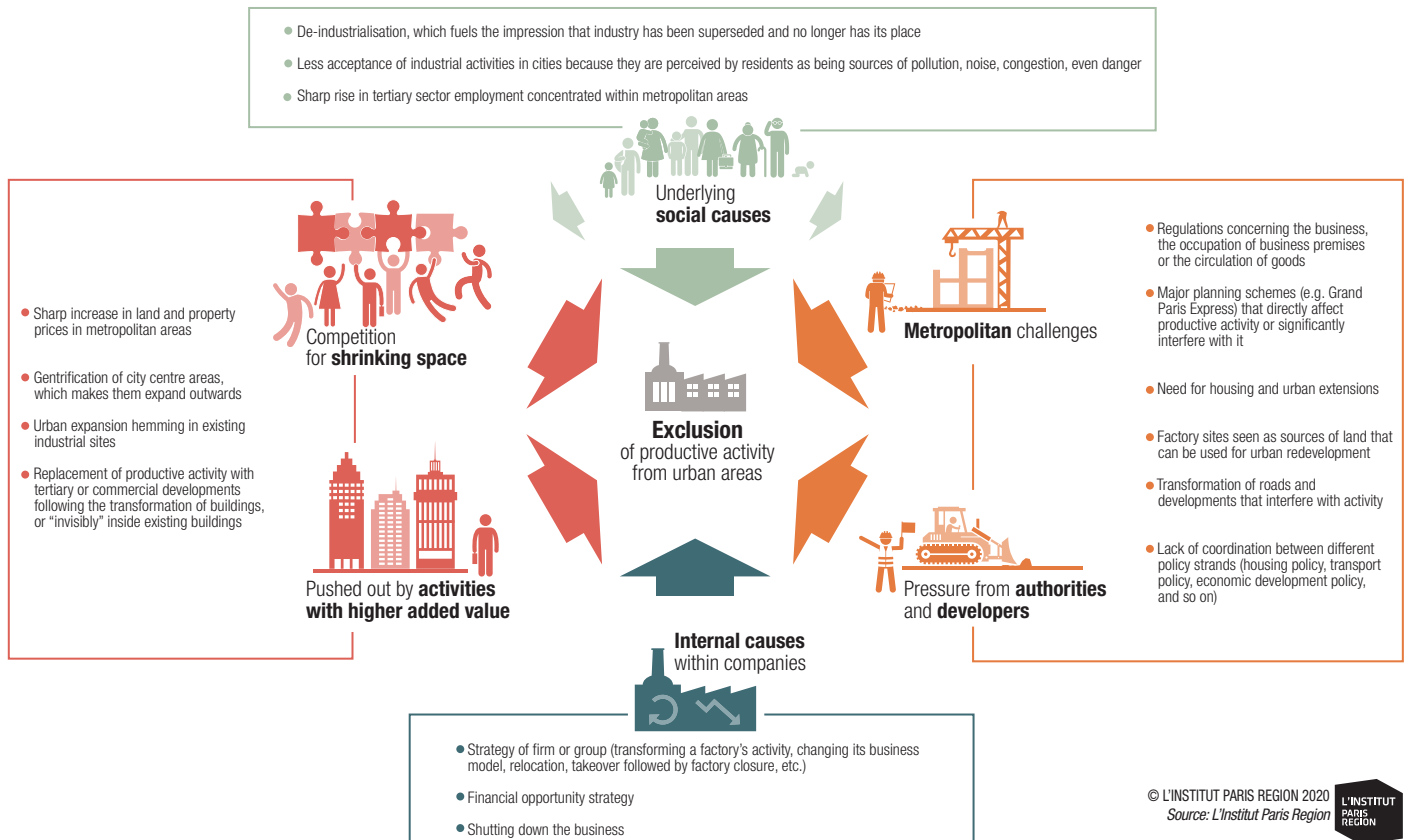
## Bordeaux

The Bordeaux Metropolitan Council launched a call for expression of interest in June 2017 concerning eight sites owned by local authorities or private management firms with a total floor area of 50,000 sq.m. The idea was to select sites to be reclassified in economic activity zones. The call reached out to companies, developers and investors with the aim of providing workspaces accessible to self-employed trades and small and medium-sized companies.

Special attention was paid to purchase and lease prices so that the offering would meet the needs of local businesses. The diverse range of units on offer makes it easier for businesses to make the move. Among the innovation criteria there are four key themes: “development”, “innovation”, “redesign” and “enterprise”. The proposals had to offer innovative business premises that are flexible, reversible and fit for purpose.

The call attracted proposals that were very different but all geared towards productive activity (including logistics), which will, it is hoped, ultimately provide 1,000 jobs. These innovative

## Forces leading to the disappearance of productive activity from cities



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Source: L'Institut Paris Region

The mobilisation of political and technical actors in metropolitan areas is the other pillar that helps to maintain productive activity. Private actors, especially in the real estate sector, are key stakeholders in land use strategies. Property leasing organisations identify opportunities for investors and users, although, in a highly segmented market (shops, businesses, offices, logistics, etc.), only tertiary and commercial premises provide an adequate return on investment. Moreover many productive businesses require small floor areas (less than 500 sq.m.) in urban environments: a demand that existing properties available for rent are unable to satisfy. The culprit is the risk perceived by investors where business premises are concerned: they see ground rents as incompatible with the financial resources of small-scale industrial businesses. Without partnerships with private operators, it will be difficult to increase the stock of premises available for productive activity.

### COLLECTIVE RESPONSES TO WIDE-REACHING CHALLENGES

Major public landowners (SNCF, Sogaris, car manufacturers, etc.) are also bodies with which local authorities communicate and cooperate when large-scale planning projects are undertaken. Long-term urban planning operations are planned in collaboration with these landowners in order to make provision for temporary occupation of premises or to look for ways to make built clusters or, more rarely, individual buildings,

functionally diverse. The co-construction of land use strategies also operates via dialogue with nearby administrative areas and partners such as chambers of commerce and business support schemes (Nantes, Toulouse, etc.). Councils become involved via inter-municipal land use plan and, in France, make their involvement official via spatial plan. In Toulouse, the schéma d'organisation territoriale de l'économie [spatial plan for regional economic organisation] "groups together 119 economic activity zones covering almost 5,000 hectares shared between the 37 municipalities that make up the Metropolitan area".

Inside local authorities, a healthy relationship between planning departments and economic development departments provides the cross-disciplinary dimension necessary for developing strategic orientations aimed at maintaining productive activity. Though not on its own sufficient to maintain such activity, dialogue between departments when local planning documents are being drafted often makes it easier to couple urban planning strategy with economic strategy on a metropolitan scale and to integrate them into the local authority's land use strategy.

### NEW TOOLS SERVING THESE STRATEGIES

Land use strategies make use of tools relating to planning regulations, land use initiatives, and experimenting with innovative property development formats. The metropolitan councils of Lyon and Bordeaux have revised their greater

city planning programmes and written the protection of productive activity into their planning documents. Local authorities can restrict certain activities according to a typology of five modes of use included in the 2015 Planning Code, in particular shops and tertiary activities. It is also possible to focus more on functionally diverse sectors when zoning is carried out. Using the déclaration d'utilité publique [public interest statement] and the réserve foncière [system of local authority landholdings] makes it possible to replenish stocks of available land in order to develop future industrial premises and accommodate small-scale businesses.

Land use tools are used to manage, buy and sell land. Land purchases form part of local authority investment budgets and allow authorities to own strategic parcels of land. Their locations can either make it easier to carry out further developments or to "block" acquisitions that are seen as incompatible with local authority requirements. Long-term delayed land acquisition [portage foncier] is another land use tool, whereby a local authority leases plots for periods of thirty to sixty years on condition that the lessee builds business premises on them. In 2020 the Paris region created a public property development company partly devoted to industrial activities, while Bordeaux uses land price adjustments to sell land cheaply so that it can be used for productive activity.

Among the more experimental tools available, some make it possible to support the transfer of productive activity: the Modue (maîtrise d'œuvre de développement urbain et économique) helps companies to relocate when a planning project is underway by analysing their production processes and optimising them in terms of how much space they occupy. It is being used in the Paris region by the EPT Grand-Orly Seine Bièvre [établissement public territorial: urban development agency]. Last but not least, Bordeaux is experimenting with calls for expression of interest in order to attract innovative mixed-use development programmes hosting industrial activities, small-scale businesses and logistics firms that can benefit from sharing services (see box).

The return of productive activity to European cities is reinforced by increased awareness of the fragility of current industrial systems due to the effects of Covid-19. It is contingent upon the ability of planners and developers to design new forms of mixed use. These will be linked to compatibility with nearby residential sectors that lend themselves to micro-production and small production lines but are poorly adapted to high-risk industries. Productive activities are likely to seek to concentrate in small business zones the size of city blocks and sometimes in mixed-use areas alongside tertiary activities so that they are less exposed to the risk of eviction and can benefit from shared space and services. These new concentrations also meet the need for proximity to urban services and amenities offered by metropolitan areas. Last but not least, innovative development formats entrusted to private operators will facilitate the emergence of transferable practices: vertical density and functional diversity will make it all the easier to weave productive activity into the urban fabric. However, given the effects of rising land values, it is hard to imagine the significant development of such projects without the determined involvement of public authorities. ■

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1. Purely industrial firms, logistics firms and self-employed trades, as well as mixed-use premises used by more than one of these.

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