IPF Investment Property Forum

Investment Property Forum Educational Trust

Planning Policy and Retail Property Market Performance in English Towns and Cities

Research Findings

Research Findings
October 2008

This research was commissioned by the IPFET and IPF Joint Research Programme

PLANNING POLICY AND RETAIL PROPERTY MARKET PERFORMANCE IN ENGLISH TOWNS AND CITIES

Research Findings

October 2008

The Research Team

Cath Jackson,
Department of Town and Regional Planning, University of Sheffield

Craig Watkins,
Department of Town and Regional Planning, University of Sheffield

Steven Rowley,
Curtin Business School, Curtin University, Perth, Western Australia

The Project Steering Group

Paul Mc Namara, *PRUPIM*

Louise Ellison, *IPF*

CONTENTS

1. INTRODUCTION AND CONTEXT

"[Planning] is something that is very important for us on two levels; in terms of our [asset management] we want it to be more lenient and supportive but how successful our [investment] will be, will depend on… no competitive threats" [7].

In recent years there has been a noticeable increase in interest in the relationship between planning policy and property markets. For example, one of the explicit goals of Barker's (2006) review is to examine the impact of planning on the business cost of commercial property and on levels of investment. Her review reveals that there is little empirical evidence available and, as Adams *et al*., (2005) suggest, the topic remains under-researched, despite long-standing calls for the need to incorporate the influence of the planning system into models of property market outcomes (McNamara and Morrell, 1993; Ellison, 1998).

Retail investment performance assessments can typically be dominated by demand-side factors, largely due to greater information provision and understanding of the dynamics and relationships involved. Where supply-side issues are explored, there is a tendency to limit the information accessed to application approvals. However, this can be misleading within the retail sector, where significant applications are often determined centrally and may reflect other factors, such as physical market characteristics. In the current retail planning context, further valuable, more qualitative information may hold the key to understanding market performance. The combination of regulatory objectives and the need to promote retailing opportunities, as part of place promotion strategies, means that the sector has long been influenced by an array of diverse, and often conflicting planning and public policy initiatives (Guy, 2006; Adams *et al*., 2005; Wrigley, 1998).

A small number of studies have begun to address this area, with the current project extending the work of Jackson and Watkins (2005; 2007) and Jackson (2006). This research sought to explore the comparative local retail planning context of towns and cities across England. Primary data relating to the strategic and policy stance of Local Planning Authorities (LPAs) were collected and analysed to form a set of indicators, providing a scoring system for the sample of authorities. These data were then incorporated into quantitative models of the user and investor markets. The models suggest that proactive planning policies, particularly those that emphasise strategic co-ordination and place promotion, can make a difference to the operation of investment markets. When incorporated into econometric models of yield shifts and capital value changes, alongside more conventional explanatory variables such as floorspace, consumer expenditure and other investment market indicators, the results indicated a statistically significant positive relationship between the authorities' proactive promotional policies 'scores' and the performance of markets. These findings raise questions about how the policies and actions of LPAs are incorporated into the decision-making process of investors. Further, they provide the context for this research which seeks to investigate whether planning is considered by those involved in the investment decision-making process and, if so, at what stage(s) and how.

The overall aim of this report is thus to provide an assessment of how information on the local policy environment is used in property investment practice.

[7] Each interviewee is referred to by an individual number throughout the text. Their respective roles are listed on page 20.

1. INTRODUCTION AND CONTEXT

There are several related objectives. The report will:

- explore the ways in which market actors access, assess and assimilate planning policy within the context of their investment decision-making process;
- investigate the gaps in current information; and
- assess the information required to augment the development of further research.

This report has a further four sections. Section two develops the analytical framework for the analysis of the impact of planning on investors' decision-making processes. The framework is derived from a review of existing literature on property investment decisions. Section three sets out the research methods employed in this study. Section four presents the main results, while the concluding section seeks to highlight the implications for the investment community.

2. THE ROLE OF PLANNING IN INVESTMENT DECISION-MAKING: AN ANALYTICAL FRAMEWORK

It is only in recent years that property researchers have become interested in the processes underpinning real estate investment decisions (Gallimore *et al*., 2000; Roberts, 2005). This emerging body of research has sought to apply ideas developed in the behavioural finance tradition and to explore the robustness of the conventional assumption that investment decisions are highly rational (Levy, 2004). The literature focuses on the complexity of investment behaviour and the picture presented is of an elongated and iterative process that involves several identifiable stages, each of which presents peculiar analytical and informational challenges (Jaffe and Sirmans, 1984; Adair *et al*., 1994).

There are strategic, tactical and operational levels in the process. Different stages and levels draw on different (sometimes overlapping and often inter-related) information sources and involve different combinations of actors who have varying degrees of influence on the decisions made. The strategic level, for example, is likely to have considerable input from the management team who will develop strategies for the fund, setting objectives and determining time horizons. This will draw on the macro-level analyses of historic trends and future prospects undertaken by researchers. The tactical level is more likely to involve the appraisal of individual markets, sub-markets and/or opportunities. This will involve more micro-level analysis and detailed local market intelligence. The operational level will be heavily driven by the asset acquisition/management team(s) and will encompass continuous monitoring and periodic performance evaluation as well as routine management decisions.

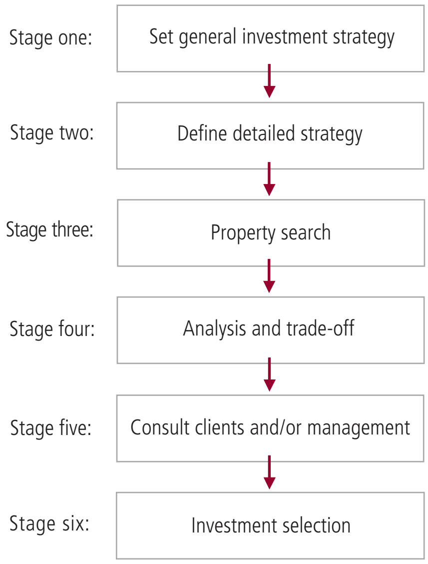
Hargitay and Yu (1993), for example, suggest that the decision-making process consists of five steps: defining objectives, searching for investment projects, evaluation and comparison of competing projects, identifying a course of action and ongoing evaluation of performance. The process depicted is complex and involves multiple actors. There are numerous detailed questions that need to be answered at each stage. This requires that vast amounts of data and market intelligence are assembled and analysed.

There are several different variants of the real estate investment decision-making model. Jaffe and Sirmans (2001) also suggest a similar five stage process, while Farragher and Kleinman (1996) highlight eight stages. The additional stages emerge from the degree of emphasis placed on distinctive phases of the analytical work involved at the strategic and tactical levels.

Roberts and Henneberry (2007) empirically test different variants of the normative models developed in the literature. On the basis of a large number of in-depth interviews with decision-makers in France, Germany and the UK, they propose stylised frameworks for each country. The UK model highlights six key stages (see Figure 1).

2. THE ROLE OF PLANNING IN INVESTMENT DECISION-MAKING: AN ANALYTICAL FRAMEWORK

Figure 1: UK investment decision-making model



Source: Roberts and Henneberry (2007, p298)

The first stage of the process involves setting the general investment strategy and requires the identification of the benchmark and formulation of appropriate decision criteria and goals. The second stage defines the sector/region allocation. This is followed, in the third stage, by the search for properties considered to be suitable for the fund strategy. These properties are then analysed within the overall portfolio context, in stage four. On completion of this exercise there will be consultation with clients and/or management before final selection for purchase, and the deal structuring and negotiation process. This final stage includes ongoing post-investment activity and, significantly in the context of the empirical analysis that follows in this paper, encompasses active asset management.

This model is used to frame the empirical part of this study. This framework is preferable to the others discussed for two important reasons. First, it is empirically based. Second, it has developed specifically from analysis of UK investor behaviour. The effects of planning and the activities of policy makers will be relevant at different stages of this model. It is well known that the effects of regulating land supply will impact on business rents (Henneberry *et al*., 2005; Cheshire and Hilber, 2007). These effects have probably been capitalised into property values and are implicitly captured in numerous sources of data routinely consulted by the investment community. The degree to which these influences are explicitly considered and their effects formalised is, however, less clear or certain.

Further, 'planning' when defined more broadly as the set of activities that seeks to improve the quality of the places which we inhabit, should have important ramifications for the performance of standing investments. These activities include management strategies relating to the promotion and enhancement of the public realm. The effects of these activities are less readily understood or measured. As we note above, each stage of the decision-making process requires considerable intelligence gathering and information processing but there is a long-standing difficulty faced by the investment community relating to the availability of information measuring the activities of the planning profession. Further, and crucially, the existence of informal and formal methods in which any such information may be robustly considered in an analysis of both asset and market investment performance has not been established. These issues are explored in the remainder of the report.

3. RESEARCH METHODS

The research approach used in this study is in the behavioural tradition. It acknowledges that investment decisions may not be entirely rational. Rather, investor decisions are influenced by numerous concerns including the desire to avoid markets that lack transparency (Hilton, 2001), investor sentiment (Gallimore and Gray, 2002), market 'favouritism' (Key *et al*., 1998), and the pursuit of 'prestige' transactions (Roberts, 2005), for example. Studies of this type raise questions about the way in which information is collected, processed and analysed by the investment community. These questions are investigated using qualitative methods.

Semi-structured in-depth interviews were undertaken with 18 market actors. Further details of the respondents are provided in Appendix 1. The interviewees were selected to represent actors involved either at each individual stage or across multiple stages of the investment decision-making process. They are involved with different fund types, with different investment strategies and across a range of retail asset classes. This approach has produced results at a comparatively aggregate level, within the retail sector.

The data generated by the interviews have been analysed using the Roberts and Henneberry (2007) model. The use of semi-structured in-depth interviews allows for an in-depth investigation of issues that are rarely discussed in the property investment literature. There is a degree of unevenness in the insights generated in relation to each stage of the model. This, in large part, reflects the fact that in many cases the respondents only incorporate the influence of planning informally, often believing its effects to be largely intangible or immeasurable, both in existence per se and/or in its impact on investment performance and thus, in the investment decision-making process. Nevertheless, the analysis of the interview data is structured within each stage of the process to provide an overview; an exploration of data sources; a discussion of the methods applied by decision-makers to incorporate data in the application of formal and informal analyses; and some of the respondents' reflections on the shortcomings of the processes.

The findings of the study are, in part, likely to be conditioned by the context in which the respondent is operating. In this respect, it should be noted that the interviews were undertaken during a period where the market was witnessing an extremely high level of activity. Comments were made during the interviews regarding a comparatively low level of pre-purchase analysis of individual stock being undertaken at that time, due to scarcity of supply and high levels of competing demand for each asset. While the interviewees were not asked questions specific to that time period, it may be that responses would differ from interviews undertaken at different stages of the market cycle. It is also worth noting that the extent to which the policy environment is a significant factor in the decision-making process varies with fund type and objectives, asset type and phase of the property market cycle. The impact of these factors on decision-making behaviour is highlighted throughout.

4. RESULTS

4.1 Overview

The responses of the investment decision-makers interviewed make it clear that 'planning' is considered at every stage of the decision-making model. However, when disaggregating the responses, it is also clear that the impact of each of the different dimensions of 'planning' influences are not considered equally at each stage of the process, by each type of decision-maker, or for each fund type. The six stages of the stylised investment decision-making model are now examined in turn.

4.2 The six stages

4.2.1 Set general investment strategy

The setting of broad fund goals requires forecasts of asset class performance,[1] with such forecasts having regard to the aggregate influence of planning guidance.[11] It is widely held that regulation of a market provides a form of restriction that, by virtue of its historical embeddedness, has become both necessary and attractive for investment and investors.[5], [2], [6] It is felt that any change or reversal of regulatory policy will have a negative impact on performance.[7] Thus, at this first stage, an initial acknowledgement is made of the broad importance of planning to investment and its influence within the property investment process.

4.2.2 Define detailed strategy

This fund allocation phase requires forecasts of expected relative performance of sectors and sub-sectors,[9] often incorporating supply pipeline data[11], [1], [2] and specific elements of national guidance[3], [13] to try to "capture the market"[11] and, thus, recommend strategic weightings and adjustments relative to the benchmark.[3], [2]

Tackling the problem of data sources capturing planning context can be addressed by direct contact with a planning officer[3] although these opportunities can be difficult to secure.[3], [6] Such meetings can be used to develop a view of authorities' strategic vision.[15] Additionally, local networks are used to assess the likelihood of projects successfully negotiating the supply pipeline and reaching completion,[2] thus, "in coming to our view [of forecast returns] we have to, either implicitly or explicitly, take a view on planning… we take a view on planning where we can".[1]

In attempting to develop a robust method for capturing the effects of planning on forecasts of investment performance, initially quantitative models are developed using external data sources of economic variables, with subsequent qualitative augmentation undertaken to reflect the planning data: "[We] try and give them some sort of weighting. It's very 'finger in the air' but it seems to work… It's much better than just using the quants model, which is actually relying on historic relationships remaining absolutely stable".[3]

However, respondents commonly cited difficulties they encountered when trying to assess the impact of planning on forecasts of investment performance. Shortcomings that were identified included their failing to critically explore the planning environment developers were operating in.[1] Further difficulties were envisaged if improvements were to be sought to the process, including resource constraints and ability to explore comparative local planning contexts.[4], [3]

4.2.3 Property search

The strategic stage of the decision-making model requires that direct acquisitions teams and fund managers determine target markets.[1] One factor cited in the identification of such markets, is the work of the planning authority to make the town centre more attractive.[2]

Within the target retail sectors identified in stage 2, one of the key sources of information on market performance and investment possibilities is an assessment of supply threats or opportunities.[9] [17] Additionally, a qualitative assessment can be made of the attractiveness of the centre to consumers through exploring the public realm – "those things you can't quantify"[7] – because town centres that are managed effectively are more attractive to investors.[4] One respondent explained that consultants were used to explore the structures and workings of local authorities and that personal knowledge of good working relationships with planning officers were a factor to be considered when assessing market potential. [6] This clearly demonstrates that the local authority can be extremely important within the investment decision-making process.

4.2.4 Analysis and trade-off

This fourth stage of the investment decision-making process was clearly identified by all respondents as the phase where planning issues were most likely to be explicitly considered. Of all the occasions that responses matched to one of the six stages of the model, forty percent fell within the 'analysis and trade-off' phase. However, debate emerged regarding whether (and which) planning factors could or should be taken into account explicitly or implicitly within the decision-making process.

The importance of planning in asset performance was emphasised – "I think that it is really important because much of the market, in my view, overemphasises the role of demand… but actually it's the supply side of the equation that's probably more important".[3] For example, the planning context of an opportunity will be part of the decision-making process[2] and a significant supply pipeline can result in an investment opportunity being rejected.[7] It is seen as important to try to make an assessment of the impact of both new development and changes to the public realm on the attractiveness of the property to the consumer,[3] with the latter cited as a factor that can have a significant impact on rents.[6]

However, this was seen to contrast with the understanding of planners who, when meeting investors, "don't understand why you are there"[3] and a feeling that planners do not understand the decision-making process.[4] Frustrations included that there is "definitely a misunderstanding from local authorities of market dynamics… There is a disconnect between what the local authority wants to do and what investors want to do".[5] Further, as suggested above, there is the contrasting view that occupier demand outweighs planning considerations[13] and that asset purchase is more important to investment managers, with planning viewed as a minor factor in the process.[5]

The view that planning can and should be considered is not always shared,[6] with uncertainty of the outcome of new high street development (competition versus adding critical mass) cited as rendering it impossible to assess within the decision-making process[4] or to be at least outside of the investor's control, prohibiting the assessment of certain impact.[9] Assessing the impact of the managerial and public realm roles of the authority have, similarly, been viewed as probably unnecessary as they are already reflected within other considerations, such as market size and retailer representation.[9]

Data sources varied, with advice and data sought from local agents and brokers,[5], [2], [7] planning consultants,[13] and through direct contact with local planning officers – "[we] go and see the planners, because if we didn't do it, nobody else would",[3] a strategy shared by others [9] and reflecting the view that some authorities are far more proactive than others.[17] This line of investigation can be expanded to include neighbouring and, therefore, potentially competing areas,[10] although time constraints and availability of planning officers was cited as an obstruction to this being undertaken.[3] Secondary data sources, such as those relating to the retail hierarchy,[10] competing schemes[12] and, more specifically, the target asset's planning history,[13] were also cited as important.

In terms of the methods that may be utilised to incorporate data on the impact of planning into the analysis and trade-off stage, responses varied considerably. When preparing a cashflow to assess investment returns, forecasts of rental growth and yield shifts are used, with planning implicitly considered within those data[1], [14] or, potentially, figures 'tweaked' to reflect knowledge of local planning regimes.[16] Thus, "it is done implicitly, it is not done explicitly. I have never seen it done and I think it is a million miles away from being done explicitly".[6] However, another respondent explained how an assessment of local planning regimes is explicitly built into appraisal methods, albeit that it is a subjective assessment,[2] which can be a "very impressionistic" attempt to reflect an element of investment risk.[14]

For planning factors such as management schemes, confusion and/or lack of consistency was identified as to how they can be reflected in the decision-making process. One respondent varied in the response given, first commenting that they are not always reflected within rental growth or yield assumptions, but were cited as reasons to 'feel comfortable' with investment recommendations, but later bundling the impact of planning within the rental growth rates used in the capitalisation process.[4] This lack of a robust methodology for dealing with the planning environment was extended to the supply pipeline by some respondents, with the assertion that, "I very much doubt it is done [capitalised into prices] methodically (or) scientifically", although it will impact on rental value growth and, thus, the yield that is acceptable.[5]

Finally, frustration was noted with respect to the uncertainties of time delays caused by the planning system, which are difficult to incorporate into formal pricing mechanisms[6] although general advice can be given based on personal knowledge of the authority.[8]

4.2.5 Consult clients and/or management

This stage was commented on infrequently (by only three of the respondents), although both formal and informal mechanisms were noted.

Prior to a proposed asset being formally considered by an investment committee, a member of the acquisition team may seek the informal opinion of both fund managers and those researchers preparing forecasts and developing strategy.[3]

Subsequently, and more formally, forecasts for the rental growth of a specific target asset prepared during the analysis and trade-off stage are presented to the investment committee, with planning assumptions identified as a factor used to adjust forecasts around an aggregate average.[3] However, this was noted to be a comparatively unrefined approach, but with more robust methods not possible.[3] Planning considerations may also be used as selling points for specific assets at this stage.[7]

This stage was also noted as an opportunity for previous assumptions made when developing the detailed fund strategy, to be challenged relative to the specific target asset, including rental growth and yield assumptions implicitly reflecting the planning context.[1]

4.2.6 Investment selection

Roberts and Henneberry (2007) variously describe this final stage as incorporating investment selection and negotiation, deal resolution and, crucially, post investment activity. The results presented here focus on the last of these activities. Throughout the interviews, respondents generally focused on two areas of activity undertaken by the planning authority – the supply pipeline was discussed largely with a view to determining the appropriate yield to use in the capitalisation process (see previous stages), whereas the broader activities relating to the management of the retail area and permissible uses tended to be a longer term consideration, potentially offering the investor opportunities to 'add value' after completion of the purchase.

In this context, the ability to actively manage standing stock, to achieve an uplift in value, predominantly relates to gaining permission to extend existing and/or subdividing units and changing permissible uses and conditions. It was noted that asset management is becoming increasingly important in response to changes in occupier demand[4] and, thus, the importance of identifying "commercially aware" local authorities willing to engage with investor proposals[7] can be very helpful.[2], [8] Identifying authorities that manage the centre effectively to maintain or enhance position within the hierarchy was also identified as a positive consideration.[10]

Responses predominantly related to the importance of "relationship management",[16] "getting them [planners] on board",[17] "trying to engage with them and influence them"[6] and "seek(ing) to be the local planning authorities' friend … for mutual gain"[13] and, in the longer term, building close working relationships and trust through successful projects.[17], [7] This is especially important where the fund owns a large asset[6], [4], [13] and may be devolved to a specialist planning consultant or in-house expert.[4], [2], [13], [7], [16] However, much of this is reliant upon the authorities' strategic vision and understanding of investors' constraints.[13]

4.3 Political and attitudinal factors

During the study, it became clear that the political and attitudinal profile of local authorities and individual officers is important throughout the investment decision-making process. This was highlighted as an influence on the decision-making process during multiple stages.

Unsurprisingly, the quality of relations and the attitudes of local planning authorities vary and relationships change over time due to staff turnover and change in local planning context.[13], [4], [11] From an investor perspective, seeking to minimise uncertainty (and, therefore, additional investment risk) arising from liaison with, and decisions from, a local planning authority is attractive. This relates to three areas. Both the first, relating to the availability of planning officers to attend meetings with prospective investors, and the second, concerning the pricing into appraisal models of the uncertainty of the length of time taken to receive decisions, introduce unquantifiable time delays and have been highlighted in the analysis and trade-off stage, above.

However, during stages 3-6 of the Roberts and Henneberry (2007) model, a third area of uncertainty exists, relating to the clarity and strength of strategy and policy of the authority. These are attributes that make an authority more attractive to investors to work with.[4], [6], [15] Further ways in which planning risk can be controlled and successful investment progressed, is where an authority is accessible, responsive and does what it says it will do.[6], [4] Indeed, identifying a proactive individual with vision can result in the production of mutually beneficial proposals.[15] Of course, while these attributes are not a primary condition for investment, they have been identified as having an influence upon the investment decision-making process by increasing the feeling of comfort and security and, thus, reducing the risk.[6]

One respondent explained that it has been common for more than a decade to undertake "a political audit of who is the key decision maker … which will help in how you are going to present your proposals",[6] with this type of political audit potentially crucial in seeking to minimise risk.[5], [8] Further, understanding the makeup of the planning committee is vital for successful investment and to assess where the interests of committee members lie.[8] This extends as far as a (negative) change in personnel being clearly highlighted as a factor that could cause a proposed investment project to stall or to be abandoned.[4], [8]

5. CONCLUSIONS

There is considerable empirical evidence that planning policies have profound impacts on the performance of the investment property market in the UK. It is less clear, however, how information about the planning policy environment feeds into the investment decision-making process and through to property values and asset performance. This report has sought to explore the investment decision-making process and how the influence of the local town planning context on investment performance is considered within that process. By focusing on local planning, this study addresses a potentially crucial influence on investment performance, but, also, one which is generally over-looked in research studies due to its intangible nature. Indeed, additional detailed information on local authorities would help investors to understand the 'embedded characteristics' of local markets, seen as "the holy grail of what we are looking for".[1]

Here, issues relating to factors underpinning local planning policy regimes, the actors involved in the investment decision-making process, fund type, data sources and type and market conditions, are recognised as important and some conclusions drawn, accordingly.

The local planning context is a function of a variety of factors, including national guidance, local economic and demographic characteristics and, as the interviewees revealed, more personalised attitudes and interpretation of policy stance of key local officers. Generally, while it is possible for the majority of these factors to shift significantly in the short term (for example, governmental direction and influence, the closing or in-migration of a major employer), the influence of such changes can take a period of time before market readjustment occurs and investment performance is directly affected. However, our findings suggest that one possible exception to this is the role of the local officers, whose personality and attitude can have the potential to significantly influence individual property investment performance and/or area development and profile in the short(er) term.

The research draws on 18 in-depth interviews with members of the property investment community and focuses on the decision to invest in the retail sector of the market. The study uses a six stage model of the investment decision-making process as a framework for analysing the way in which concerns about planning policy impact on investment behaviour. A sample of actors was selected to include those that are involved in different and multiple stages of the investment decision-making process. It became clear that those involved in research are most likely to be involved with multiple fund types, with input at more stages of the investment decision-making process than other actors involved in the process, most commonly four, five or all six of the stages. Involvement included the preparation of formal forecasts of investment performance and informal guidance. These inputs occur at multiple stages and range from implicit to explicit adjustments using both pipeline and more qualitative information. Thus, while no clear common framework emerged from the analysis, the relevance of planning to the decision-making process appears to be certain.

The vast majority of respondents are actively involved with multiple fund types, with no clear demarcation of their involvement across categories. However, with only one exception (see below), it appears that planning, in all its various guises, is a common issue in the investment decision-making process across fund types. Its importance will, however, undoubtedly vary with fund strategy and holding period. For example, a life fund with long term objectives is more likely to take on planning risk through opportunistic investment, anticipating as much as a 15 year period to realign or add value to an asset through planning.[13]

5. CONCLUSIONS

No clear patterns were detected with respect to the type of data used to assess the local planning regime, with pipeline and more qualitative assessments made within each individual stage of the decision-making process. However, it may be that if some investors focus on utilising supply pipeline data, more quantitative and tangible in nature, they feel they are able to capture all angles as, "implicit within that [pipeline data] is a view as to how flexible the supply side situation is and therefore how liberal, or not, the LPA is".[1] However, with so many proposed town centre schemes currently in the pipeline, not all schemes will complete and, consequently, not all towns will be able to reposition themselves, clearly impacting on investment performance.[9] This suggests the importance of an examination of pipeline data and a further more qualitative assessment of local planning contexts.

The results, in part, reflect the context in which respondents were operating at the time of the study. This project was undertaken during a period of rapid market growth and high levels of activity. It may well be that further, more explicit analysis of planning issues, may be undertaken during periods of slow market activity. Indeed, it was noted that, during a market downturn, "the relationship between planning and values will become much more important".[7] However, whether it is possible to employ more robust analytical techniques may be unlikely at this time. Additionally, it is suggested that further research be undertaken, targeting individual retail sectors and, potentially, fund types, providing more detailed and disaggregated insights into the role of planning within the investment decision-making process.

Thus, further research is needed to uncover the role of the planning authority in ensuring successful investment on the part of the investor. This includes an exploration of the dynamics of the relationship between investor and planner, including relationship building and management; the impact of local politics and the strength and/or direction of local authority leadership; and, further, an audit of the level of understanding of investor objectives and constraints among local planning authorities. It is apparent from the respondents in this study that furthering both knowledge and the information base in this area would be welcomed, benefiting the property investment process and, ultimately, investment performance. As one respondent summed up, "I do think [planning] generally is a weakness in our business. We are not engaged enough, understanding enough about planning. There are a few people that don't realise the importance of it and so we could do better".[7]

6. REFERENCES

Adair, A. S., Berry, J. and McGreal, W. S. (1994) Investment decision-making: a behavioural perspective, *Journal of Property Finance*, 5, 4, pp. 32-42.

Adams, D., Watkins, C. and White, M. (2005) *Planning, Public Policy and Property Markets*, Oxford: Blackwell Publishing.

Barker, K. (2006) *Barker Review of Land Use Planning - Interim Report: Analysis*, London: HM Treasury.

Cheshire, P. and Hilber, C. (2007) *The cost of regulatory constraints of the British office market*, LSE, London.

Ellison, L. (1998) Supply-side policies and the UK commercial property markets: 1979-1990, *Journal of Property Research*, 15, pp. 15-33.

Farragher, E. and Kleinman, R. (1996) The re-examination of real estate decision making practices, *Journal of Real Estate and Portfolio Management*, 2, 1, pp. 31-39.

Gallimore, P. and Gray, A. (2002) The role of investor sentiment in property investment decisions, *Journal of Property Research*, 19, 2, pp. 111-120.

Gallimore, P., Hansz, J. and Gray, A. (2000) Decision-making in small property companies, *Journal of Property Investment and Finance*, 18, 6, pp. 602-612.

Guy, C. (2006) Retail productivity and land-use planning: negotiating 'joined up' retail planning, *Environment and Planning* C, 24, pp. 755-770.

Hargitay, S. E. and Yu, S. M. (1993) *Property Investment Decisions: A Quantitative Approach*, E&FN Spon, London.

Henneberry, J., McGough, T. and Mouzakis, F. (2005) The Impact of Planning on Local Business Rents, *Urban Studies*, 42, 3, pp. 471-502.

Hilton, D. (2001) The psychology of financial decision-making: application to trading, dealing and investment, *Journal of Psychology and Financial Markets*, 2, 1, pp. 37-53.

Jackson, C. (2006) Retail planning and institutional property investment, *Regional Studies*, 40, 5, pp. 555-561.

Jackson, C. and Watkins, C. (2005) Planning Policy and Retail Property Markets: Measuring the Dimensions of Planning Intervention, *Urban Studies*, 42, 8, pp. 1453-1469.

Jackson, C. and Watkins, C. (2007) Supply-side policies and retail property market performance, *Environment and Planning*: A, 39, pp. 1134-1146.

Jaffe, A. and Sirmans, C. F. (1984) The theory and evidence of real estate financial decisions: a review of the issues, *Real Estate Economics*, 12, 3, pp. 378-400.

Jaffe, A. and Sirmans, C. F. (2001) Fundamentals of Real Estate Investment, Prentice-Hall.

6. REFERENCES

Key, T., McBurney, D. and Moore, B. (1998) Commercial Investment Property – towards a comprehensive geography, Proceedings of the RICS 'Cutting Edge' Conference, London: RICS.

Levy, D. (2004) Editorial: Behavioural Real Estate, *Journal of Property Investment and Finance*, 22, 4, pp. 294-297.

McNamara, P. F. and Morrell, G. D. (1993) Local Area Analysis and Portfolio Construction. *The Society of Property Researchers: Technical Paper No. 2*, Society of Property Researchers, London.

Roberts, C. (2005) *Property, Economy and Decision-making*, unpublished PhD thesis, University of Sheffield.

Roberts, C. and Henneberry, J. (2007) Exploring office investment decision-making in different European contexts, *Journal of Property Investment and Finance*, 25, 3, pp. 289-305.

Wrigley, N. (1998) The contemporary retail development dynamic – three contributions to the debate, *Environment and Planning* A, 30, pp. 13-14.

7. APPENDIX 1

Respondents:

[1] Head of Research

[2] Head of Research

[3] Director of Research and Strategy

[4] Director

(5) Director of Research and Strategy

[6] Head of Strategy and Research

[7] Research Manager

[8] Manager

[9] Head of Research

[10] Researcher

[11] Director of Research

[12] Fund Manager

[13] Investment Director

[14] Fund Manager

[15] Head of Department

[16] Director

[17] Fund Manager

Investment Property Forum
New Broad Street House
35 New Broad Street
London EC2M 1NH

Telephone: 020 7194 7920
Fax: 020 7194 7921
Email: ipfoffice@ipf.org.uk
Web: www.ipf.org.uk