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# AN INVESTIGATION OF THE RESPONSE OF INDUSTRIAL AND OFFICE PROPERTY OCCUPIERS TO PROPERTY-LED URBAN REGENERATION POLICIES IN TYNE AND WEAR

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## **Abstract**

The paper investigates the scale of relocations generated by property-led regeneration schemes and identifies the perceived benefits accruing to occupiers of relocating to such developments. In so doing the implications for the local property market of such moves, in respect of the performance of new and existing developments, are revealed.

## **Keywords:**

Property-led regeneration

Relocation

Displacement

Additionality

Tyne and Wear

## **Property-led regeneration**

Urban policy in the 1980s released supply side constraints in development markets but it is not at all clear that this has made local land and property markets work efficiently over the long term from the point of view of user demand (Davoudi 1992). By concentrating public resources and private investment on specifically designated areas a 'honey pot' may be created. This may then have the effect of displacing activity, investment and jobs from elsewhere with a redistributive rather than a stimulative impact on the local economy (Berry 1993). It is also apparent that not only do property-led urban regeneration policies generate problems in their spheres of operation but their activity also impacts on areas outside those spheres. The strategy, with its focus on a few locales (the city centre, waterfronts), has concentrated development and investment on a few places only. With little investment to go round, other areas have been blighted (Healey 1992).

Department of the Environment research into Enterprise Zones raised the concern that the stimulation of a viable property market on EZs has been at the expense of the local property market off-zone. A major question is whether the local property market off the EZ experienced dereliction, voids and collapse in rents and capital values (DoE 1995a). Whilst it was reported that there was some decline of business off-zone, the evidence from off-zone property markets suggests that there was very little indication that voids elsewhere were caused by the zones themselves, rather that companies were leaving premises because their old premises were unsuitable to the needs of modern businesses (DoE 1995a).

## **Displacement and Additionality**

Robson's landmark assessment of the impact of urban policy observed that spatially targeted policy instruments have distorted markets and spatial opportunities for investment. The aim and the result are in essence to influence the location of economic development (DoE 1994).

Robson's research into the impact of Urban Development Corporations (UDCs) in Leeds, Bristol and Central Manchester, measured spillover effects by identifying vacancy chains created by businesses new to the Urban Development Areas (UDAs) and following the successive links in the chains to distinguish between additionality and displacement. He found the chains to be generally short indicating the limited extent of the domino effect. Nevertheless regeneration activities within the UDAs have had some significant domino effects on the broader property market (DETR 1998)

Displacement occurs when a company makes a decision to locate in assisted premises and the generation of desirable programme outputs (e.g. 'new' jobs, floorspace occupied etc.) leads to the loss of the outputs elsewhere. This may occur where there are resource constraints or where demand is constrained so an assisted project wins market share at the expense of competitors (DoE 1993). Some displacement will occur when firms move into the zone from elsewhere in the local area (e.g. boundary hopping by transfers) as well as firms moving into the local area that are diverted onto the zone rather than elsewhere in the local area. There is also market displacement where zone firms may take markets from competitors located elsewhere in the local area (DoE 1995b).

The employment effects of new firms or firms originally located outside the inner area which move to grant aided premises are treated as displacements if the firm considered that other suitable premises already existed in the area (DoE 1993). Displacement can be associated with a move to a UDA from within the local economic area which leaves behind a vacant or demolished building or one which is converted to non-commercial use (DETR 1998)

'Additionality' is the additional activity in those companies which would have cancelled their setting-up and a proportion of the activity in those companies which would have reduced the scale, or delayed their investment, if there had not been intervention (DoE 1995a). The wider the area the more likely it is that relocations will be within the area and that other economic activity displaced will also be in the area, thus reducing additionality of the intervention (DoE 1995b).

'Additionality' can also be defined as any chain which ends with one of the following: the creation of a genuinely new business; the establishment of new net activity through the creation of a new branch or through expansion, merger or reorganisation; and relocations where the in-moving business derives from outside the local economy (DETR 1998).

## **Methodology**

The research concentrates on the office and industrial sectors of the property market. It is in these two sectors that the process of relocation is most apparent and they are recognised as potential engines of economic growth. The Tyne and Wear property market has been chosen because it is a well defined property market in the north of England which exhibits many of the characteristics which have been described above (see Map 1).

The definition of the peripheral (or local) area is a difficult problem and Erickson and Syms argued that the negative effects of the EZs could extend for ten or even twenty miles. However they chose to limit the spatial extent of the market to a few miles, generally a range of one to three miles around the zone (Erickson & Syms 1986). The DoE, by contrast, used a 10 mile radius to define the local area for the evaluation of Enterprise Zones (DoE 1995b). The Tyne and Wear conurbation used for the study has a maximum radius of 10.3 miles (16.6 km) and so conforms well to the DoE's adopted protocol.

Site inspections were carried out in autumn 1997 to identify occupiers of 22 of the most significant developments in Tyne and Wear (see Table 1). They were each sent a postal questionnaire asking what their status was, where the firm or business came from and why they moved to the site. In addition, information on the number of people employed before and after any move, the costs of occupation including rental and service charge payments and any financial incentives secured by relocating, was recorded. In total 177 questionnaires were returned representing a response rate of 23% of the 774 recipients. The survey was carried out in April and May 1998 and the original analysis was reworked in June 1999. The locations of the 22 developments are plotted on Map 1.

## **The Tyne and Wear property market**

The Tyne and Wear conurbation comprises the cities of Newcastle upon Tyne and Sunderland and the towns of Gateshead, North and South Shields and Washington. It also includes many smaller suburban centres such as Jarrow, Hebburn, Wallsend, Felling, Blaydon, Gosforth and Whitley Bay (see Map 1). With a population of over 1.13 million (1993) it is the largest conurbation in the North East of England with a property market which dominates the region. The conurbation is governed by five metropolitan councils: City of Newcastle, City of Sunderland, Gateshead, North Tyneside and South Tyneside MBCs, all of which are in the upper quartile of the national deprivation ranking.

Newcastle is the dominant office centre, competing with Leeds and Edinburgh for national occupiers, although new developments, such as Doxford International Park in Sunderland, have had an impact on this status quo. The industrial market is more fragmented but Team Valley Trading Estate, established in the 1930s, is still by far the largest agglomeration of industrial floorspace in the region. Retailing, although outside the parameters of this study, is the strongest sector of the property market with three nationally significant retail centres in the Metro Centre, Eldon Square and Northumberland Street.

Over the past two decades there has been little new development in the office and industrial sectors that has not benefited from some form of public sector assistance, be this EZ, UDC, City Challenge, English Partnerships, ERDF, SRB Challenge Fund, or in many cases a combination of two or more of these. In particular the public sector has long dominated an industrial property market in which the private sector is reluctant to invest (Robinson 1994).

Branch plants have traditionally been at the centre of economic development policy in Tyne and Wear but in the 70s and 80s many closed. The untargeted system of grants has distorted the relocation process so that branch plants were set up as short-term operations which moved away once the cash-flow benefits of those grants had worked their way out of the system (Robinson 1994). Whilst inward investment by Nissan, Lucky Goldstar and Komatsu, has gone some way to dispelling this opinion, the branch plant syndrome has reappeared following the closure of the huge Siemens plant in North Tyneside less than two years after it had opened.

### **Urban Regeneration in Tyne and Wear**

Between 1981 and 1989 over one quarter of employment in manufacturing industry in Tyne and Wear was lost, and economic, social and environmental conditions in the conurbation continue to present problems. Public policy has played an important role in coping with the decline of traditional heavy industries and policy initiatives have had some noticeable successes, in particular the attraction of new industries, establishing new kinds of economic activity (Robinson 1994).

Tyne and Wear has been the testing ground for government policy, a seedbed for a highly diverse range of public policies aimed at ameliorating the impacts of this industrial decline and the particular problems posed by urban deprivation and as such has been in receipt of a vast range of diverse policy instruments (Robinson 1994).

Virtually all the policy innovations of the last ten years have been introduced in Tyne and Wear: Enterprise Zones (1981 in Tyneside and 1991 in Sunderland); a City Action Team (1986) and Urban Development Corporation (1987); a Garden Festival (Gateshead 1990); a Task Force (South Tyneside 1991) and City Challenges (1992 in Newcastle, 1993 in North Tyneside and Sunderland) (Robinson 1994). The conurbation also benefits from Assisted Development Area status and is Objective 2 for European Regional Development Funding.

The Tyneside Enterprise Zone (Newcastle and Gateshead) was designated on 25 August 1981. Nearly nine years later, just before it was due to expire, the Sunderland Enterprise Zone was designated and this was followed in 1996 by new Enterprise Zones in North and

South Tyneside. The effect of these zones has been to concentrate, mainly industrial, development within their boundaries, although the Tyneside Zone also contributed to the development of the Metro Centre, Newcastle Business Park and Doxford International Park.

The Tyneside EZ was especially effective in attracting economic development, such that there may have been little net increase in economic activity and employment. The Metro Centre inevitably displaced retail employment from other parts of Tyne and Wear and the region, while many of the newcomers to the Team Valley area and the Newcastle Business Park have merely relocated from other parts of the conurbation. Over two thirds of the jobs at Newcastle Business Park have simply been moved from other locations in Tyne and Wear. The main impact may be to divert development which might have naturally gone to the periphery (Robinson 1994).

The Tyne and Wear Development Corporation was created in February 1987 and expired in March 1998. It was involved with some of the most important property developments to be seen in the Tyne and Wear conurbation for twenty years, being responsible for the developments at Royal Quays in North Shields, Newcastle Quayside, St Peter's Riverside in Sunderland and Viking in South Tyneside. Gateshead was excluded from the Urban Development Area at the request of the council.

There have been City Challenges in the West End of Newcastle and North Tyneside where some of the worst rioting in the early nineties occurred. There has also been a City Challenge in Pennywell in Sunderland. Much of their activity has been directed towards improving housing and social conditions as well as creating training and employment opportunities. All three City Challenge areas were contiguous with the UDA and coordinated efforts were made to diminish the stark contrasts between run-down residential areas and the new office and industrial buildings of the Development Corporation's flagships.

The 22 industrial and office developments, which are the focus of this study, are listed in Table 1 and located on Map 1. They range from large-scale office developments on brownfield sites to industrial development on greenfield sites to nursery starter units in managed facilities. They have been chosen because they are the most prominent examples of property-led regeneration in the industrial and office market sectors in Tyne and Wear. They contain around 800 different occupiers in 700 buildings totaling over 500,000 square metres of accommodation on around 600 hectares of land. The total investment exceeds £1.5bn.

**Table 1: Profile of flagship developments in Tyne and Wear**

No	Development	Profile	L.A.	EZ	UDA	EP	Condition
1	Armstrong Industrial Estate	Industrial	NC	✓	✓		DI
2	Balliol Business Park	Office/Industrial	NT	✓		✓	GR
3	Boldon Business Park	Office/Industrial	ST			✓	DC
4	Business Innovation Centre	Incubator	S	✓			DC
5	Central Park	Office/Incubator	NC		✓		DR
6	Doxford International Park	Office	S	✓			GR
7	East Quayside	Mixed use	NC		✓		DD
8	Follingsby Park	Industrial	G				DR
9	Howard Street	Incubator/Mixed Use	NT				DCom

10	Metro Riverside Park	Office/Industrial	G	✓			DI	
11	New York Industrial Estate	Industrial	NT	✓		✓	GR	
12	Newcastle Business Park	Office	NC	✓	✓		DI	
13	North Sands Business Centre	Incubator	S			✓	DI	
14	Royal Quays	Mixed Use	NT	✓	✓		DD	
15	Silverlink Business Park	Office/Industrial	NT	✓			GR	
16	Simonside East Industrial Estate	Industrial	ST			✓	DR	
17	Sunderland Enterprise Park	Office/Industrial	S	✓		✓	DC	
18	Sunrise Enterprise Park	Industrial	S	✓	✓		GR	
19	Team Valley Trading Estate	Mixed Use	G	✓		✓	GR	
20	TEDCO Business Centre	Incubator	ST			✓	DI	
21	Viking Industrial Park	Industrial	ST	✓	✓	✓	DI	
22	Walker Riverside	Industrial	NC			✓	✓	DD

Key:	<b>Local Authority Code</b>	<b>Condition Code</b>
	G Gateshead	DD derelict docks
	NC Newcastle	DC derelict colliery
	NT North Tyneside	DCom derelict commercial
	ST South Tyneside	DI derelict industrial
	S Sunderland	DR derelict railway
		GR greenfield

## Analysis of Questionnaire Returns

### Nature of Business

Nature of business was classified using 20 categories derived from the Standard Industrial Classification which allowed the vast majority of occupiers to be classified simply and accurately. The largest category was manufacturing with no sector exceeding 15% representation.

This compares with DoE evidence of the industrial composition on the Tyneside EZs which demonstrates the importance of manufacturing activity, accounting for approximately one-third of all EZ establishments. There had nonetheless been a significant shift towards service sector activity, implying that most of the new enterprises generated on-zone have been within the service sector (see Table 2) (DoE 1995a).

**Table 2 - Industrial composition of establishments on zones**

	manuf (1985)	services (1985)	manuf (1990)	services (1990)
Tyneside	49%	51%	24%	76%
				(DoE 1995a)

### Status of firms

The status of a firm is significant because it permits evaluation of additionality. Five classifications were used:

- existing business on site pre-1980 - this is relevant only for firms on Team Valley;
- transfer of business - a relocation of a firm from elsewhere (in the conurbation);
- branch relocation - a relocation of a branch of a firm from elsewhere (in the conurbation);
- new branch on site post 1980 - an opening of a new branch of a firm (expansion); and
- new start-up on site post-1980 - a new business setting up

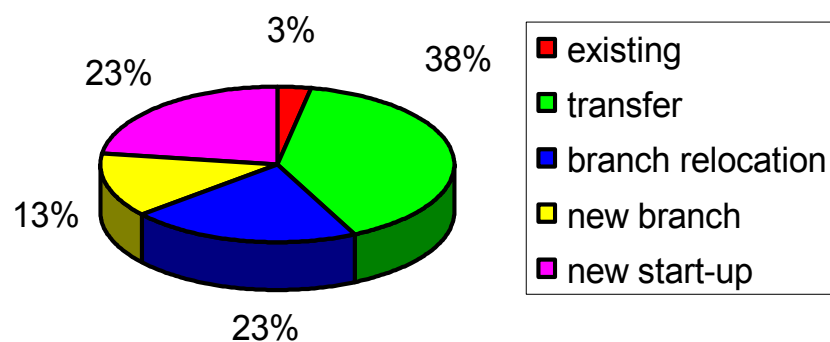
It should be noted that the last two classifications include firms originating from outside the conurbation. The cut off date of 1980 was chosen as a convenient point, being just before the introduction of property-led regeneration under the Thatcher administration, heralded by the 1980 Local Government Planning and Land Act.

There will be very few existing businesses, as all the developments except Team Valley Trading Estate did not exist pre-1980. New branches and especially new start-ups are desirable as they may represent net additional activity if they would not have existed or located in the absence of intervention. Branch relocations and transfers are less desirable as they may represent nil additionality if they are a straight relocation from one place to another.

These two statements should be qualified by saying that some new start-ups may be unsuccessful and that new branches, as noted already, are subject to the vagaries of national and international markets. Transfers and branch relocations may produce additionality if they represent expansions which have come about as a result of intervention.

Significantly two fifths of all firms were transfers, just under a quarter were new start-ups and a similar number were branch relocations (see Figure 1). This suggests that developments have predominantly attracted firms from the local area because transfers and branch relocations account for nearly two thirds of all establishments located on the flagship developments.

**Figure 1 - Status of firms**



The results compare well with DoE monitoring which recorded that the largest group amongst post-designation companies are transfers, which represented 38% of all companies, 28% were new start-ups, 23% were branches or subsidiaries, 11% existed pre-designation. Just under 30% of firms represented activity which was wholly additional to the local areas with a further 9% of companies reporting some partly additional activity. The relatively high proportion of companies representing non-additional activity (61%) reflects the high local mobility of firms, many of whom would otherwise have located elsewhere in the local area if the EZ had not been designated (DoE 1995a)

Additionality tends to be highest in branch units and relocations and lowest in pre-designation companies. Partly additional activity through investment that would otherwise have been delayed or reduced in scale is significant amongst newly-started companies (DoE 1995a).

**Size of establishment**

The size of firms was measured by recording the area of floorspace occupied and the number of people employed on site. Office and industrial floorspace was not distinguished because in practice there may be no distinction between the two in respect of B1 use class.

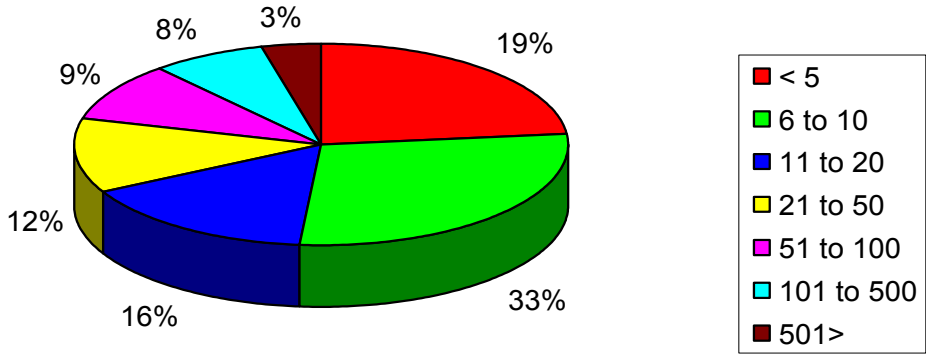
**Size of unit (sq.ft/sq.m)**

Just under a third of buildings occupied were between 501 and 2000 sq.ft (46 -186 sq.m) and a similar number were between 2001 and 10,000 sq.ft (187-929 sq.m). Interestingly there were as many buildings in excess of 50,001 sq.ft (4645 sq.m) as there were between 10,001 and 50,000 sq.ft (930-4644 sq.m). DoE EZ research recorded that more than half the units (56%) are relatively small, of 5000sqft (465 sq.m) or less (DoE, 1995a).

**Size of firms**

Just over half of all firms surveyed had ten or fewer employees but there were also four firms which employed more than a thousand people each. DoE monitoring found that establishments on the EZs are overwhelmingly small, with 96% employing less than 100 people (DoE 1995a), the survey generated a figure of 88% adopting the same threshold. (see Figure 3)

**Figure 3 - Size of firm by number of employees**



The table below reveals that, unsurprisingly, new start-ups resided in smaller units (<10,000 sq.ft/929 sq.m), branch relocations were spread over a wider range of unit sizes as were new branches, and transfers were dominant in the middle to upper size of units. If transfers and branch relocations are combined, it is apparent that units of between 10,001 and 50,000 sq.ft (930-1858 sq.m) attract a considerable percentage of relocations, up to 93% in the case of the 20,001-50,000 sq.ft (1859-4644 sq.m) category.

**Table 3 - Size of unit (sq.ft/sq.m) by status of company**

Existing	Transfer	Branch	New	New	Unknown	Total
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			relocate	branch	start-up		
< 500 sq.ft	0%	33%	0%	20%	47%	0%	100%
< 46 sq.m							
501-2000 sq.ft	2%	43%	15%	2%	38%	0%	100%
47-186 sq.m							
2001-10,000 sq.ft	4%	39%	20%	8%	20%	9%	100%
187-929 sq.m							
10,001-20,000 sq.ft	4%	56%	20%	12%	4%	4%	100%
930-1858 sq.m							
20,001-50,000 sq.ft	0%	57%	36%	0%	7%	0%	100%
1859-4644 sq.m							
50,001 sq.ft >	7%	43%	14%	29%	0%	7%	100%
4645 sq.m >							
Average	3%	45%	18%	12%	19%	3%	100%

### Tenure

Three quarters of occupiers were tenants, the remainder being owner-occupiers and a few licensees. This profile was almost identical to the PA Cambridge's EZ data for type of occupier which recorded 73% tenants and 27% owner-occupiers (PACEC 1994).

### Assistance

The most common form of public sector assistance received was Enterprise Zone rates relief, which is not surprising given that over half the developments had EZ status and the assistance is indiscriminate, benefiting all occupiers. There was an under reporting of this measure as many occupiers appeared unaware that they were exempt from rates or that this was anything to do with the EZ regime. This was accompanied by a general ignorance and confusion amongst respondents about what assistance was available to them.

There is evidence of some firms, particularly owner-occupiers, receiving multiple assistance, which can lead to double counting of outputs by the different regimes. DoE monitoring has revealed that one third of EZ firms had received other forms of public sector assistance, in addition to EZ measures, the most important of these being regional assistance in the form of Regional Development Grants & Regional Selective Financial Assistance (DoE 1995a).

### Employment change

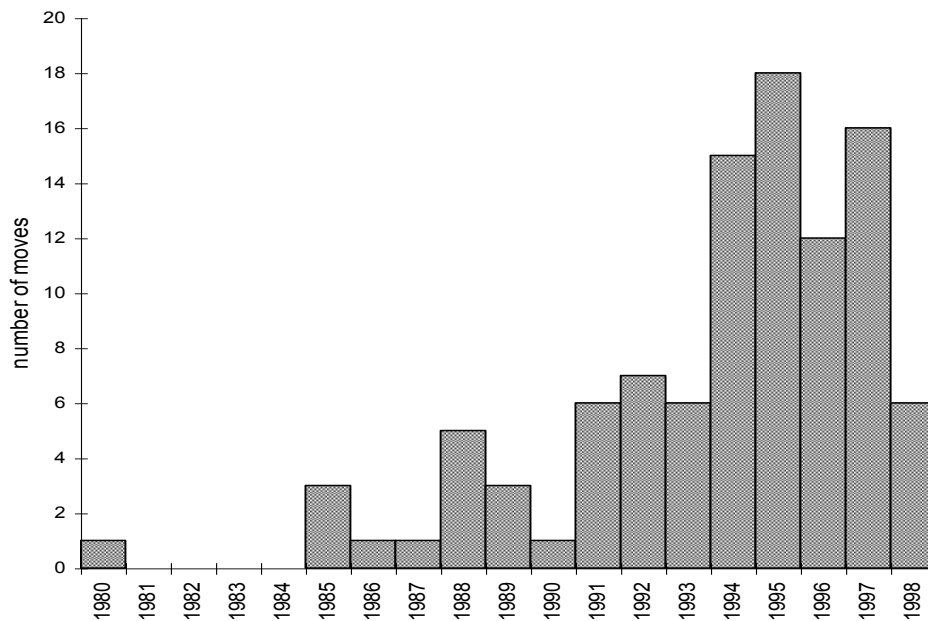
The number of employees of firms recorded by the survey increased nominally from before to immediately after a move, although the average number of employees per firm decreased. This is because new start-ups, which tend to be small firms, would not have a pre-move employment figure, only a post-move one. The current number of employees per firm increased threefold from the pre-move average, partly as a result of the large numbers employed by the big new regional branches of Barclays Bank and British Airways, but also reflecting expansions which have been as a result of or facilitated by relocating.

The results suggest that there may be some rationalisation occurring between pre- and post-move but that expansion is more dominant in the longer term. Over half of all the firms responding predicted that they would increase the number of employees, with only 2% of firms predicting a decrease.

### Timing of a move and the 'Washington Factor'

There is a relationship between the date of moves and the coming on stream of developments, as illustrated in Figure 4 below. Interestingly the peak of activity was in 1995 when the economy was weaker. This probably reflects the medium- to long-term view firms take when relocating and their optimism about the future performance of the economy in the latter half of the decade.

**Figure 4 - Year of move to development**



Firms were asked to identify where they had moved from to allow tracking of the condition of their old premises. There were a noticeable number of firms relocating from Washington New Town. This is believed to be because the New Town is not so 'new' any more and leases granted 21 or 25 years ago are expiring, allowing firms to relocate to more modern premises, unavailable in the town. Security was also noticeable as a factor influencing moves from Washington. A study of the implications for industrial land in Washington of the designating of EZs in Sunderland, carried out in 1992, concluded that the EZs would have a significant effect on the industrial property market in Tyne and Wear throughout the 1990s and that Washington could not compete with the advantages offered by the EZs (Sanderson Townend & Gilbert 1992). This prediction appears to have been an accurate one.

### **Reasons for moving**

The dominant reason for moving was expansion which was more than four times as common as rationalisation.

### **Factors influencing destination**

The most important reasons for choosing a destination are better location, quality of the accommodation, availability of workforce and value for money. Of secondary influence were security, improved environment and public sector assistance. Least influential were facilities, transport and car parking.

DoE research of EZ occupiers has revealed that rates relief (a proxy for value for money) is the most important factor influencing relocation, followed by the old premises being the wrong size (a proxy for expansion), the old premises being inefficient (a proxy for quality), an attractive environment, capital allowances, the availability of land and the opportunity to rationalise operations (DoE 1995a).

The benefits of providing assistance to occupiers of property-led regeneration schemes is dubious, as the survey reveals that it is of minor importance to most occupiers and has relatively little influence on their decision to locate on such developments. Further study is required to identify whether financial or other assistance had the effect of increasing investment or employment over and above what would have occurred in its absence. It is

estimated that about 48% of employment would have existed in EZs or in the local area even in the absence of the EZ subsidies (DoE 1995a).

**Where would companies have gone in the absence of the development?**

Nearly four fifths of occupiers would have stayed in the local area had the premises they had moved to not been available (assuming other acceptable premises were), only 13% would have gone outside the area and 6% would have stayed on their old premises.

Table 4 illustrates the marginal difference that EZ designation made to most firms in terms of their start-up or destination.

**Table 4 - What difference would the absence of the EZ have made?**

	All	Urban
no effect	16%	14%
location elsewhere in local area	47%	57%
later/smaller start-up on same site	9%	9%
no start-up	3%	3%
location >10 miles away	25%	16%

(DoE 1995a)

**Cross tabulation of data**

A deeper analysis of the influence and performance of property-led regeneration schemes is possible by cross tabulating the data to reveal relationships and trends otherwise hidden. The significance of some of the findings is weaker where the sample is fragmented between a large number of categories.

**Status of occupier by nature of business**

The significance of this query is that the contribution of a development to the regeneration of an urban area can be ascertained in part by the amount of new employment and economic activity generated by intervention. In terms of property-led regeneration this is manifested in the occupation of new or refurbished property by new or expanding businesses and inward investment from abroad or at least from outside the region. The concern of the author is that a significant proportion of the occupiers attracted to flagship developments are relocations from within the urban area, often from within a few miles radius of the scheme. These relocations can be classified as transfers or branch relocations and contrasted with the net additional activity generated by new start-ups and new branches.

Some sectors of industry and commerce are more likely to generate new activity, in the form of new start-ups and branches, than others. For example, over 50% of all wholesaling, telecommunications and research and development firms were either new start-ups or new branches. It is interesting that wholesale businesses should generate this amount of new activity, less surprising is that manufacturing, computing, education & training and financial services should generate figures of over 40%

In contrast, all utilities, medical/healthcare and insurance/assurance/pension firms were transfers or branch relocations, suggesting that these sectors generate little net new activity other than by way of expansions. Also figuring prominently were firms involved in the engineering and catering sectors.

**Status of occupier by development**

This query is interesting because it can identify the developments which have generated, or been the destination of, the most new activity, in the form of new start-ups and branches. It can also determine which schemes attracted the least new activity, or alternatively, the most transfers and branch relocations.

The performance of the developments. In some cases the number of responses was small but not insignificant, as a percentage of all occupiers. For example, three of the five occupiers on Follingsby Park are either transfers or branch relocations, all of whom have relocated from Washington New Town. Likewise, three of the seven occupiers on Balliol Business Park are either transfers or branch relocations from the City of Newcastle. Other developments attracting a high percentage of relocations were Sunrise Enterprise Park, East Quayside and Sunderland Enterprise Park.

At first glance it would appear that these developments, assisted by the public sector as they are, have had a degenerative impact on the conurbation by encouraging relocations. Further scrutiny of the contribution of these developments will reveal whether they have in fact generated additionality by facilitating expansions or retaining firms which, might have left the region, had such accommodation not been available.

The developments generating the most new activity were Metro Riverside, Doxford Park, North Sands Business Centre, Armstrong Industrial Estate, Walker Riverside and Howard Street. The performance of North Sands and Howard Street is not surprising given that these schemes, along with BIC and TEDCO Business Centre, are aimed at stimulating new enterprise. Doxford Park has attracted a significant number of new branches, offering as it does, one of the most competitive location packages in Europe.

## **Conclusions**

It is apparent that many property-led regeneration schemes have been occupied by a significant number of firms from within the local area. The question of the additionality generated by both new and relocated activity is complex and one which requires more lengthy consideration.

The occupier survey has revealed that the main reason why firms relocate is to expand rather than rationalise their operations, although it is sometimes difficult to distinguish the two, particularly if the move coincides with a company reorganisation. The factors most influencing firms' choice of destination are primarily the quality and location of the property and secondly the value for money which it offers in terms of occupation costs or purchase price. This relates back to the original property-led public sector intervention which distorts the behaviour of a property market by encouraging development and occupation of property in particular locales.

The activity attracted or generated by such intervention may not necessarily be of benefit to an area if occupiers respond by using the opportunity to transfer business rather than create new activity. Additionality generated by property-led regeneration can only be measured by studying the displacement of business and the next stage of the research is the study of vacancy chains resulting from the intervention of property-led regeneration policies on the Tyne and Wear property market.

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