



David S. Kirk, CRE

GLOBAL CITIES IN AN ERA OF CHANGE, A COMMENTARY

By David S. Kirk, CRE

I wanted to fast-forward technology and globalization trends and start to understand what these trends meant for me, for Boston. Was I still in a world-class city, and was I ever in one? I was looking for take-home that might serve me later rather than sooner but I was looking for some answers and some stimulating thinking from persons that typically were not accessible to me. Alex Kreiger, chairman of Urban Planning and Design at the Harvard Design School, obliged by remarking in the closing session that by 2050, there will be 5 billion people in cities and in eight years London will not be in the top 30 cities in population. And in between, the panelists and attendees fulfilled the promise and delivered surprises as well.

The Research Directors' panel started the deliberations with a matrix exercise which shared current ongoing efforts to characterize the global cities for the institutional investor. The threshold requirements of legal framework, political endorsement, cultural acceptance for real estate enterprise were added to geographic, economic, and demographic measurements. The related risk assessments were illuminated by the trench men on the Capital Flows panel on the second day. The roster included key acquisition/investor representatives from institutions: Lehman, Soros, Deutsche Bank, UBS Warburg, AIG, Henderson Global. Dubai of the United Arab Emirates and Berlin are on the radar screen and Brazil and Argentina are still considered prime real estate markets for well-timed investments. Ken O'Gara from PepsiCo and Lee Timmins of Gerald Hines Interests demonstrated the risk range by describing how the multinationals follow their markets, and how the international developer is more selective. Richard Georgi of Soros spoke for the group when he acknowledged that, "There is a very limited track record of successful international real estate investment," and admitted his firm pitched international investing "with great care and humility."

The pre-conference MIT tour led by Peter Lewis, CRE, showcased recent decades of campus development and investment, world-class in all respects. Along with an inside look at new Millennium Pharmaceutical biotechnology facilities joint ventured with Forest City, the tour included the multimillion-dollar real estate portfolio in biotech now controlled by MIT and the ever

expanding campus facilities. Followed by a leisurely walk in Harvard Yard, participants were well prepared for Harvard President Lawrence Summers' informal remarks about his high priority job of promoting Boston as a global city and leading Harvard's future planning agenda. With Harvard as the only American urban university with a substantial capacity to expand (over 200 acres cross the Charles River in Boston), Summers articulated his personal feelings about humanity continuing to need a place to gather and its relevance in the new economy as well as old economy.

For political reality, former Philadelphia Mayor and now Pennsylvania Governor Ed Rendell, San Diego's planner Peter Hall and London's planner/manager Dame Judith Mayhew added some practical experience and visionary commentary. The keys to global cities in an era of change are education and public/private partnerships for stability and growth, themes echoed by global institutional investors later in the program. All three of these urban veterans were well moderated by Kennedy School Nick Retsinas and had war stories and dilemmas to relate and the focus was delightfully laser-like for this real estate crowd.

Joel Kotkin of Pepperdine University and author of *The New Geography* (Random House, 2000) was a panelist and keynote speaker and did not disappoint. Terrorism and other urban ills like the poor education and training for the next generation of unskilled, poor, and immigrant/migrant populations, will reinforce a tendency to decentralize and strengthen some new patterns of growth and decline among American cities. Dame Mayhew refuted Kotkin vigorously recounting Europeans' coping with terrorism for decades. Kotkin quoted Greek historian Herodotus, "Human prosperity does not abide long in the same place." Dan Rose, CRE of Rose Associates (New York, Boston, and Washington, DC) preferred Aristotle, "Men first come for safety; they stay to earn a living; and they remain to enjoy the good life."

Anthony Downs, CRE, currently updating his 1992 book entitled *Stuck in Traffic* in which he counts cars and people, concluded we are not making progress in reducing congestion with mass transit or otherwise. His hope for emerging global cities in this battle was dimmer even still. Dan Rose, CRE, ended his visionary commentary on the last day with, "But, there will always be some of us attached to the dynamism, the vibrancy, the excitement and the stimulus of great cities." Jeremy Newsum of London-based Grosvenor Properties and a resident of Cambridge, England echoed the frequently mentioned threshold essentials of trade, work opportunities and education, and, like several participants, sought to recognize the human and emotional elements of soul, heart, passion which challenge measurement.

Rather than just a random romp with Dubai, Abu Dhabi, Berlin, Istanbul, Singapore, Buenos Aires, Amsterdam, and Moscow compared with London, New York, Tokyo and Paris, "Global Cities in an Era of Change" was an effort to capture the trajectory of technology and globalization, telecommunications, and diversity, and see what might survive and what might emerge and what might not. Education's role was spotlighted by many with Cambridge, England and Cambridge, Ma, receiving noted attention. Boston may not be a global city by all definitions but it certainly has many of the durable qualities that will make it a survivor and education is among them.

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