The Location of Large Advanced Service Firms in the Network City Region: Evidence from the Randstad-Holland

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Introduction

Despite “time-space compression” and the new “space of flows” made possible by the expansion of global networks and the revolution in ICT, there is a primacy of spatial structures in the organisation of flows and nodes in the urban territory. In other words, physical urban technical networks are still crucial for the location of economic activity.

Flows are organised by agents located in space, making use of specific spatial structures in order to perform their tasks. In city regions operating under conditions of accentuated economic internationalisation, the organization of functional networks and the location of nodes obey a new logic where increased connectivity, accessibility and visibility are vital elements for the development of new corporate hubs (the urban landscapes or urban micro-milieux where advanced producer services and TNCs headquarters choose to locate their main offices).

The emergence of an increasingly complex polycentric city-region in the Western part of the Netherlands, commonly known as the Randstad, offers us the opportunity to analyse the spatial distribution of advanced producer services in complex urban networks.

In this paper, we analyse the location trends of large advanced service companies in an emerging spatial structure characterised by intense flows running through a multiplicity of urban nodes organised in a scattered and complex urban regional network.

The main conclusions refer to the emergence of an open urban system related to a multiplicity of nodes increasingly connected through urban technical networks, resulting in a scattered networked city region. The scattered urban landscape characterising the Randstad relies on increasing investment in large transportation infrastructures to ensure the functioning of the region as a coherent city region or a “metropolis in the making”.

The main trend concerning the location of large advanced producer services concerns the location of offices in areas adjacent to the large Randstad “internal ring”. The Randstad Ring, as we shall call it in this paper, is composed by a large ring of highways connecting the main cities composing the Randstad: Amsterdam, Leiden, The Hague, Rotterdam and Utrecht. Business hubs function as “dynamos” being fed by flows running along the main connectivity infrastructure (in terms of numbers of users).

Just like dynamos, these business hubs work as amplifiers and distributors of economical, financial and management flows.

We have noticed a slight divergence between large urban projects supported by the national Dutch government around main train stations (the sleutelprojecten or key-projects) and the inclination of main advanced producer services to be as close to the Randstad Ring as possible. In many cases, the distance between such private-driven business hubs and the renewal areas around train station led by the public sector is not very big, but it is still evident that highways are a determining factor for location. One hypothesis is that, since firms in the Randstad customarily draw their inputs from and distribute their outputs to an very extended area, they need to be as close to main transportation infrastructures as possible. The preference for areas close to the Randstad Ring attests to the predominance of car-based transportation over railways in work-related commuting (CBS, Statline, 2007).

In a notorious case, there is a significant overlapping of several transportation networks, that is, a main train station situated directly over the Randstad Ring, namely, in the area known as Zuidas.

A similar situation is also present at Schiphol airport. Although the site is able to
attract a large number of advanced producer services, it is no competitor to other more “urban” areas. The question is why does Schiphol not attract a more significant number of APS? What is the difference between the two cases?

Consistent with descriptions of the knowledge society and the emergence of a powerful creative class, it becomes evident that connectivity to the old cores of cities, where rich economies of urbanisation take place (Jacobs, 1969), is a main factor for location. This connection is also desirable because firms wish to associate their image to the image of certain cities. Following this, Amsterdam functions as a powerful attractor for large transnational corporations because of its rich economy of urbanisation, where innovation and creativity can thrive, but also because of the image of nonconformity and innovation it projects. The former is a result of its historical path as a financial and business hub, but also a result of newly acquired spatial structural advantages over other places in the Randstad. The latter is probably a by-product of this process.

The Zuidas is known for its potentialities to become the main global hub in the Randstad, precisely because it is able to articulate a large number of urban technical networks operating at various scales (global, national, regional and local) in one single location. We use the Zuidas as a case to illustrate some of our propositions here.

Post-Fordism and Increasing Polycentricity

One of the most powerful notions in regional economics and economic geography is the notion of “agglomeration economies” (Moulaert and Gallouj, 1993:91). Agglomeration economies are basically economies that are dependent on the spatial proximity of economic activity (Parr, 2002:153). In former times, the agglomeration of advanced services could be clearly identified with the “centre” of cities.

In this context, our main research question concerns the location of large advanced service firms (APS) in a new spatial context connected to a changing notion of urban centrality and urban technical networks.

Kloosterman and Musterd (2001:624) point out that the monocentric model is no longer suitable to explain the spatial patterns unfolding in developed countries in Western Europe, North America and Japan, where various modalities of urban polycentrism can be found. Modern cities are essentially polycentric and are increasingly inserted in complex polycentric inter-urban compositions (city-regions).

In the Post-Fordist city, urban technical networks do not delimitate or configure clearly apprehensible “urban units”. The expansion of flows and the extension of inter-urban technical infrastructures has created disperse urban environments, where centrality and unity are not the dominating features. Instead, polycentricity and discontinuity are the prevalent formal features.

Throughout history, the notion of “centrality” of urban places was attached to a recognisable urban site where main civic, administrative cultural and commercial activities took place. Economic and political power were traditionally centralised, and expressed themselves in the spatial configuration of cities.

The presence of certain functions, services and infrastructures in the urban core defined a unique area of attractiveness, for which economic agents had to compete. This competition expressed itself in increased land price, among other factors.

Those services and infrastructures used to be immobile and concentrated assets, and were the source of a powerful centrifugal force. The patterns of land occupation and value were clearly defined by the higher density of urban technical networks in the city core and the presence of sophisticated functions.

The Randstad-Holland presents us with several methodological challenges. Firstly, its polycentricity is related to the historical emergence of various distinctive and independent urban cores. Secondly, it is arguable whether it can indeed be considered one coherent and functional urban structure.

The idea that the Randstad was, or would be one day, one single large metropolis, has been on the mind of Dutch planners and the Dutch public for a long time.

In 1958, the Randstad made its way into official documents as a planning concept (Nederland, 1958a, Nederland, 1958b), when the Randstad was, according to Lambregts (2006: 114) “first conceived as the would-be Dutch metropolis”.

It already stood out as the nation’s “most urbanised region and economic
powerhouse” (Werff et al., 2005:2). The scattered layout of the Randstad was then perceived as a “unique asset that would give the region a considerable advantage compared to cities such as London and Paris. [...] it would be a boon to the country’s economy and simultaneously, due to its dispersed nature, keep the nation free of the troubles and despair that were associated with the traditional monocentric metropolis” (Lambregts, 2006:114).

However, Werff et al. (2005: 2) point out that the Randstad has always been torn between two conflicting visions for its future. On the one had, some thought it should be encouraged to develop into a “real” metropolis in order to let economic agents benefit from the resulting agglomeration economies. On the other hand, others believed that efforts should be made in order to prevent the area from becoming a dense metropolis, thus keeping the Netherlands free from the much-feared effects of metropolisation, such as congestion, unhealthy living conditions and crime (Werff et al., 2005:2 apud Lambregts and Zonneveld, 2004).

Indeed, the First National Planning Memorandum (1960) of the national Government explicitly recommended that growth be directed to other parts of the country to prevent the Randstad from “overheating” and congesting (Werff et al., 2005:2).

Therefore, throughout most of the Post-war period, official policy makers pursued the objective to keep the larger cities from growing “too much” and the accent was given to secondary and new urban centres. The result is the absence of a strong primal city and the extraordinary large number of middle-sized cities constituting a scattered urban region where suburban-like landscapes predominate and commuting is an integral part of everyday life.

The remarkable process of suburbanisation experimented by the region through the 1980s and 1990s is often attributed to the lack of suitable housing in the core municipalities. Although this phenomenon may be considered one of the main propellers of suburbanisation and urban scattering in the Randstad, it is part of a more complex scenario where the extension and sophistication of urban technical networks have played a key role.

As noted, this large urbanised region is composed by a myriad of middle-sized and small cities that enjoy high connectivity and rely on each other for the provision of specific services and amenities. However, the constitution of a coherent urban region in the form of a “network metropolis”, far from being unanimously acknowledged, is the subject of heated debate.

The relatively homogeneous spatial and socio-economic conditions to be found throughout this scattered metropolis are only challenged by the strength of the four main nodes in the urban network (the four big cities) and the relative position of the other smaller nodes of the urban network in relation to them. In other words, cities and regions may enjoy some advantages or suffer slight disadvantages because they are either not centrally positioned in the urban network, or because their connectivity with the main nodes of the network is poor.

The “sparse-metropolis” approach began to change when policy makers started to realize that the country had to make the shift from an industrial-based economy to a services-based one in the wake of an increasingly liberalised market economy. The new economy relies heavily on innovation and creativity, two things associated to dynamic metropolitan environments with a high density of exchanges between agents (either planned or spontaneous). The Fourth National Planning Memorandum (1988-1991) promoted the creation of adequate spatial conditions for a service-oriented economic growth, directing both population and economic growth to the largest urban centres, both within and beyond the Randstad. According to Werff et al. (2005), this also addressed the issue of excessively de-concentrated urban growth, which resulted in unnecessary use of green space and growth in traffic congestion between urban nodes. This new approach had affinities with the “compact city” idea, which would appear in the 1990’s (Jenks et al., 1996).

The shift towards a tertiary-based economy was reflected on the emphasis laid on two main spatial features:

The country’s two “main ports” (Schiphol Airport and Rotterdam Port), which work as great articulators of the new economy, not only in their obvious functions as nodes of production and people flows, but also as hubs of logistics and producer services.

A number of large-scale, office-oriented large urban projects in Amsterdam, Rotterdam, The Hague and Utrecht. Obviously, a tertiary-based economy would need
more distinctive and modern office space. However, this movement can also be interpreted in the light of city competition and large urban projects being developed all around the world in order to accommodate command functions and advanced producer services. That is to say: large urban projects of that kind had become a “trend” in urban management.

It may be argued that these developments, though often steered by the public sector, were nothing more than an endogenous redirecting of capitals into the real estate market, mainly carried out by local agents (financial institutions and pension funds). It remains that, at the time, authorities were convinced that cities had to compete with each other and the best way to do so was through the construction of large infrastructures and flashy office locations. Urban renewal and the construction of office hubs were (and, largely, still are) seen as “keys” to economic success and the participation in “global circuits”. This represents a clear choice between an emphasis on production and firm related services in detriment of consumption and household related services.

The National Spatial Strategy (nota ruimte: vrom, 2004a), based on the Fifth National Planning Memorandum (vrom, 2002b) (1999-2001) and the Second National Structure Plan for Rural Areas, is an expression of this new economic reality. It explicitly recognises the Randstad as the political, administrative, social, economical and cultural heart of the Netherlands and claims that growing international competition demands the strengthening of Dutch competitiveness in the international scenario and links this process with clear spatial interventions promoted by the public sector. These interventions are mainly related to:

- Mobility and accessibility to the “main ports” of the country. This indicates that traffic congestion has become one of the main issues for spatial planning in the Netherlands and in the Randstad in particular and that mobility and accessibility to the main ports, as well as the big cities, ought to be improved.

- The establishment of spatial knelpunten (“reference points”) mainly in the form of office developments in the largest cities and urban agglomerations, where highly productive activities take place and the advantages of agglomeration can be exploited.

In short, the Dutch national government claims that offering attractive locations for firms to locate and tackling the growing mobility problems are vital points for economical growth and implicitly links growth to the attraction of FDI in the advanced services sector. “The attractiveness of the Dutch economy for firms operating internationally depends on the degree to what these firms can make use of advantages produced by agglomeration and the access to international transportation networks” (vrom, 2004b). The Dutch national government recognizes the need for excellent space for international companies to operate in the metropolitan areas and around the main ports of the country and makes a strong link to the role of large train stations as spatial articulators of this process.

The Memorandum recognises the progressive development of the Dutch society towards a “network society” and points towards the constitution of three main spatial structures that respond to the new spatial requirements of this society (vrom, 2004c):

- National urban networks
- Economic core areas
- Main connections axes

However, the definition of urban networks offered in the Nota Ruimte is desperately minimal. A national urban network is defined as a [territorial] “entity with larger and smaller cities, including the open spaces between them” (vrom, 2004c). Previously, the Fifth National Planning Memorandum (vrom, 2002b) had defined urban networks as “highly urbanised areas formed by large and small compact cities, each [retaining] its own character and profile within the network”.

Later, Dutch urban networks were better defined in the document De Stedelijke Netwerken Rand (vrom, 2002a), but no scientific definition of urban networks was offered. For vrom, a network was a question of “good organisation”, as the cities that constitute these networks “complement each others’ strengths, so that they have more to offer together than they do as individual cities”.

The text of the Nota Ruimte insists on the importance of urban networks as spatial structuring elements, offering the framework for cooperation between different levels of government concerning spatial interventions and political agreements, including task sharing and specialisation, particularly in long term projects (vrom, 2004c).
These new policies reflect the realisation by the national government that the national economy is better served by making use of the comparative advantages of regions rather than seeking overall equilibrium through the support of the weaker regions only (Lambregts et al., 2005a). The document “Peaks in the Delta” (mez, 2004), elaborated by the Ministry of Economic Affairs, explicitly recognises the Randstad as a region where certain “peaks” (spatially located structural advantages) must be strengthened in order to promote growth and enhance international competitiveness.

These strategies are connected to the idea that railway stations are powerful spatial articulators between different spatial and functional scales. Therefore, the “key projects” proposed are all located around main train stations. The connectivity offered by an improved railway system would stimulate a greater integration between different business nodes.

In the document “Peaks in the Delta”, the Randstad is divided into Northern and Southern Wings, whose very different profiles are clearly acknowledged. The North Wing, roughly corresponding to the Great Amsterdam and Utrecht and adjacent cities, is visibly privileged with a diversified, service-oriented economy. Lambregts et al. (2005a:6) observe that, from a national perspective, the North Wing is “considered to be critically important to further strengthen the region’s international business profile, its high value added logistics services and its position as an international tourist attraction”.

The “shift” from “homogeneous development” to “peaks” of comparative advantages is supported by evidence that only sustainable competitiveness based on the strength of agglomeration and density can result in growth. Storm (2004:10), for instance, considers that ever scarcer government funding should be primarily directed to collective investments that promote high-points in competitiveness (“peaks”). According to Storm, these high-points should be preferably located in densely urbanised areas, since they draw on scientific, industrial and service clusters. However, Storm correctly points out that the promotion of “high-points” also mean the appearance of relatively disadvantaged areas and increasing imbalance.

For some, the document has failed in not ascribing sufficient importance to the governance tools that would facilitate the management of the Randstad Holland as a coherent whole, or a true “metropolitan region” (Regio Randstad, 2004).

A Metropolis in the Making = Image in the Making
Further Factors for the Location of Advanced Service Firms

The analysis carried out by Polynet (2005) shows that there is a “dense and well-spread network of business service flows between the main business centres of the Randstad” (Lambregts et al., 2005b:10), but the layout of these connections and flows differs from commuting patterns investigated. Whereas the strongest commuting patterns are defined within city-regions (Greater Amsterdam, Greater Rotterdam, etc.) commuting patterns linking the whole Randstad are still a modest phenomenon.

The question whether the Randstad can be considered a unified market place is vital in order to define the area as a polycentric metropolis and deserves further investigation.

A tentative hypothesis is that the Randstad is a metropolis “in the making”. In other words, it has metropolitan elements, but the various markets (job market, house market, service market) cannot be considered a “unified market”. This is reflected in the lack of metropolitan governance tools.

On the other hand, we must acknowledge that it is possible for many people to live in Amsterdam and work in Rotterdam, for instance, as commuting patterns clearly show. As indicated by Werff et al. (2005), commuting distances are directly proportional to income level. Well-to-do people have more mobility. This indicates a direction or vector for further development towards transportation affordability.

It is also possible, depending on the character and size of business service firms, to serve the whole Randstad from a single office (generally located in one of the four big cities). This is not surprising, because some services do not need constant direct interaction between providers and buyers and internet transactions are becoming increasingly common.

However, how are firms of the advanced service sector responding to the efforts of the Dutch government, planners and other stakeholders to promote The Randstad-Holland as a single metropolis? In the next section, we will analyse the current location of selected samples of service firms and headquarters in order to analyses in depth the spatial requirements sought by such firms.
It is important to emphasize once more the fact that spatial requirements are only some of the conditions for firms to locate. The presence of an attractive consumers’ market, the political and fiscal climate, a skilful workforce are some of the non-spatial requirements firms are looking for, both at the international and national scales. It would be erroneous, therefore, to dissociate spatial and non-spatial characteristics for the attraction of firms and investment in real estate. Generally speaking, the main stakeholders, decision-makers, and business consultants are constantly analysing both spatial and non-spatial advantages in order to make locational decisions.

Although there is an increasing interest in investment in the location headquarters in The Netherlands, the country has lost its position in the top ten European countries with the largest number of FDI projects (Ernst & Young and csa, 2006:3) and is losing competitiveness in relation to other large European metropolitan areas. “The Randstad-Holland economy does not keep pace with the economic growth of its most important competitors.” (Regio Randstad, 2004:44-45). The weakest points for the region identified by the Randstad Monitor are of a non-spatial nature: comparatively low per capita productivity and low productivity growth, as well as relative low spending in R&D, with accompanying low high-tech employment. The number of tourists and congress visitors is not as high as desirable (Regio Randstad, 2004:45).

On the other hand, the region has a very high percentage of knowledge-intensive services in its economy, which vouches for the importance of attracting Advanced Producer Services and headquarters, as the existing pool is already significant.

The poor connectivity with the European rapid train network is highlighted as one of its weakest points. However, the complexion of the connection to the European Rapid Train Network, mentioned earlier, linking the main capitals of Northwest Europe, and the “Betuwe Line”, a transportation line exclusively dedicated to commodities connecting the port of Rotterdam with Arnhem and the Ruhr Valley in Germany, are expected to push up railway connectivity significantly.

In international ranking systems, Amsterdam is practically the only city to stand out as a top investment destination and a “global city” where international firms would like to locate. In Mercer’s rankings, The Hague is the only other Dutch city covered by the surveys (www.mercerhr.com) (Mercer Consulting, 2006).

This does not mean that international firms do not locate in other parts of the Randstad or The Netherlands. It means that cities like Rotterdam and Utrecht do not have a high international profile, which is the result of path-dependent development. They are also not so well positioned in relation to the existing infrastructures and are probably inadequately advertised as global investment destinations.

This might explain why places and companies want to “attach” their brands to the name “Amsterdam”. This subject was highlighted by Manshanden (2006:1), for whom:

“If it is Tuesday, this must be Brussels”, says an old joke that draws our attention to the fact that, elsewhere in the world, Europe is not always perceived in all its nuances. The frequent confusion between the Netherlands and Denmark is also an example of this phenomenon. Therefore, it is fortunate that Amsterdam is located in the Netherlands. Because, in spite of all bragging that Amsterdam dwellers are famous for, Amsterdam is a strong international brand, which is successful in the cultural and creative sectors, in foreign tourism and in financial services. In the international arena, Amsterdam is frequently seen as the face of the Netherlands, whose main characteristics are lifestyle, freedom and creativity”.

In fact, “city branding” and city promotion, which supposedly helps attract business, has been an important theme in literature in recent years (Kavaratzis and Ashworth, 2005, Kavaratzis, 2004, Parkerson and Saunders, 2005). Some cities have built their image as a result of centuries of history. Others frankly adopt strategies in order to brand or promote themselves as centres of innovation and creativity. However, companies are looking for more seem to be looking to an image of innovation and modernity associated with certain structural and formal attributes that allow them to operate.

The Location of Economic Activity in Relation to Technical Networks

Concerning the specific location of economic activity, the Nota Ruimte of vROM (Ministry for Social Housing, Regional Planning, and Environment Administration) explicitly recognises the necessity to create attractive spaces for international investment. This is consistent with a scenario where “businesses are increasingly
mobile, volatile and likely to be relocated” (Ernst&Young and csa, 2006 Editorial).

The accentuated mobility of firms, where the location of offices and headquarters becomes an important element of corporate strategy, is the result of the geographic expansion of TNCs, the dispersion of production and the consequent increase in Foreign Direct Investment flows. This creates the need for new and improved places for the operation of command activities in more nodes in the global architecture of global cities.

In line with the processes explained above, the Dutch national government has set in motion an ambitious program of development of new infrastructure and the development of new business centres, which are designed to take advantage of existing and future structural conditions (the “peaks”).

Indeed, Lambregts et al. (2005) identify that considerable differences exist concerning the service profiles of the major cities in the region, which obviously reflects on the ambitions of the key projects. A previously noted, employment in the service sector is not equally distributed: there is a great preponderance of advanced service activities in the area stretching from Schiphol-Haalemmermeer, Amsterdam, Amersfoort to Utrecht (Werff et al., 2005).

While in terms of overall employment the Rotterdam fur (Functional Urban Region) ranked first in 2002, Amsterdam is still the leader in employment in advanced business services (119,000 jobs in 2002). Rotterdam comes in second (99,000) followed by Utrecht, The Hague and Schiphol-Haarlemmermeer.

Amsterdam has traditionally been the country’s centre for financial and logistics services connected to a long history of trade and banking. Today, Amsterdam has the largest concentration of financial services, as well as advertising and law firms. It has by far the largest number of number of TNCs headquarters (including a large number of the largest Dutch TNCs’ headquarters).

Amsterdam is the largest Dutch city with 736,562 inhabitants in 2003 (CBS), accounting for approximately 4.5% of the total Dutch population and 13.4% of the population of the Randstad Metro Agglomeration. The larger agglomeration of Amsterdam (corop Groot Amsterdam,CBS) had 1,013,147 inhabitants in 2005: 6.2% of the Dutch population and 18.3% of the Randstad Metro Agglomeration (CBS, 2006). In economical terms, the Greater Amsterdam region had a GDP of € 54,757 mi in 2003 (11.5% of total Dutch GDP of € 476,349 mi in 2003, CBS).

It is clear that, in many ways, Amsterdam enjoys predominance over the urban network in the Randstad and the Netherlands as a whole for the provision of sophisticated producer services and the articulation of international and national flows.

The international airport of Schiphol is an important structuring element in the Randstad. Hall (1997), for instance, identifies a tendency on the part of business to migrate from traditional centres to suburban locations close to airports – “a trend long observed in the United States, but now becoming evident in Europe also, in developments around London Heathrow, Paris Charles de Gaulle, Amsterdam Schiphol or Stockholm Arlanda” (Hall, 1997: n.p.). The airport is clearly a “peak” in the regional network.

Hall also underlines the importance on the train transportation system in the structuring of many urban networks and regions.

Following the “peaks” policy, the National Government’s decided to investment more than € 1 billion in six new key projects located in the vicinity of six railway stations serving the European high-speed railway network (HSL), to which the Netherlands was recently connected. The national government expects that such projects will promote the growth of the cities where they are located and “persuade many national and multinational businesses to move close to them” (VROM, 2003: 1). The main goals of this joint development are:

“To develop the HSL station areas holistically, ensuring high architectural and environmental quality. The areas must be also easily accessible and attractive places to live and work.
To maximise the spin-off from the investment in the HSL station areas in urban renewal and the intensive use of urban space
To maximise the spin-off from investment in commercial real estate in urban renewal and [create] a better environment” (VROM, 2003:2)
The importance of train transportation is of special interest, since the proposed rapid train transportation system might change the balance between the cities in the Randstad. London, Paris and Amsterdam form what the EC’s Europe 2000+ Report calls the “National Capitals Region” (Hall, 1997). The impact of the rapid train system connecting London, Paris, Brussels, Rotterdam and Amsterdam (but not the Hague and Utrecht) might have decisive implications for the structure of the Randstad, either accentuating the predominance of Amsterdam or, on the contrary, strengthening the metropolitan characteristics of the region as a whole, because the current railways will be liberated for faster connections between cities, functioning more or less like a metropolitan railway.

However, empirical research on the location of advanced producer services firms tells us a slightly different story about location and agglomeration of these activities.

The Location Patterns of Global APS Headquarters in the Randstad-Holland

As a pilot approach, we made use of a list of 100 enterprises compiled by GAWC (Globalisation and World Cities Study Group and Network, Loughborough University, UK) on Advertising, Accountancy, Insurance, Finance, Law and Business Management firms (Taylor, 2002). The list was dressed based upon:

1. Published lists of largest firms of each sector;
2. Availability of information on each firm;
3. Global coverage, that is, each firm must be clearly “global” in coverage, which means offices in at least 15 cities across the world, of which there must be at least one in each of the most relevant economic global arenas, North America (the Dollar area), Western Europe (the Pound/Euro area) and the Pacific Rim (the Yen area).

The sample, although small, is of special significance, because it includes the most “globalised” advanced producer service firms. In other words, it lists global companies that are most likely to promote exchanges of human resources, knowledge, innovation, technology and investment between globalising cities. The sample has obvious limitations, because it does not account for the largest APS firms operating locally, but it is clearly a good starting sample in relation to global APS networks.

In the Dutch case, results show that most of the headquarters of selected global APS headquarters in The Netherlands are concentrated in the city of Amsterdam. They are also found in the neighbouring city of Amstelveen, a wealthy suburb, and the area around Schiphol International Airport (municipality of Haarlemmermeer), giving credit to airports as important factors for the emergence of economies of agglomeration (Appold and Kasarda, 2006, Garreau, 1991, Lindsay, 2006).

The presence of selected global APS of the sample analysed in other regions of the Netherlands is negligible, which attests to the primacy of Amsterdam as the international gateway to the Dutch economy.

Figure 1: The distribution of firms’ headquarters clearly attests to the primacy of Amsterdam and its surroundings (52 firms in the axes Amsterdam-Amstelveen). The municipality of Haarlemmermeer, (including Schiphol Rijk and Hoofddorp) has more headquarters (5) than either Rotterdam or Utrecht (4 each). In total, the great Amsterdam had 59 APS headquarters, or 61% of the headquarters in our sample.
The primacy of Amsterdam as the main hub for advanced services (especially financial services) and the international gateway to the Dutch economy is a historical construct. According to Adam Smith’s celebrated analysis (1776), this position was attained through overseas trading and the ensuing activities of stock exchange and banking, activities in which the city enjoyed world supremacy since the founding of the Amsterdamsche Wisselbank (Amsterdam Exchange Bank) in 1609 until the Industrial Revolution, when London took over (Smith, 1776). Amsterdam’s merchants had the biggest share in the powerful voc (Dutch East India Company) and the wic (Dutch West India Company), the powerful colonial venture companies. This made the city one of the first financial and business hubs of modern capitalism. Despite having lost its excellence as global articulator of global transactions, lately Amsterdam found itself again in a very comfortable position as an important gateway to flows to and fro North-western Europe.

This position was attained thanks to the accentuated internationalisation of the Dutch economy, with a high attraction of foreign direct investment and high savings rate, allowing for economic dynamism and boosting Dutch TNCs (Shell, ING, Unilever, ABN-AMRO, Aegon, to cite but a few) (Sorrell, 2004), the favourable business climate, the high productivity of the Dutch workforce and its multilingual character, the position of the port of Rotterdam (the biggest port in Europe, connecting the rich German Rhine-Rhur region to the world), and the increasing prominence of the...

The Great Amsterdam area concentrates most global service firm headquarters operating in the Randstad-Holland, with consequences for the type of flows generated and the synergies and spillovers produced.

However, Amsterdam shares its primacy in terms of connections to the Dutch economy as a national business hub with Rotterdam. Congruent with the results of Polynet research (Lambregts et al., 2005a), we have found that, in terms of total number of headquarters of all sectors of the economy (more than 50 employees considered), the region of Rotterdam surpasses the region of Amsterdam slightly (1289 in Rotterdam, 1209 in Amsterdam). Both regions have almost the same number of large headquarters employing more than 1000 persons (full and part-time). However, when only advanced producer services are considered, Amsterdam surpasses Rotterdam in 40% (KvK, on-line database, 2006).

Fig 4. Comparative number of headquarters per Chamber of Commerce region, Source: KvK, 2007.

The Great Amsterdam Area

Let us zoom down to the great Amsterdam area (Regio Amsterdam) in order to analyse the location patterns in the main node of the Randstad urban system.

It is important to highlight that each urban node in the Randstad has generated its own pattern of dispersal and polycentricity, according to its own socio-economic dynamics and its specific pattern of extension of urban technical networks and relative position. In summary, this means that, inside the very polycentric structure of the Randstad, each main urban node has also produced patterns of dispersal and
polycentric structures.

Here, we have a closer look at other large Advanced Producer Services headquarters and main offices operating in the Great Amsterdam area in order to have a clearer picture of how command functions agglomerate in that specific area.

In order to do so, we built a database of advanced producer service companies, using mainly the Kamer van Koophandel (KvK, the Dutch Chamber of Commerce) database and the Proodle European Business Database (cpv), as well as direct survey by e-mail and telephone. This wider sample includes:

1. All 17 largest Dutch TNCs listed by Forbes (2004) among the largest in the world
2. All bank headquarters with more than 50 employees,
3. All insurance firms with more than 50 employees,
4. All headquarters of firms of all sectors employing more than 1000 persons in situ.

Figure 5 All headquarters all sectors surveyed in the region of Amsterdam. Map R. Rocco 2007.

The number of business hubs is much larger than when only Global APS are considered.

Agglomeration of headquarters of firms surveyed reveals the following advanced service hubs in the Great Amsterdam Area:

1. Centrum
2. Oud Zuid
3. IJ Oevers
4. De Omvaal
5. Diemen
6. Amsterdam Zuidoost
7. Amstelveen A9
8. Amstelveen Beneluxlaan
9. Zuidas/ Buitenveldert
10. Riekerpolder
11. Slotervaart/Overtomseveld
12. Sloterdijk Teleport (Westpoort)
13. Schiphol Airport
14. Beukenhorst

The old centre of Amsterdam is known for its scenic qualities and cultural attractions. It has retained, however, a very strong presence of advanced services and headquarters, including a strong presence of financial services. There are five large bank headquarters in the area with more than 50 employees: Kas Bank, BNP Paribas, Deutsche Bank, Garatibank and De Indonesisch Bank, apart from two other large insurance firms’ headquarters with more than 50 employees each.
In order to explain the presence of APS in Amsterdam traditional centre, we must make a tentative distinction between “traditional” and “non-traditional” advanced producer services in order to understand their location dynamics, although such distinction is not to be found in current literature. “Traditional” APS here refer to business and financial services already well established before Post-Fordism and the ICT revolution, such as banking, insurance and law. These services are at the very root of the capitalist mode of production and without them early capitalism and the rise of Amsterdam as a global financial hub before the Industrial Revolution could not be explained. Non-traditional APS, on the other hand, refer to services that, although sometimes existing before Post-Fordism and the ICT revolution, really bloomed and became increasingly more sophisticated after WWII, following the expansion of TCNs and the sophistication of business services in general. They are clear examples of added new work following the increasing complexity of business operations, commonly associated with rich economies of urbanisation, as described by Jacobs in her classical “The Economy of Cities” (Jacobs, 1969). Examples are advertising, business consultancy and ICT consultancy.

Generally, the main hubs of “non-traditional” services in Amsterdam are located around relatively new key nodes of transportation, where the key structuring elements are the Amsterdam Ring (A10) and the train stations.

“Traditional” Advanced Producer Services, such as finance and law, still tend to agglomerate in “older” centralities (Centrum, Oud Zuid, Slotervaart), because banks and insurance companies were the first business services to internationalise their operations and there is a certain historical inertia to agglomeration of services. It is to be expected that banks be found in older centralities, even if the sophistication of banking and insurance operations have often prompted larger banks to seek for new office space, especially in the 1990’s. In fact, the latter is the case for the largest Dutch banks (ABN, ING and Fortis)

How much of existing agglomeration is due to “business and real estate inertia” and how much is because the structural conditions for these activities to function did not appear in non-central areas of cities until recently? In order to answer this question satisfactorily, it would be necessary to trace back the history of individual firms, which is outside the scope of this text.

“Modern” (non-traditional) APS, such as advertising, marketing, business and ICT consultancy, tend to agglomerate in newer business hubs, generally created along roads well served by inter-modal rail/subway transportation, with high visibility. For activities largely depending on corporate image, such as advertising and ICT, visibility and flashy office buildings may prove an important asset. In all cases, spatial inter-connectivity, image and visibility play a vital role.

The Main Global Node in Amsterdam: The Zuidas

The largest and most global APS headquarters locate along the southern part of the ring of Amsterdam, in the Zuidas area. The area lies at the Southern section of the Amsterdam Ring Road (10), in a strategic position between Schiphol Airport and the city centre of Amsterdam. Schiphol is only 7 minutes away by train or 15 minutes by car from the centre of Amsterdam.

The Zuidas is currently the largest large urban project being carried out in The Netherlands. The project covers an area of 225 ha, where a mix of high profile office buildings, housing and services is expected to be built around heavy transportation infrastructure. The Amsterdam Zuidas is highlighted by VROM as “a top location with international perspective” (VROM, 2004a).

The area has been able to attract a large number of financial and legal services because of the specific path development of the area, which has largely depended on investments from large Dutch banks. The development of the area is intimately connected to the strategic move of ABN-AMRO to locate its central headquarters there. Apart from ABN and ING, it is also home to Vedor, a business services and supplies conglomerate and Vendex, a giant Dutch retail group, among other important firms with international scope.

The area is located directly over the Amsterdam Ring Road A10 and is being developed around the Railway Station Amsterdam Zuid (formerly known as Amsterdam Zuid – World Trade Centre), which is being expanded and modernised to serve as the main Amsterdam terminal of the high speed train connection. A new subway line is being currently built between the old Amsterdam Central Station and Amsterdam South to facilitate the transit of passengers between the two points. The Amsterdam Zuid train station is expected to be upgraded and will be one of the HSL (rapid train) main stops, connecting the area directly with the centre of Paris and
Brussels. The German rapid train ICE will also stop there, giving access to the German rapid train network. From the Amsterdam Zuid train station, it is possible to access the local transportation networks of Amsterdam, as well as the main Dutch and European railway networks.

The Zuidas has an office space area of approximately 59,000 sq. meters. It is expected to reach more than 1 million sq. meters at its complexion (PMB, 2006). There are currently 15 large office buildings (2007), of which only a couple are higher than 100 meters. Around 25,000 people work in the area (DHV, 2005), with a prognosis of 53,000 in 2030.

Although the area is planned as a mixed-use development, few housing units have been built so far. The area remains essentially mono-functional. It is expected, however, that housing stock in the area reach more than 1 million square meters by 2030. (Emporis, 2007, Project Bureau Zuidas, 2005, Salet and Majoor, 2005).

What characterizes the Zuidas is the fact that the area is perhaps one of the most well connected sites in The Netherlands, with the widest scale-jump possible. Not only is it directly over the Amsterdam Ring Road, but it is being developed around Amsterdam Zuid train station. It is, therefore, the only of the most important key projects proposed by the national government being built around a train station located directly over the Randstad Ring. The structural advantages stemming from this unparalleled position in the networked city regions are explained in the following diagram:

![Diagram](image-url)

**Figure 6:** In open polycentric urban systems where the nodes are connected (such as the main cities of the Randstad connected by the Randstad Ring), the nodes with more connections get an advantage point, because they present the easiest accessibility from any other node in the system. This model represents quite faithfully the arrangement of business hub in the Randstad, following the logic created by the suburbanisation of technical urban networks and the constitution of a regional ring. R. Rocco, 2007.
The area is located just seven minutes away from Schiphol Airport by train, and fifteen minutes from the Amsterdam Central Train Station by tramway. A new subway line, connecting the Zuidas directly to the inner city and Amsterdam central train station is currently under construction.

The southern section of the ring road A10 makes an easy connection to Belgium and France in the South (via The Hague and Rotterdam), and Germany in the East, especially the Rhur Valley (via Arnhem). The area also includes also a huge Internet Metropolitan Area Network (MAN), located at the Amsterdam World Trade Centre building.

All considered, the area presents a very wide scale jump, articulating international and interregional networks and the local networks of the Great Amsterdam. Amsterdam city centre is easily reachable by car, train, buses and in the future by underground.

The main structural achievement will be the transformation of a section of the Ring Road A10 into a tunnel, on top of which office space and housing will be developed. The aim is to connect the two urban areas now divided by the road and create more room for development. This project, known as “dok” option, will also create more area for housing and business development on the surface covered by the tunnel.

The Zuidas development must be understood in a complex scenario marked by rapid transformations in “issues of accessibility and scale [which have] induced the development of multi-nodal spatial networks on a regional scale” (Salet and Majoor, 2005: 6). For Salet and Majoor, consistent with the processes we have described, “economic processes, infrastructure and housing construction have become the front-runners in this process of urban transformation” (2005: 6). Changes in these key factors have caused a dramatic transformation in the city-region’s structure, with the “regional economy regrouped in logistic and transportation specialisations around Schiphol and the harbour, whereas office activities are concentrated along the city ring road and the creative economy is attached to the historical centre” (2005: 6). The authors see the Zuidas as the logical spatial articulator between the city, the region and the world.

The project must also be understood in the Dutch context, which implies a clear difference in the scale and scope of the project in relation to other large urban projects in other parts of the world.
In a remarkably polycentric structure, the Zuidas is supposed to become a large node and a place for the articulation of various flows. It can also be regarded as the main international hub in the whole network. However, it is inserted in a complex structure with two different “parts”: The North and the South Wings of the Randstad, both with different connectivity and economic specialisation profiles. There are other important nodes emerging somewhere else as well (particularly in the regions of Rotterdam and The Hague).

In our view, the Zuidas has a stronger impact in the organization of the North-Wing, and more precisely, in the organisation of the Great Amsterdam Region, although it is also an important node for the Randstad as whole. In fact, its main function is to articulate two main global hubs (Schiphol Airport and the Amsterdam Zuid Station) with the Amsterdam Ring Road (A10) and the transportation networks connecting it to the city of Amsterdam.

An important factor for the location of high profile financial institutions in the Zuidas is the transformation financial activities have experimented in the last decades. In 2000, the venerable Amsterdam Stock Exchange merged with the Brussels and Paris Stock Exchange to form Euronext. In 2007, it merged with NYSE (New York Stock Exchange) Group to form the NYSE Euronext.

Thanks to technological advancements, it is no longer the place where frantic operators decide on buying and selling of stocks. Almost all operations are now performed electronically, which has changed the physical requirements of financial firms and erased the necessity of such firms to cluster around the Stock Exchange building located in the old Centre at Beursplein 5.

The proximity of the Gerechtsgebouw (Dutch High Court at the Parnassusweg 220 since 1977, expanded in 1984) (Langerijs and Debets, 2007) has prompted the establishment of Law firms in the region. However, as we shall see, the region faced large vacancy rates in the middle of the 2000’s, not having attracted as many international firms as expected.

These locational advantages have been pointed out earlier by many researches, to the point where the importance of the Zuidas as a global hub has been over-inflated. However, as the main international hub in the Randstad Holland and in the Great Amsterdam Region, we must seek for the spatial qualities that have drawn enterprises to invest in the area.

1. Agglomeration: The existing agglomeration of command functions is likely to draw more firms to the area, especially due to increasing public investment in infrastructure especially with the construction of the “dock” over the A10 Ring road and the renovation and expansion of Amsterdam Zuid train station). The somewhat abated interest from the private sector might be revived by the Rapid train connection at Amsterdam Zuid and the construction of high-quality housing in the area. In fact, housing, coupled with cultural and commercial facilities, is more than likely to become a commercial success, pulling the whole area up. Companies making use of the pool of creativity and high-skilled labour to be found in the old centre of Amsterdam might consider moving to the area, if quality housing and services are available. The challenge is to build a viable, dynamic and sustainable environment where a thriving economy of urbanisation can flourish. In other words, creating urban buzz in the area is essential for its success as the new international hub of Amsterdam.

2. Granularity: This refers to the size of the components that make up a system. Although the area is now quasi mono-functional, the flexible planning approach and the phasing will provide the area with sufficient diversity to become sustainable, as long as granularity is kept high. J. Snel (Dienst Rumlteijke Ordening, Amsterdam) highlights the division of the area into smaller and more manageable sub-areas, where different but coherent programs can coexist. The phasing of the development of sub-areas and the management of their potential synergies between each other and the city-region will determine the success of the project. In fact, high granularity is one of the key elements of the vision for the Zuidas.

3. Elasticity: The concept of “city elasticity” refers to the spatial availability and flexibility for urban renewal operations. The existence of large empty plots along the A10 Ring Road and the relative low density of the region have enormous contributed for new large developments. Land-ownership by the municipality and/or “Housing Corporations” is one of the key elements of high elasticity in this case. By owning the land, the municipality and other allied agents avoided much of the friction caused by opposing interests. This also contributes for elasticity. P. Stouten points out, however, that the advantages of the leasing system...
have been diluted in the last few years. Compensations for changes in land use
have become so high that they have become similar to expropriation charges,
rendering the advantages of the leasing system quite feeble.

Elasticity, in the case of the Zuidas, also includes the possibility of the addition,
insertion or the creation of synergies between the project itself and the adjacent
unicipalities of Amstelveen, Harlermmermeer and nearing areas of the city of
msterdam (e.g. the Omval development). From a structural point of view, this
seems to be the case, if the subway and tram systems are taken into account.

4. Connectivity: This includes the connectivity between command activity
agglomerations offered by several kinds of urban technical networks. The
existence of a large man (Metropolitan Area Networks) in the area makes it a hub
digital flows. In the Zuidas, this man is located at the World Trade Centre
building. wtc's are gateways for foreign companies to invest in the local market.

5. Transferability or “scale jump”: This notion is closely related to the previous
category and refers to the existence of transfer nodes between different scales in
the same kind of network (e.g. from the national road network to the local one)
and/or the possibility of transfer between two different kinds of networks (e.g.
between the rail network and the road network). The scale jump in the Zuidas is
the widest in the whole Randstad and perhaps one of the widest in Europe. It is
made through various kinds of nodes:

5.1. The Ring Road and the local network of avenues make the “jump” between local,
metropolitan, regional and international networks of motor-roads. The European
scale makes it possible to conceive continental connectivity through the motorway
network.

5.2. The Ring Road and Schiphol Airport. This is certainly the crucial factor for
agglomeration of Advanced Producer Services in the area. Whereas the Port of
Rotterdam is also easily accessible, it has its own economy of agglomeration
connected to the South Wing of the Randstad. The economies of agglomeration
generated by Schiphol Airport are strong enough to generate impulse and synergy
in a vast area around it. The Zuidas is simply the best point of articulation for
such synergies happening at various scales.

5.3. The Amsterdam Zuid train station as a stop for the Rapid Train Network is
perhaps the main articulation node inside the project. If the Zuidas is the best
point of articulation between various kinds and levels of networks in the
Randstad, the Amsterdam Zuid train station is certainly the best articulation point
inside the ZuidAs. It embodies the notion of transferability like no other place: the
convergence of various local, regional, national and international flows in one
single point reflects the potentiality of the Zuidas to create and maintain its own
economy of agglomeration.

5.4. The new subway line connecting the area to other business hubs in the vicinity
and with the lively centre of Amsterdam and another great interconnectivity node
at Amsterdam Central Station, supports and intensifies the role of the area as an
articulating node, making the scale jump between regional and local networks
smooth and easy.

6. Proximity of specific consumer services and facilities [consumer services]: This
category is intrinsically related to the 3rd level of network operation proposed by
Dupuy (1998) (household network choices). Despite the proximity of wealthy
neighbourhoods, consumer services are not yet as developed as they are in other
parts of Amsterdam. This can be easily explained by the lack of housing in the
area so far. However, as observed, most international schools are within two
kilometres of the Zuidas and access to the centre of Amsterdam is easy. The
number of high-quality hotels and shops in the old centre of Amsterdam largely
surpasses anything offered by the Zuidas at the moment.

7. Spatial distribution of income and land value. Income in the Southern region of
the Great Amsterdam is one of the highest in the country. Whereas the lack of
high-quality housing projects in Amsterdam has somewhat prevented high-
income households from locating in the city, the municipalities around the Zuidas
are quite well-off, and so is the neighbourhood contiguous to it, The Oud Zuid.
Following a general trend in Amsterdam, the Oud Zuid has experienced a great
increase in real estate value in the last decade.

8. Existence of Large Urban Projects (husps). As analysed in chapter 3, lup's are
usually large urban transformation actions involving important structural and
infrastructural works carried out by the public sector in partnership with the
private sector. The Zuidas is a Large Urban Project; the largest of six new “key projects” supported by the Dutch national government and certainly the one more internationally oriented. The commitment of the public sector in providing infrastructure is vital for land valuation and the attraction of developers. Firms looking for new office space are bound to locate in the area, if the public sector commitment persists and macro-economic factors are favourable.

Most important, the Zuidas is part of a system. It is one wheel in the clockwork of large urban projects created around the “Zuidas Ring” and around main train stations. These large urban projects have the potential to create intense synergies between themselves. Such synergies can be translated in the form of specialisation, complementarity of functions, rapid transit between each node and function: most of them function as gateways to the cities where they are located in, thus providing a coherent structure to the whole Randstad, where flows are accelerated between the nodes and channelled into different scales and levels of network operation.

Car accessibility seems to be more crucial than rail accessibility. The image certain places convey in the minds of consumers and clients, as well as visibility seem to play a very important role. In order to create these conditions in the Zuidas, it was necessary to carry out a large program of urban renewal and image making.

So far, the Zuidas can be considered a successful enterprise from the point of view of the attraction of foreign direct investment and the establishment of top advanced producer service firms. It is a typical “external new centrality” or, paradoxically, a business centrality in the periphery of Amsterdam. Because of its eminently peripheral character related to large transportation infrastructures, urban planners find it difficult to “integrate” some parts of the area into the existing fabric of the city, bringing in more city life and urban amenities.

Conclusions

This paper presents empirical evidence that suggests that cities in post-Fordism are witnessing the multiplication of specialised centralities, creating a regional network of interconnected nodes. This process is illustrated by the case of the Great Amsterdam region.

Improved connectivity and the extension of urban technical networks to former peripheral places have multiplied the number of places where the agglomeration of economic activity can take place and the notion of a single city centre is rapidly loosing its meaning in contemporary urban structures.

The generalization of urban technical networks in advanced economies has brought about the suburbanization of wealthy households and the relocation of advanced producer and consumer services to outer rings or urban fringes. Cities in advanced economies are now composed by a myriad of nodes and the exclusive centrifugal force of the old core has lost its primacy. Some cities operate in open networks composed by nodes with different specialisation where different “centrifugal” and “centripetal” forces connect with other open networks. In order to grow and thrive, cities need to increase and improve their connections to this open system.

On the other hand, old urban cores are still the places where the urban ethos is best represented. Urban identity and image are still very much connected to their old centralities. These are attributes that new corporate centralities seem unable to emulate. The connection (either functional or symbolic) between new and old centralities is still essential.

This has strong implications for the location of large advanced service firms and other large corporations that operate in extended functional networks.

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