HAFENCITY HAMBURG – THE ECONOMICS OF URBAN TRANSFORMATION
A RATHER UNIQUE CASE

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HafenCity Hamburg GmbH

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Edinburgh – Programmes of Knowledge Exchange
Hafencity

- Inner-city brownfield development
- Masterplan: 2000; updated: 2010
- Time frame of development: 25 years
- Area: 387 acres or 157 ha, 123 ha land area
- 45,000 jobs, up to 7,000 homes for 12,000 residents
- Approx. 10.4 bn € total investment volume (private and public)
- As City: 40% area enlargement as ‘New Downtown’
- As Waterfront: 10.5 km new urban land- and waterline
1. The Framing
THE PHYSICAL FRAMING: A RADICAL TRANSFORMATION OF SPACE
THE CONCEPTUAL FRAMING:
DIFFERENTIATION OF CONCEPTS AND USES (SECOND FLOOR)
THE CONCEPTUAL FRAMING: DIFFERENTIATION OF CONCEPTS AND “PUBLIC” USES (GROUND FLOOR)
THE CONCEPTUAL FRAMING: DENSITY AND PUBLIC SPACE (380 JOBS AND 95 INHABITANTS PER HECTARE)

<table>
<thead>
<tr>
<th>Category</th>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water area*</td>
<td>28.1 ha</td>
<td></td>
</tr>
<tr>
<td>Public spaces on the water</td>
<td>1.4 ha</td>
<td>5%</td>
</tr>
<tr>
<td>Land area*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traffic areas</td>
<td>26.3 ha</td>
<td>24%</td>
</tr>
<tr>
<td>Footprint of buildings</td>
<td>33.8 ha</td>
<td>30%</td>
</tr>
<tr>
<td>Public spaces (places/promenades/parks/playgrounds)</td>
<td>28.3 ha</td>
<td>26%</td>
</tr>
<tr>
<td>Private open spaces: publicly accessible (at least way-leave)</td>
<td>14.1 ha</td>
<td>13%</td>
</tr>
<tr>
<td>Private spaces: not publicly accessible</td>
<td>7.4 ha</td>
<td>7%</td>
</tr>
<tr>
<td>Quarter Oberhafen</td>
<td>8.9 ha</td>
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</tr>
</tbody>
</table>

* without Quarter Oberhafen
### THE CONCEPTUAL FRAMING:
**THE URBAN DESIGN CULTURE OF HAFENCITY / SCALAR LEVELS**

<table>
<thead>
<tr>
<th>I</th>
<th>HafenCity (community level)</th>
<th>Masterplan 2000 (flexible &amp; open)</th>
<th>Masterplan Revision 2010 Eastern Hafencity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Winner Masterplan competition: Kees Christiaanse (today ETH Zurich / KCAP), draft and final version: Hafencity Hamburg GmbH / Ministry of Urban Development and Environment</td>
<td>• Masterplanner: KCAP / Hafencity Hamburg GmbH / Ministry of Urban Development and Environment</td>
</tr>
<tr>
<td>II</td>
<td>Intermediate (ten city quarters)</td>
<td>Functional Plan for each City Quarter</td>
<td>Urban Design Competitions (before the start of the development of an area, 10-12 participants)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Winners:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• EMBT, Barcelona</td>
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<td></td>
<td></td>
<td></td>
<td>• BB+GG,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Vogt, ZurichBarcelona</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Loidl, Berlin</td>
</tr>
<tr>
<td>III</td>
<td>Mikro Level (site level)</td>
<td>Individual Buildings (100 to 150 buildings)</td>
<td>Architectural Competitions</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>private buildings: 4 to 12 participants depending on the size of the building</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>public buildings: up to 100 participants</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>no competition: for very few buildings (e.g. Elbphilharmonie)</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Infrastructure (Bridges) (joint architectural / engineering competitions)</td>
</tr>
</tbody>
</table>

- **public competitions**
- **private competitions**
THE CONCEPTUAL FRAMING: ECOLOGICAL SUSTAINABILITY OF A NEW DOWNTOWN

Conversion of Brownfield
- fine grained mixture of urban uses
- high urban density
- high percentage of networks of open spaces
- high degree of urban encounter capacity
- modal split: close to 20% MPT
- walkable and bikeable city network quality
- public transport network of high density and quality (subway, fuel cell busses)
- car parking integrated in flood protection concept

Integrating Technologies
- smart grid
- electric mobility
- grey water

Sustainable Construction
- certification: 5 levels of resource efficiency
- benchmark based
- technology open

“Behavioural change”
- communication of sustainable issues
- experimenting with new solutions (e.g. cooperations)

Urban Mobility
- modal split: close to 20% MPT
- walkable and bikeable city network quality
- public transport network of high density and quality (subway, fuel cell busses)
- car parking integrated in flood protection concept

(Heating) Energy Supply
- CO₂ benchmark
- regenerative energy sources
- decentralized systems, technology open

“Behavioural change”
→ communication of sustainable issues
→ experimenting with new solutions (e.g. cooperations)
NEW DOWNTOWN: MERGING WORKSPACES, COMMERCE, URBAN LIVING, PUBLIC SPACES, CULTURE AND LEISURE FACILITIES
NEW DOWNTOWN: MERGING WORKSPACES, COMMERCE, URBAN LIVING, PUBLIC SPACES, CULTURE AND LEISURE FACILITIES
2. The Economics of Urban Transformation
<table>
<thead>
<tr>
<th>City State of Hamburg</th>
<th>HafenCity Hamburg GmbH (Quango / the city state-owned Schumpeterian entrepreneur)</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Setting the political agenda</strong></td>
<td><strong>Financing</strong></td>
<td><strong>Private and institutional developers and users</strong></td>
</tr>
<tr>
<td><strong>State Commission approvals</strong></td>
<td>- acts as public land owner of special asset “city and port”</td>
<td>- development of individual sites (exception Überseequartier: central retail area, 16 buildings)</td>
</tr>
<tr>
<td>- development plans</td>
<td>- finances its activities from land sales proceeds</td>
<td>- individual site developments as innovation contributions</td>
</tr>
<tr>
<td>- land sales</td>
<td><strong>Developing</strong></td>
<td>- users as conceptual innovators</td>
</tr>
<tr>
<td><strong>Prepares and grants:</strong></td>
<td>- acts as entrepreneurial master developer creating city to a significant degree as public good</td>
<td></td>
</tr>
<tr>
<td>- development plans</td>
<td>- development planning</td>
<td></td>
</tr>
<tr>
<td>- urban design (guidelines)</td>
<td>- plans and builds infrastructure (streets, bridges, quay walls)</td>
<td></td>
</tr>
<tr>
<td>- building permits</td>
<td>- public spaces (promenades, parks)</td>
<td></td>
</tr>
<tr>
<td><strong>Finances and builds, partly as public-private joint venture:</strong></td>
<td>- sets new frameworks for quality enhancement and innovations</td>
<td></td>
</tr>
<tr>
<td>- schools</td>
<td>- acquires investors, based on conceptual ideas, sells development sites</td>
<td></td>
</tr>
<tr>
<td>- university</td>
<td>- organizes communication, marketing</td>
<td></td>
</tr>
<tr>
<td>- concert hall</td>
<td></td>
<td></td>
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<tr>
<td>- subway</td>
<td></td>
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</tbody>
</table>
Induction -> Successful Selection
-> Successful Learning
Positive Feedback
Realisation of Innovation

Second Cycle of Feedback Processes

Communicative Capital Formation

Economic Capital Formation

Cultural Capital Formation

Social Capital Formation

RESULT: BUILDING UP "URBAN CAPABILITY"
BUILDING A NETWORK STRUCTURE TO INCREASE INNOVATION CAPACITY

1. control of land
2. capability of generating the infrastructure
3. financial resources
4. embedding in real estate market
5. capability for planning urban development and architecture

weak networks, experimental/ temporary networks
“close” networks, closing “structural holes”
institutional core capacity of transformation resource control (organisational, cognitive focus)
“close” networks, closing “structural holes”
weak networks, experimental/ temporary networks

start of physical transformation

diversification of cognitive focus
broadening of cognitive focus
broadening of cognitive focus
diversification of cognitive focus
end of physical transformation
COMPETITION-/ RISK PROFILE OF REAL ESTATE DEVELOPMENT: INCREASING COMPETITIVENESS, DECREASING MARKET RISKS

level of competition among private-sector investors

- **type 1:** residential and small scale office developments
- **type 2:** major office developments
- **type 3:** large-scale mixed use development
- **type 3a:** development of a shopping center

High

Medium

Low

State of Hamburg’s risk exposure

- Centre in competition-/risk space

<table>
<thead>
<tr>
<th>Competition</th>
<th>Risk Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>
COMPETITION-/ RISK PROFILE OF REAL ESTATE DEVELOPMENT: OFFICE DEVELOPMENT

level of competition among private-sector investors

State of Hamburg’s risk exposure

Major Office Development
- tendering for sale for the highest bid with secondary criteria (in individual cases) (purpose of tender „calibration of the market“)

Major Office Development
- speculative development only

Major Office Development
(min 50 % owner occupied for 10 years)
COMPETITION-/ RISK TYPOLOGIES
OF REAL ESTATE DEVELOPMENT – IMPROVING THE PROFILE

level of competition among private-sector investors

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>competitive spatial segmentation</td>
</tr>
<tr>
<td>II</td>
<td>non-competitive allocation</td>
</tr>
<tr>
<td>III</td>
<td>competitive negotiation (Überseequartier)</td>
</tr>
</tbody>
</table>

State of Hamburg’s risk exposure
**Market Mobilisation**  
based on target concept (place specific)  

-> **Information Density Generation**

**Tendering Process**  
70% concept / 30% price  
different prices for different uses (€ sqm GFA)  

-> **Competition Process**

**Granting an Exclusive Option**  
18 to 24 months  
developing the product quality (from architectural competition up to building permit)  

-> **Cooperation Process**

**Sale of Land**  
on detailed contractual basis  

-> **Commodification / De-commodification Process**

**Start of Construction**
3. The Outcome
THE SPATIAL EXAMPLES:
HOMOGENOUS NEW-BUILD GENTRIFICATION?
Mixture of Development Actors and Residential Concepts

- **Investor / property developer**
  - (freehold, upmarket or luxury)
- **Investor / property developer**
  - (freehold, medium price level)
- **Investor / property developer**
  - (rental / freehold, medium price level)
- **Office**

- **Building joint ventures** (owner occupier communities)
  - (freehold)
- **Living concept for seniors**
  - (freehold / rental, upmarket)
- **Residential building cooperatives**
  - (rental)
- **Public amenities at ground floor / wharf levels**
  - (e.g. shops, restaurants, cafes, galleries)
THE SPATIAL EXAMPLES: CREATING DIVERSITY AND PROXIMITY
URBAN NETWORK STRUCTURE “SHANGHAIALLEE”

Musician’s House
Ecumenical Forum
Nidus

inclusive hotel concept
barrier-free accessibility
handicapped/disabled-friendly hotel

residental community, Laurentius convent, administration of North Elbian Evangelical Church

building joint venture

5 m high ground floor areas

Chapel Elbofaire
gallery
watch manufactory
Architecture office headquarters BDA

Stadthaus hotel

Architecture office headquarters BDA

building joint venture
THE SPATIAL EXAMPLES: CREATING DIVERSITY AND PROXIMITY URBAN NETWORK STRUCTURE “ELBARKADEN”
Building Nr. 80 / Campus Tower

- Campus Tower / 15 Floors (i.e. rooms for HCU)
- residential and office building, each with 7 floors

Uses:
- Min. 900 sqm rentable space for start-ups
  - research and development
  - innovative business ventures
  - 30 years subsidised rent
- approx. 1.750 sqm business center
- approx. 900 sqm for academic use (HCU)
- commercial uses:
  - “Showcase for Ideas”
  - “Campus Bar” on the 14th floor
  - small scale shop units, (orientation on the needs of HafenCity students)
THE SPATIAL EXAMPLE OF AREA DEVELOPMENT: BAAKENHAFEN
BAAKENHAFFEN: COMPOSITION OF DIVERSITY AND PROXIMITY IN A PREDOMINANTLY RESIDENTIAL CONTEXT

- Building joint venture (freehold)
- Building joint venture (womens’ housing, senior citizens, rental)
- Disabled people
- Students
- Home nursing project (chronically ill people)
- Subsidised housing (1. Förderweg)
- Subsidised housing (2. Förderweg)
- Controlled price units (freehold)
- Controlled price units (rent)
- Freehold
- Rent
- Controlled price units (rental)
- Residential and Social Mix

[Map with different colored areas indicating various types of housing and projects]
BAAKENHAFEN: THE INSTITUTIONAL STRUCTURE OF PRODUCING AND OWNING BUILDINGS

Residential Uses
- Project developer
- Residential asset holding company
- Residential building cooperative
- Residential building cooperative with tenant building joint venture
- Building joint venture
- Foundation / non-profit organisation
1. **Appropriate and strong urban governance regime:**
   - strong role of local entrepreneurial state
   - investor for public goods / risk reducer / capability and innovation frame generator

2. **Shifting the role of markets:**
   - Markets (for urban development projects) do not simply exist, they can and should be created to develop the public good character of a city (urbanity, sustainability) and redefine private investment.
   - The urban transformation of HafenCity is a commodification process and de-commodification process at the same time.
3. **Features of economic city making mechanisms:**

- Increasing complexity instead of reducing complexity. The complexity is economic, informational, social and cultural complexity (not simply technical or physical complexity).

- The planning framework is very strong on basic features but very flexible on reframed market outcomes, integration of civic society and inclusionary processes (experimental approach).

- City making is a process of path generation, increasing expectations and increasing capabilities of actors and places. City making is an evolutionary learning process.
THANK YOU FOR YOUR ATTENTION!

Professor Jürgen Bruns-Berentelg
CEO
HafenCity Hamburg GmbH