5

FINANCIALISATION AND ASSETS

Financialisation involves using money to make money. However, investment has to go *somewhere*. Chapter 5 investigates two scenarios – private homes and shopping centres – to show how design is used to create assets. Home decoration and improvements are used to add value to properties in order to make them more attractive to potential buyers. Retail spaces are designed to increase shopping visits and keep rental earnings up. This then provides a dependable return for property developers and their investors. We see how design operates to produce spaces that are in the service of finance.

The idea of financialisation often suggests invisible flows of money through the electronic networks that make up global stock exchange systems or the currency markets. But financialisation also involves investment *in* things. Design often makes these flows material. The things to which finance gets attached are not static as if the inflow of cash is just there to keep them alive like a money-bound, life-support system. They are not unchanged by that investment. Indeed, they are invariably configured *for* investment and investors as well as to produce return. The point of this chapter is to explore how some things are designed in order to achieve investment and with an eye on future value.

Office blocks, shopping malls, car parks, apartment blocks and hotels are all the objects of financial investment. Property developers handle the interface between investors, architects and designers, city planning authorities and the public in order to maximise return on investment. This is chiefly done in two ways: through selling the property on to other owners once it is developed or refurbished or through annual return on rental. Vast swathes of our towns and cities are produced through this. Few elements of public life are not touched by this. But financialisation also finds its way into our private lives. Homes are where we eat, sleep, spend time with our friends and families. For home owners they are usually the biggest investment they make in the course of their lives and therefore represent a means of financial security and, possibly, gain. They are assets, and design is employed *within* them to make those assets work most efficiently.

In Chapter 1, I identified financialisation as something that has come into ascendancy in contemporary capitalism. To repeat, financialisation may be typified by strategies to maintain or enhance the value of shares, brands, real estate or capital flows. This chapter is chiefly concerned with real estate and the exchanges that go on between such tangible assets and expectations of return on investment. To put this somewhat simplistically, within this, there is the actual economic performance of an entity – whether, for instance, it is achieving good sales through a defined period which will enhance preparedness of investors to support it. And there is the image that an entity portrays – whether it appears to be in robust health or not – which will also affect shareholders' enthusiasms or, for that matter, the entity's ability to raise other forms of financial support such as loans.

It is no coincidence that during the 1980s in the USA and UK, while there was a significant growth in companies floating on the stock exchange, so there was growth in the sector of graphic design for company reports. Producing a clean, sober image or marking out the uniqueness of a corporation is something done for consumers. It is also done for shareholders and the annual report, designed and produced ahead of the annual general meeting of a corporation is an important device in this process. It is noticeable that even in 1987, graphic design consultancies in the UK engaged in more work for clients in the financial services sector than in consumer products manufacture (McAlhone 1987: 22).

Design can be used to influence investor relations in other ways, too. For example, investors in mobile phone producers look to the quality of or innovation in more easily known features such as appearance, attractiveness or usability as opposed to their more complicated technical capabilities such attainable bandwidth. In turn, Aspara (2010, 2012) shows that these more accessible or understandable details may be emphasised through the product development process in the service of securing favourable evaluations on the part of investors. The roll out of a new design, its timing and how the event itself is designed are carefully managed to capture the imaginations of consumers and journalists, but, most importantly, to keep investors happy and also to attract new ones.

The rise of design in contemporary capitalism goes hand-in-hand with the rise to dominance of financialisation over economies, government policies, corporate practices and, even, everyday personal choices and actions. Design is intimately bound up in formatting and communicating assets whether these be through the regeneration of part of a city to attract inward investment, the fashioning of corporate literature or homeowners undertaking makeovers prior to selling. In turn, assets provide opportunities to leverage further capital. As Sassen (2003) remarks, financial services are able to liquefy the value of real estate, thereby releasing ever more capital into global flows. From the point of view of this book, what does this make buildings other than bricks and mortar, concrete, steel and glass? If, from the 1980s, the American motor industry consistently made more money through dealing in loans to consumers – secured against the automobiles they had bought – then what does this make the car? Indeed, this instance is illustrative of a general trend in US corporate profits. From the mid-1990s onwards, finance-derived profits there far outstripped manufacturing across the board (Harvey 2010: 22). Between 1980 and 2007, global financial flows grew faster than any other type of flow (Manyika et al. 2014: 4).

French economist Thomas Piketty (2014) provides a long view on the strength of capital and its effects. The broad thesis is that, historically, the return on capital has been consistently higher than the overall rate of economic growth. This is the capital:income ratio, a ratio that is between 4:1 and 7:1 in developed capitalist countries. The value of capital is typically much greater than the value of the total annual economic income of these countries. The only time that this disparity has narrowed has been during the mid-twentieth century, but since the 1980s, the gap has widened again. The effect of this is growing income inequality in capitalist states: capital produces more capital for those who have it; for those who don't have it, it is their labour that has to create that wealth for others. Piketty adopts a broad brush in his approach to capital, putting together residential and corporately owned real estate together with commodity, stocks, shares and other assets. But to look closer at the kinds of capital we are talking about, it is clear – even from Piketty's own statistics – that in most countries, real estate takes a growing lead in its value as a percentage of national income.

The first part of this chapter explores how a certain home aesthetic emerges out of a desire to make them attractive to future buyers. How does the home makeover function for that asset? The second part investigates how shopping centres are designed as 'deep wells of finance'. This is both in attracting investors and in assuring predictable, long-term returns. Through these examples, I want to show how the design of assets makes financialisation and vice versa.

SHOW HOMES: OWNERSHIP AND SPECULATION

Studies of consumption and domestic life invariably focus on the home as a site of individual taste – a place where the sovereign consumer has dominion. It is where people construct their identities through the things they buy and display, a private world of commodity accumulation behind closed doors where the public world does not and cannot encroach and where the 'true' self is expressed (Goffman 1959). Memory, narrative, identity or the aesthetic-self figure as common points of reference in these kinds of studies (e.g. Woodward 2001; Hurdley 2006; Money 2007).

This conception of the home as a private, individual expression of consumer sovereignty might be challenged, though. By thinking of the home as a site of investment, both of money and time, individual taste is tempered by the marketplace. Home decoration and furnishings may be adjusted or even catered to for this reason. A show home or show house is usually furnished and decorated by property developers for prospective purchasers as an example of what other houses on an estate may look like. In this section, I want to take this concept of the 'show home' to explain how the home has been increasingly bound into neoliberal practices around financialisation and how, in turn, this produces a kind of contingency around what it is and how it is treated. By situating the home in the context of wider pressures of the housing market, we can begin to see how design might function differently here.

Since the 1980s, homeownership in the developed West has grown to become a central motivational feature of its economies. In the UK the percentage of households in self-owned properties moved from 57 per cent in 1981 to 71 per cent in 2005 (Communities and Local Government 2009). These figures are roughly similar to the USA over the same period (Garriga et al. 2006). In the UK a boom in ownership took place in the 1950s and 1980s; in both occasions these marked periods of fiscal stability and political encouragement towards homeownership after periods of turbulence. In the USA there was a marked rise in ownership in the period 1995–2005 in the context of a range of new mortgage products being made available (Chambers et al. 2009).

With the exception of Germany, which has a much tighter controlled rental sector, the trend in government policies of European, North American and Australasian countries has been to promote individual homeownership over the past 40 years. In 1987, British prime minister Margaret Thatcher advocated a 'home-owning democracy'; in 2004, George W. Bush declared his mission to create, in the USA, an 'ownership society'; in 2006, Nicolas Sarkozy affirmed that France should become 'a nation of homeowners' (Rossi 2013: 1070). Despite the financial crisis of 2008, government policies in these countries have continued to push in this direction while other models, such as co-housing, continue to be difficult to progress (Chatterton 2014). Equally, in Latin America, cuts in state expenditure on public housing through the 1990s and 2000s meant that the deficit in dwelling units passed from 38 million to 52 million in this period (Rolnik 2013: 1061). Housing for low-income families thus takes the form of *favelas* or massive private housing schemes on urban peripheries.

Furthermore, the cost of housing as a proportion of household budgets has increased dramatically since the 1980s as demand for affordable housing – in particular due to falls in the amount of social housing being made available – has outstripped supply (Lawson and Milligan 2007). House prices in Australia, France, Ireland, the Netherlands, New Zealand, Spain, the UK and the USA hit record levels in relation to incomes in 2005 (*The Economist* 2005). The UK housing charity Shelter put this into context by calculating what the costs of ordinary food items would be if they had kept pace with housing since 1971. The price of the average of home in the UK had gone up over 43 times by 2011 (Shelter 2013). If this rate was applied to other commodities, a bunch of eight bananas would cost £8.47, half a dozen eggs would come out at £5.01 and a chicken would set you back £51.18! Of course, property values vary greatly. In 2014, US$50,000 would buy 0.9 square metres in Monaco, 1.5 in London, 4.4 in Tokyo, 20.2 in Budapest and 60.2 in Cairo (Space Caviar 2014: 154).

As we have seen with the debt foreclosures, house repossession and the dramatic fall in the housing market since 2008, the trend towards greater, more secure private ownership of homes is far from stable. While the 1990s saw a steady rise in the percentage of homeownership as against rental in the UK and the USA, there has been a sharp drop since 2000 as the differential between incomes and house prices has grown, particularly for the under-40s (PriceWaterhouseCoopers 2015).

Rather than provide the 'home for life', ownership enters citizens into the vicissitudes of the neoliberal marketplace, therefore. These fluctuations include the rise of flexible working and portfolio careers within a move to service-dominated economies, higher divorce rates and attendant break-ups of the traditional family units and longer life expectancy that demands leverage on the value of the home as a pension plan. Just as there are housing ladders through which people can build capital as they move up from apartment or starter home, to family home, to house and garden, so there are housing snakes that compel them to start over again.

In this situation, gaining maximum value at any stage of one's 'career' as a house owner is important. Homeownership is about providing a roof over one's and others' heads and a locus for self-expression; but it is also bound up in global financial flows. Financial systems are able to liquefy the value of real estate, thus turning capital assets into cash through equity release. Houses therefore become a source of future value. If the stock market is, at base, concerned with looking for places to invest where value is expected to rise, so homeownership is driven by the same priority. Indeed, in the UK these two came together with the creation of endowment mortgages from the late-1980s. Here, the life assurance company would take on the loan from a mortgage lender of a home and invest this in the stock market while the mortgagee would pay the interest on the loan to the life assurance company. With a booming stock exchange at the time, the expectation was that the return on this would be significantly greater than the loan. In such conditions, and more generally then, the home and its owner are closely implicated into systems of financialisation.

The home is, of course, a place where people express themselves through furnishings, decoration, fixtures, layout or modifications; but it is many other things too. It occupies a key role in the fashioning of the self, not just in terms of aesthetic identity or memory, but in terms of what it means to be a 'rational' participant in neoliberal society. There is a biopolitics at work here (Rossi 2013). Social relations – what it is to be a member of society and how to achieve this membership effectively and happily – are bound up in notions of accumulation and reproduction of particular norms. Ideas about what the home should or could be are contingent upon other forms and practices outside it. The next section opens out how design is sometimes active in this process.

MAKEOVERS

Design can give homeowners and sellers the edge on this process of accumulation. Just as the steep growth in homeownership in the 1950s led to a rise in do-it-yourself (DIY), so the same thing happened from the 1980s. This is best evidenced by the concomitant development of DIY superstores in the UK, such as Homebase, B&Q and Wickes, since the 1980s or the spread of the Bauhaus chain across Europe. Along with housing ownership has come a rise of enthusiasm for personal care and improvement of the home.

Rosenberg (2011) provides a compelling argument that connects home improvement, domestic taste and the property market in the context of neoliberalism. The turn towards home improvement may be read in terms of neoliberal conceptions of self-improvement. How one furnishes the home, cooks and gardens has intrinsic pleasures, but they are also about how one constructs an identity and self-presentation. Lifestyle is multilayered in its motivations (Featherstone 1991; Chaney 1996; Bell and Hollows 2005). It is also something that is governed from afar. The state or some other single source is not telling neoliberal citizens how to live. Instead, ‘experts’ are distributed across such institutions as universities, schools, health and the media and they relay ‘advice’ on how lifestyles are carried out (Ouellette and Hay 2009). In this respect, a plethora of home improvement and domestic property websites and TV programmes that came into being from the 1990s are worthy of attention.

In 1996, *Changing Rooms* hit the British TV airwaves. The programme ran through 15 series during eight years and was franchised to the USA, New Zealand and Australia. Its 30-minute format showed householders swapping houses for each to re-vamp a room under the tutelage of ‘expert’ interior decorators. Its emphasis, therefore, was on taste and home improvement in equal measures, revealing, on the one hand, tensions or coincidences between people’s individual styles and, on the other, the sheer *speed* with which changes could be made.

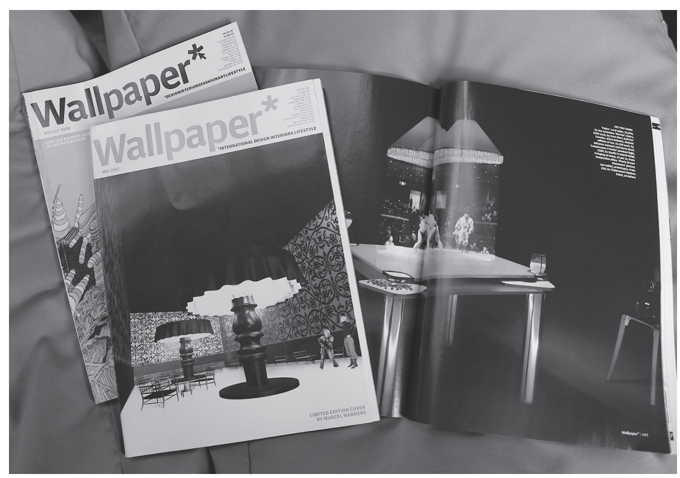
This idea of speed – of rapid makeover – was subsequently adopted in the garden redesign show *Ground Force* (1997–2005), which saw expert gardeners, assisted by family and friends, transform a garden over two days. Again, the emphasis was on quick solutions with copious use of decking and other hard-landscaping tricks and with the installation of mature plants and ready-to-lay turf. Again, versions of the show also went out in the USA, New Zealand and Australia. Even stronger reference to this fast economy of home improvement was made in the UK with programmes such as *DIY SOS* (from 1999) and *60 Minute Makeover* (since 2004).

5.1 Covers of *House Doctor, Property Ladder: Sarah Beeny’s Design for Profit* and *Adding Value to Your Home* (Photo: Guy Julier)

Explicit reference to any attendant rise in value of the home was not made in these programmes. However, a parallel set of shows were concerned with buying and selling property. They often highlighted the necessary home improvements required to add to value. These included, in the UK, *Property Ladder* (2004–09), *Property Snakes and Ladders* (from 2009) and *Help! My House is Falling Down* (from 2010), all presented by the property developer Sarah Beeny, as well as *Homes Under the Hammer*. *Property Ladder* – a version of which also went out in the USA – that saw individuals buy and sell homes within a limited timeframe, making (often cosmetic) changes in order to maximise accumulated equity. At the end of each show, real estate valuers would assess the property to confirm whether or not a target had been met. Following the banking crisis of 2008, Beeny also presented *Village SOS*, which focused on how householders might take collective action to improve their neighbourhood, introducing a timely communitarian spin (Marshall 2011).

If these practices of speed and home improvement leading to advances in equity were made most explicit, then this was in the Australian programme *Auction Squad*. Here a team of designers, builders, landscape architects and gardeners undertook a property renovation in just a day prior to its going to auction. Light structural work was carried out – such as removing stub walls or treating dry rot – but also detailed decision-making was made on plants or interior colour schemes. In terms of the home decoration that was prescribed, Rosenberg (2011), drawing from Grimshaw (2004), identifies the prevalent use of what he terms 'soft-modernism'. This is typified by subdued colours such as off-whites and caramels, colours that are regarded as 'sleek and modern' rather than carrying the harshness of modernist monochromes.

This soft-modernism is prevalent in other home-lifestyle media, including the design magazine *Wallpaper**. But it also finds its way into the housing market as a way of selling the idea of 'contemporary yet comfortable'. Equally, one might read IKEA's 'democratic design' within the same framework (Rosenberg 2005). The IKEA paradigm allows for rapid furnishing of the home that facilitates smaller-scale expressions of self-identity. Its furniture is relatively neutral while storage, picture frames and wall-hangings provide platforms for more personal touches to be added in. These are tactics of balancing personal taste with a concern for future buyers. Rosenberg (2005: 16) puts this more pointedly, stating that 'The depersonalization process thus fractures the relationship between the dweller's identity and the house and contents. This is the aim of all makeover – to create something new that can be exchanged in the neo-liberal economy.'



5.2 *Wallpaper** magazine covers and 'Space' sections (Photos: Guy Julier)

The home itself is a design culture in the way that its space is arranged, thought about and filled out by its inhabitants. Householders are playing the roles of designers, producers and consumers at the same time. In the scenarios described by the TV makeover and property programmes this is taken up a level. Professional designers show their thought processes, all be they highly simplified – this *is* TV after all! They are joined by other specialists such as real estate agents, property developers, architects, carpenters and gardeners. Householders collaborate both as producers and consumers in these transformations. In their exchanges a discourse emerges regarding the relationships of taste and value – be that environmental, social or economic. Here, then, design culture spins upwards and outwards to take on board neoliberal ethics, the marketplace and finance. In this way, the home ceases to be a bounded locus and, instead, is constructed relationally to a set of external fields and future possibilities.

Design is often tied into economic possibility. It produces sources of future value. It can also *point towards* value *in potentia*, drawing attention to something's competitive strength in the marketplace that is yet to be realised.

Given many of the cultural traditions within which the home resides, the connection to finance and conceiving of it as an asset are not so explicit. We have to dig around a bit and think about how some homeowners' thinking might be influenced by such things as TV programmes and magazines. Larger-scale, more complex forms of real estate, such as retail developments or office blocks, are more overt in what drives their investment patterns and how this influences their appearance and use. The next sections expand on this.

CLONE TOWNS

In 2005, the city of Exeter was labelled as having Britain's blandest high street. In its 'clone town survey' the New Economics Foundation (2005) reviewed the retail offer of 150 villages, towns or city areas around Britain. Their definition of a 'clone town' was where the 'individuality of its high street shops [was] replaced by a monochrome strip of global and national chains'. More emotionally, they termed this as where local character had been crushed 'under the march of the glass, steel, and concrete blandness of chain stores built for the demands of inflexible business models' (2005: 1– 2).

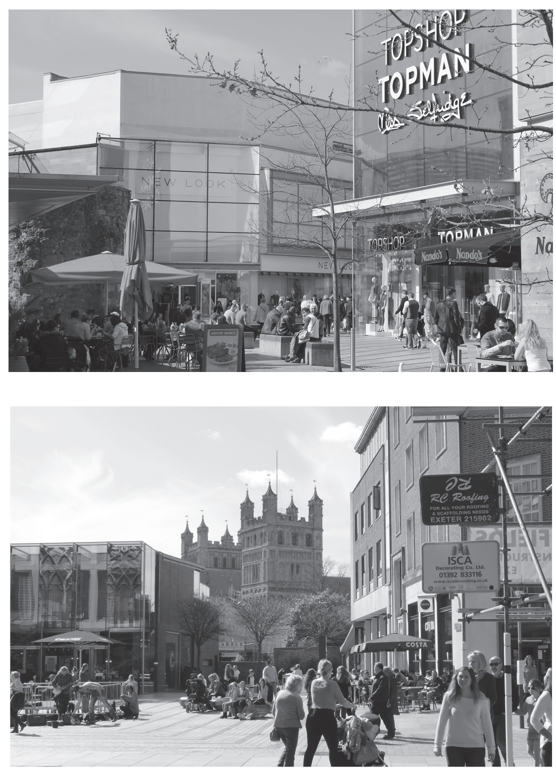
I spent my youth in a sleepy rural town near Exeter. In the 1970s, global outlets like Gap, Zara and River Island didn't exist. Nevertheless, Exeter's High Street offer of national chains such as WH Smith and Woolworths still provided enough excitement to warrant an hour's bus journey to the city. It wasn't the city's majestic medieval cathedral or its fourth division football team that drew my friends and me: it was a day's wandering around its shops, occasionally consummating the visit with a purchase. Since then, and, indeed, since 2005, things have layered up in Exeter. In 2007, a new 'shopping quarter' was opened in the High Street. With over 60 stores spread through 39,000 square metres of retail space, Princesshay seemingly added a new dimension to this city centre at a cost of £78m (Gardner 2007). Proposals for its expansion were put forward in 2014. It seems that there is an insatiable appetite for more of the same but a bit newer.

To return to their report, the New Economics Foundation (2005: 3–4), a UK thinktank on economic innovation, made a series of recommendations to avoid the continual cloning of clone towns. These included: a guarantee of fair market access to small, local and independent retailers; ensuring local procurement of goods and services; stronger controls on planning and tenancy processes. These recommendations were largely repeated in 2011 by a similar, but more high-profile report on the high street by the British retail consultant Mary Portas (Portas 2011). But none of their proposals really got to the background economic issues that reproduce town centres as they are. So I want to re-pose their question and add another. What makes this sameness of high streets? And what gives them diversity?

In the next two sections I want to tell something of the story of Princesshay and another shopping centre, Trinity Leeds, in more detail, examining the connections between capital investment, design and the layers of interest that are involved in their production. Within this, I draw attention to the interplay between the management of risk and invention. This process varies between national economies; for example, different countries have their distinct planning laws that offer varying protection to independent businesses in city centres. They might also have different systems of capital investment. However, while my account below is localised to the UK, many of the driving stakeholders are multinational firms which are involved in global flows of capital. Their logic in terms of assets and their treatment is reproduced around much of the world. The narrative I give is densely packed with references to the various actors involved in order to give a sense of its complexity.

'COMPELLING EXPERIENCES': RETAIL DEVELOPMENTS AND PROPERTY COMPANIES

The land on which Princesshay was built is owned by Exeter City Council. In other words, its freeholder is the local government. For Princesshay, the lease was 50 per cent owned by Land Securities, the largest commercial property company in the UK. Land Securities became a Real Estate Investment Trust (REIT) in 2007. A REIT is a category that originated in the USA but has come into being in many other countries since the mid-2000s. It signifies a company that owns or invests in real estate, paying an annual dividend to their shareholders. Broadly speaking, company law in most countries favours regular income streams and long-term appreciation to their investors. Land Securities owns and manages over 2.5m square metres of commercial property in the UK (Land Securities 2015). The other 50 per cent of the Princesshay lease was held by the Crown Estate, a semi-independent company that manages the property portfolio of the reigning British monarch.



5.3 Princesshay Shopping Quarter, Exeter (Photos: Guy Julier)

Land Securities engaged three separate architecture firms for the design of its parts. Chapman Taylor, which specialises in retail architecture, worked on its central core and glazed arcade; Panter Hudspith, with experience in historic contexts, dealt with the area nearer the city's cathedral; Wilkinson Eyre concentrated on its northern end that incorporated car-parking, 122 residential units and an underground servicing yard (Gardner 2007). Landscape architecture and urban design was undertaken by Livingston Eyre Associates. The logic in using a mix of architecture firms was mostly that this allowed for a more sympathetic meshing of this development with its varied and historical surroundings and avoided appearing as a 'shopping mall bloc', as had previously been proposed by BDG-McColl. Coherence of the overall palette of colours and materials had been agreed through a masterplan that was formulated by the City Council, architects, Land Securities and English Heritage (Exeter City Council 2008).

5.4 Trinity Leeds, shopping centre, Leeds (Photos: Guy Julier)

In 2014, Land Securities sold its 50 per cent of Princesshay development to another property company, TIAA Henderson Real Estate for £127.9m. At the same time it bought TIAA Henderson Real Estate's 50 per cent stake in another shopping centre, Buchanan Galleries in Glasgow, for £137.5m. This gave Land Securities full ownership of the Buchanan Galleries lease. Previously, its stake in the latter had rendered rental income for Land Securities of £7.5m annually (Land Securities 2014).

Meanwhile, Chapman Taylor Architects feature in another Land Securities venture. Trinity Leeds is a 93,000 square metre shopping centre for 120 stores. Opened in March 2013 it featured, as a centrepiece, a glass dome designed by SKM Anthony Hunts. Notwithstanding the flourish of this architectural feature, for its investors, trust in the scheme rests on the fine-tuning of a number of design and other issues that are critical to its success.

On Thursday, 11 April 2013, just after its opening, Land Securities conducted an investor presentation of Trinity Leeds. With an hour-long PowerPoint presentation by the company's Director of Investor Relations, its Head of Retail Development, Portfolio Director and its Leasing Director, followed by a tour of the development and lunch, these provided a fascinating glimpse into the relationships between investment and design issues. Asset managers present included representatives from Morgan Stanley, AMP Capital, Investec, Deutsche Alternative Asset Management, JP Morgan Cazenove and Kempen & Co (Land Securities 2013a). These companies largely deal on a global scale with investments from organisations such as insurance companies, pension funds, investment banks as well as private individuals.

Summarising from a transcript of the presentation (Land Securities 2013b), the key issues in its early weeks for the Trinity Leeds investors were:

- *Population growth and urbanisation*: The population of Leeds was expected to grow by 12 per cent to 840,000 by 2021.
- *Demographics*: The 'preferred' Trinity Leeds shoppers that were shopping there; following the ACORN market research taxonomy, these were 'Educated Urbanites', 'Wealthy Achievers' and 'Secure Families'.
- *Spending and dwell*: This was averaging £60 per visit with a shopper spending an average of approximately 96 minutes there.

The presentation of this data illustrates both the wider picture of population change and the more detailed information of consumer habits that are of interest. Property developers often carry out fine-grain tracking of shoppers to monitor footfall on the shopping centre's various parts. At the Princesshay development there was some contention surrounding this as real-time location data of the mobile phones of shoppers had been used for this purpuse, raising privacy concerns (*Express and Echo* 2012). Alternatively, an array of research companies, such as Savills, PMA and Edison Investment Research, carry out this data collection and analysis, feeding it into property companies.

For investors, their interest is in future value. This is rendered in two ways: through the payment of rent by tenants of the development's units; and through the rise in value of the overall development – its equity, in other words. Each, quite obviously, is dependent on the success, judged by turnover and footfall, of its tenants. To put this from the point of view of Land Security's perspective on Trinity Leeds, its Head of Retail Development stated to its investors:

> In a world where physical shopping is seen by some people as an unnecessary activity, as developers, we've got to create compelling experiences that will delight our guests, the shoppers; and that will then encourage them to come back, come back again and keep coming back, and through that we will drive rental growth. (Land Securities 2013a)

What makes 'compelling experiences'? Aside from the general architecture of the development, this is achieved at two levels of design. One is in the overall planning of these spaces, the other has to do with the complex and sometimes messy practices of retail design.

THE PLANNING AND DESIGN OF RETAIL SPACES

In the overall orchestration of their retail, hospitality and leisure offer, developments depend on particular well-known brands that provide the 'big draw'. These are the larger destinations for shoppers and are called 'anchor stores'. In the UK, this includes established brands such as John Lewis, Marks and Spencer or Debenhams. These may already be in the town and so a development will leverage this asset by co-locating alongside them (as was the case of Trinity Leeds). The notion is that shoppers are drawn into these tried-and-tested stores and then extend their expedition into other parts of the development. Their dependability, size and significance also help to ensure financial stability for it.

Making retail developments 'compelling experiences' also requires detailed design work at a second level of their units, ensuring that they provide extra pizzazz. This is partly to do with ensuring the right mix of outlets, including food, but it also depends on their design competitivity – how they will stand out amidst the cacophony of brands in the space. This is where we have to look to further layers of creative practices.

This pizzazz may be achieved in part by allowing token independent shops as part of the development. These add variety and contest the accusation that property companies produce bland uniformity. Land Securities assigned 14 units to independent shops at Princesshay for this reason (Land Securities 2007). These may act culturally to add diversity and surprise to retail developments. Ultimately the chains will dominate for it is they who are usually more able to pay prime rental, are more dependable in terms of demonstrating and maintaining turnover and whose design language and palette are more easily understood by the property companies.

Prominently placed at both the Princesshay and Trinity Leeds are flagship stores Topshop-Topman. These are almagams of the men's and women's shops which are more often in separate units. As of 2015, there were 250 Topman stores in the UK, with a further 154 in 31 other countries (Topman 2015); in 2013 Topshop included 319 stores in the UK and 137 franchises in 37 countries (Hsu 2013). Topman and Topshop are part of the Arcadia Group whose other clothing operations include Burton, Dorothy Perkins, Evans, Miss Selfridge, Outfit and Wallis. The Arcadia Group has had several in-house design positions, including: creative directors for its different parts; fashion design (with its women's, men's and children's specialisms); trends research; brand development; retail design and visual merchandising. Overseeing this has been a Head of Design, with a 15-strong department, who has held weekly update meetings with its Group Chief Executive (Ryan 2012).

Alongside the in-house design functions of such groups as Arcadia, a halo of design consultancies and freelancers feed specialist skills into them, retail designers, either in-house or outside, take care of mid-term store design that which may change every few years. Meanwhile, expert visual merchandising studios deal with product presentation (such as window dressing), which will change with the roll-out of the new season's clothing. In London, for example, Blacks VM and StudioXAG have both done visual merchandising design, fabrication and installation for Topman. They involve strong creative input with high production values and an emphasis on spectacular, theatrical presentation.

Retail design has a sharp, direct but complex relationship with its clients and its publics. Kent and Stone (2006) usefully summarise, in Table 5.1, its qualities by contrast with product design.

Table 5.1 A comparison of product and retail design characteristics (Kent and Stone 2006)

Product design	Retail design
Long concept development phase	Short concept development phase
Anticipates problems and resolves them in advance	Deals with problems as they occur (snagging)
Discrete stages and finite concept life	Evolutionary phases and continuous 'tweaking'
Controlled prototyping and evaluation behind closed doors	'Pilot' store designs evaluated in full view of customers (and competitors!)
Supplier relationships based on shared risk, trust and mutual benefit	Supplier relationships based on contractual obligation and adversarial conflict

Particular creative input, often using freelancers or external consultancies, is undertaken for flagship stores. These occupy prominent positions (such as London's Oxford Street) and carry the largest range of goods, sell exclusive ranges and host new product launches. Aside from their role in promoting popularity and loyalty for consumers, they also work to promote the brand for investors and the wider public. Direct sales from these are therefore of secondary importance.

The success of chains within retail developments works for them but also for their landlords. The job of the retail designer involves several clients. They have to achieve sign-off from the brand and/or group it belongs to. The retail development may be managed by a separate, specialist company or directly by the property company (or companies) that own the site and will require convincing. Occasionally the landowner may place restrictions or guidelines on design issues. And finally, anchor stores for developments may also have some influence. Much of the designers' time may be taken up in shepherding projects past different gatekeepers (May 2015).

Property development, where it happens and what is put in place, is driven by global investment capital, as we shall see in more detail in the next section. However, it is erroneous to assume that one single interest – such as pension funds – shapes this. Rather, a varied network of interests are at work here (Bryson 1997). This is, nonetheless, motivated by a desire for stable, steady turnover for investors, property developers and tenants alike. To summarise thus far and also help with thinking about the next section, the ecosystem of retail developments, with all their actors, institutions and interests is outlined in Figure 5.1.

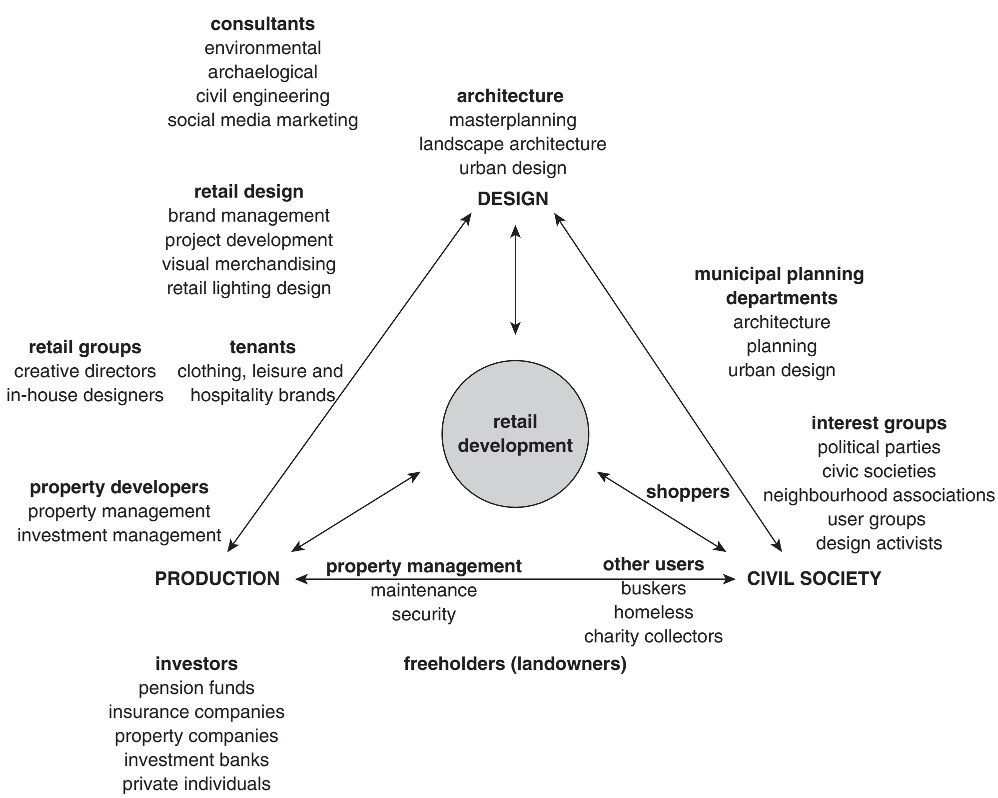


Figure 5.1 Key stakeholders around high street developments, shopping centres or malls, and some of their functions

RENTAL, INVESTMENT AND RETAIL BRANDS

The structure for return on investment has a direct relationship back to the overall design of shopping centres and of their individual units. Rental is paid in two ways. First, there is a base rent on units. In the case of Trinity Leeds, this averaged nearly £115 a month per square metre in 2013 (Land Securities 2013b). A second source of revenue is through turnover rent. In this case, the tenant only pays 70–80 per cent of the full base rental value; after that, they pay a percentage of their annual turnover to the landlord, usually up to an agreed amount. This is negotiated on a case-by-case basis and requires transparency by the tenant in terms of showing their turnover. For the landlord, this indicates that they benefit more immediately from tenants' success rather than when there is a rent review. It also means that they get feedback on tenants' performance in a development. For the tenant, this system spreads risk and, additionally, it means that it is in the landlord's interest not to introduce damaging competition to the development.

Such arrangements have had profound impacts on the way that retail, particularly of clothing, is carried out. We saw in Chapter 4 how the development of fashion networks of production and distribution have accelerated the movement of these goods around the world and how it has pushed costs down. These factors have combined with financial pressures at the retail point. During the 1990s, mergers of independents into retail brands and then retail brands into groups – such as the Arcadia Group – allowed for the internationalisation of distribution networks. This permitted greater economies of scale but also exerted greater pressure from investors on retail brands for minimum amounts of return on investment. At the same time, the fixed costs of retail unit rental increased substantially as property companies sought greater monopoly control over these (Cietta 2008).

This has meant that the retail brands themselves have had to push sales volumes up to keep abreast with these rising demands. In turn, this leads to de-specialisation. While the volume of individual designs on display in clothing stores has not increased greatly, many brands build on a more 'total look', catering for a reasonably wide age range (e.g. from kids to middle-age parents, in the case of Gap) and variety of clothing types (e.g. smart and casual). Their aim is to shift more product by tapping into wider demand (Cietta 2008). This is how they are able to pay their bills and keep their own investors happy. In terms of retail design, creative pressure is on ensuring emotional attachment to the brand through fixing the right ambience. Consumer repeat visits are imperative in order to fill out the various functions required of a personal wardrobe from the same brand. This is achieved through lighting, surface textures, circulation, product presentation and so on, but also through associated features such as the brand's website, advertising and promotional events.

In view of the property company and its investors' will to maximise return, then equity, base rent and turnover rent all mean that maintaining footfall and consumer spending is paramount. Therefore, the design and orchestration of the development as a whole interlinks with the importance of design of its respective units to help maintain these as spectacular, changing spaces, while the overall concept is reproduced and redeployed from one urban centre to another.

Trawl through the annual reports of property developers or interviews with their key executives and you fill find, time and again, references to the need for good architecture and design. They also make reassuring statements about continually expanding opportunities – both locally and globally – for these (e.g. Colliers International 2014; Land Securities 2015). In these, they are addressing their investors, be they insurance companies, pension funds or individuals. Investing in retail developments has a particular attraction for these.

In addition, insurance companies and pension funds, mutual funds, investment banks, commercial trusts, endowment funds and hedge funds are also known as 'institutional investors'. This means that, collectively, they invest other people's money rather than money they have themselves. Apart from hedge funds, which deal more aggressively in risk, the others are largely looking to an assured, steady growth of their investments over time. They all have mixed portfolios, investing, for example, in bonds, venture capital funds, commodities, infrastructure and real estate. Of these, real estate normally provides long-term return that is relatively 'illiquid' (meaning that cashing in an investment is not so immediate and quick a process as with, say, stocks and shares). Insurance companies and pension funds require a certain amount of liquidity to pay customer claims on them (Insurance Europe and Oliver Wyman 2013). Otherwise, they are looking to low-risk investment and predictable returns that, so long as they are doing their job well enough, retail assets can provide.

Pensions can involve 40 years, or even more, of investment on the part of the employees and their employers. In turn, pension funds invest these payments, looking to long-term stability. Pension fund assets in the UK, for example, hit an all-time high of £1.7 trillion in 2012; they had grown by 5 per cent during that year and had more than doubled since 2002. This was a trend seen in most developed economies (Towers Watson 2013). These pension funds may be held and managed by employers themselves or accumulated and managed by commercial firms. In Europe, over 90 per cent of them invest in real estate, with 75 per cent doing so in the USA (Andonov et al. 2013). This may be done directly, by actually buying and managing buildings or, often, through property companies like Land Securities, who act as real estate investment trusts. Retail developments, but also offices and industrial properties, are of interest here.

From 2000, investment law in many countries gradually freed up the amounts that institutional investors could put into properties abroad by raising or abolishing limits. Capital could flow globally from national pension funds to retail developments elsewhere. Thus, to give an example, in 2012, the Canada Pension Plan Investment Board that manages the Canadian public pension, announced that it planned to partner with the Nordic property company Citycon to buy Kista Galleria, one of the largest shopping centres in Stockholm, for US$700m (Flood 2013). A growing and ageing population in Europe and the USA has seen to the doubling or even trebling of the assets of insurance companies and pension funds since the 1980s (City of London Corporation 2011). This results in more institutions competing to find or create sources of return on investment. Real estate provides an increasingly attractive investment for institutional investors (Insurance Europe and Oliver Wyman 2013).

Shopping centres, malls and high streets are deep wells of financial intensity. They provide reasonably discreet concentrations of control, predictability and calculability. Shopper tracking, footfall measurement and turnover monitoring provide data from which property managers or companies can respond to consumer demand in terms of the overall design and orchestration of the space. It can also identify the strong and weak spots among tenants, incentivising or coercing them to up their game. In turn, this may lead to increased retail design input on their part to attract customers. Brands, such as Gap or Marks and Spencer, concentrate their financial resources on their core business of retail rather than getting involved in property development. Risk is therefore spread between the key actors: the investors, the landlord (being the property developer and manager) and tenants.

Ultimately, known brands have the infrastructure and capital to be a safe bet for the owners of and investors in retail developments. Introducing, for example, independent stores disrupts this predictability and therefore the relatively low risk of investment over long periods that they are seeking. This is to the extent that in downturns of the economy, they would sometimes rather leave units empty than allow newcomers to use them. Property developers and investors will only invest in prime areas.

Nevertheless, there is still a cycle of increased consumer demand, construction, occupancy, more construction, overheating, oversupply, ceasing of developments, stabilisation of rents, disappearance of surplus and return of demand that follows wider economic cycles. There are time lapses between rises of demand for retail space and supply of units. Thus there are instabilities with periods of under- or over-supply of units (Bryson et al. 2004: 184). Overall, it is more profitable, however, to maintain the status quo of filling these units with the same national or global brands and the same city centre activities (shopping, eating and drinking) everywhere rather than let them be occupied by independent shops. While in times of recession there may be some relaxation here, generally the aim is to ensure occupancy by the higher rent-paying and more recognisable brands.

These are some of the reasons why so many modern town centres and retail developments are so utterly dull.

By considering design as an asset, it may not just be the end-users of products, services and environments that are the priorities in contemporary capitalism. Sometimes, it is the agents of capital itself that are more influential in their shaping.

THE SPATIAL FIX

Let us step back from the dense minutiae of retail developments at this point and flesh out a broader picture of how global investment capital functions to produce spaces like them. The commercial jargon of finance underlines its complexity, which sometimes feels intentionally difficult to grasp. The further it is out of our reach, the more that the finance sector gets to write its own rules it seems (Lanchester 2015: xiv). Ultimately, though, capital has to go somewhere as investment and be taken from somewhere as profit. It is dependent on real places, but it also transforms them.

Here, therefore, I want to push the role that capital, its circulation and its allocation, plays in making particular forms of design. Harvey's concept of the 'spatial fix' (Harvey 2001) is useful here and is a term that has been frequently discussed in the context of neoliberal arrangements (e.g. Herod 1997; Schoenberger 2004; Arrighi 2006; Jessop 2006).

Investment banks, pension funds, insurance companies, mutual trusts and other investors build up surplus capital. As money is paid into them through, for example, insurance premiums or pension contributions, so these institutions have to find places to put the money where it will then accumulate profit. When there is too much capital for economies to cope with it – when there is more money than can be usefully invested – we get 'over-accumulation'.

Harvey (2010: 148) has argued that there are just two ways by which this process of capital allocation can be done: one is through developing new products and technologies; the other is to expand geographically. This can be done through shifting production offshore or in developing new markets.

The latter has been highly visible in economies that have sat on the periphery of Western capitalism or that are transitioning to market economies. Places such as Spain, Portugal and Greece in the 1980s, Eastern Europe in the 1990s and South-East Asia in the 2000s all saw leaps in foreign investment of surplus capital, materialised, for example, through new shopping malls and hotels. Alternatively, investment might take place closer to home, as we have seen in the cases of Exeter and Leeds, where population increase and consolidation of favoured market segments, the existence or development of transport infrastructure to access these spaces and, for example, incentives by municipalities (such as relaxation of planning constraints or the provision of other infrastructural facilities) are offered (Bryson 1997).

The spatial fix therefore works in two ways. It is a ‘fix’ in that it provides a solution to a problem. *Spaces* are produced as places where money can go as investment. It is also where capital is *fixed*, where it is allocated into immobile assets. What was liquid is now solid.

This process invariably involves ‘accumulation by dispossession’ (Harvey 2003: 149). Jessop (2006: 151) sees this leveraging of under-exploited resources as part of a broader process of expropriation of the commons. Spaces have to be ‘fixed’ in order to provide mechanisms to make money. They have to be commodified. A riverside, where people go fishing, sunbathe or walk, does not turn much of a profit except, perhaps, through angling licences or the odd ice-cream stand. A waterfront development, replete with chain restaurants and prime-value apartments, does so much more efficiently for investors. Thus, the dispossession that takes place in this is in the turning over of what was previously a common resource to the interests of capital. Invariably, this involves the literal privatisation of these spaces (Minton 2012). The dispossession therefore works at two levels: one is in the general sense of common spaces coming under private control; the other is that access to these privileges only those who can afford it.

Urbanisation may be read as the result of population growth and migration. But we may also understand it as a process of rationalisation, a way of ordering and fixing surplus capital. There is a tendency to represent speculation through currency dealing, stock and commodity broking or asset trading as if it were somehow dislocated from the material friction of the everyday world. In fact, the opposite is the case. The relationship between these two is neatly summed up by Harvey in the following, often-quoted words, taken from *The Urban Experience*:

> Capital flow presupposes tight temporal and spatial coordination in the midst of increasing separation and fragmentation. It is impossible to imagine such a material process without the production of some kind of urbanization as a ‘rational landscape’ within which the accumulation of capital can proceed. Capital accumulation and the production of urbanization go hand in hand. (Harvey 1989b: 22)

And design is deeply implicated into this production of space.

CONCLUSION

This chapter has chiefly been concerned with how capital is turned into design with a view to its subsequent production of further capital. In other words, it has considered the ongoing relationship of design and financialisation. A considerable amount of scholarship exists which looks at such processes in terms of the built environment and the public realm, particularly in relation to gentrification processes and property development (e.g. Moreno 2008; Lees et al. 2013; MacLaren 2014). However, when considering design we have to look in finer detail at what is happening in terms of the arrangement and features of spaces.

The claim of the link between financialisation and property is not exclusive to private homes or shopping centres. We could also be talking about office blocks, hotels or, sometimes, university student residences. These are also part of the system of institutional investment that looks to long-term assets that provide a relatively predictable return, so long as the overall circumstances of political economy remains the same. In terms of the home, there has been a particular construction of neoliberal ownership that is mediated through popular TV shows that are arranged around the drama of the makeover. In this, the chief aims are rapid renovation within tight time and budgetry constraints with a view to maximising value. In turn, a certain aesthetic of 'soft-modernism' is forced.

The development and management of shopping centres works in different temporal frames. Here the aim is for highly calculated processes that take in a range of data regarding market conditions. This guides their sizing, orchestration, timing of opening and financial relationships with tenants. While a spectacular, attractive overall scheme has to be produced, at the same time, individual shops are subject to rapid turnover in their design. This is controlled in relation to the demands of a number of actors, including the leaseholder, the freeholder, the development's management organisation and also the respective shop's brand. Mediating these relationships through the design is mostly the job of the retail designer.

Ultimately, the specific example of the shopping centre stands for a wider process of urbanisation. This is where the needs of capital to produce new markets and market opportunities contributes to the creation of zones, built forms and consumer practices. These are reproduced on global levels, themselves reproducing the global flows of capital. In broad terms, design functions in two ways in such cases. One is straightforwardly in fashioning attractive spaces for investors, brands and consumers that produce rent. The other is in signalling future value. In either case – and indeed in the case of private homes as well – design is being used to enhance the value of the overall package. This is in the value of the building but also in potential investors' or buyers' enthusiasm to put their money into them. Finance is at work in the materialising of these spaces, just as architects and designers are in fashioning them and builders and shopfitters are in their construction. Their materialisation is vital to the production of further finance.