Article

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Milan makes it to the big leagues: A financialized growth machine at work

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Guido Anselmi
Università degli Studi di Milano-Bicocca, Italy

Serena Vicari
Università degli Studi di Milano-Bicocca, Italy

Abstract

This article analyses the production of urban space in the globalizing city of Milan, Italy. The authors present the evolution of a 30-year development process in a semi-central area of the city known as Garibaldi Porta Nuova, contrasting present and past conditions. Initial attempts to develop the area began in the early 1980s but came to nothing; a previous study of the same area attributed that failure to the inability of fragmented local political elites to coalesce into an effective pro-growth coalition. In the early 2000s, a new coalition of political and economic actors, in particular financial and real estate interests, revived the process of regeneration and drove construction of a large-scale mixed-use project. This article offers an account of the process in terms of both the internal dynamics of the local coalition and the contextual and institutional factors framing the bargaining of political and economic elites over the development process. We use two theoretical frameworks – growth machine theory and regime theory – to assess the distribution of power and resources. Our analysis indicates that the outcome is the result of a specific growth machine fuelled by international capital, and that changes in the intergovernmental system in Italy induced local political elites to accommodate the requirements of international investors.

Keywords
Growth machine, Milan, urban development project, urban regime

Introduction

The present article deals with the production of urban space in contemporary metropolitan areas; the authors look at a large-scale development known as Porta Nuova, recently completed in a semi-central area of Milan. Despite its attractive location and high accessibility, it had remained undeveloped for 50 years. By tracing the development of Porta Nuova in the last 30 years, we aim to highlight the evolution of the city governance and the internal dynamics of the coalition as well as the contextual and institutional factors that have influenced the negotiation between political and economic elites over the development

Corresponding author:
Guido Anselmi, Dipartimento di sociologia e ricerca sociale Università degli Studi di Milano-Bicocca, Piazza dell'Ateneo Nuovo 1- 20126, Milano, Italy.
Email: guido.anselmi@unimib.it

process. We hope to provide insights that extend beyond Milan to cities that share similar conditions regarding the dynamics of urban coalitions driving spatial transformation.

In view of its sheer physical size, overlapping urban functions and the use of international design, Porta Nuova can be considered a typical urban development project (UDP), that is, large-scale mixed-use urban projects as part of urban revitalization and entrepreneurial strategies (Moulaert et al., 2003). Thus, it is also the outcome of a dramatic change in the type of development and the coalition of actors responsible for it; as such, it allows us to highlight crucial variables accounting for that change. Moreover, the project has brought to light new processes that differentiate Milan from other Italian cities and link it more closely to globalizing cities elsewhere; in the case of Milan it is part and parcel of an overall 'strategy to connect the city into global flows of capital by "going up" the city league' (Gonzalez, 2009). In the 1990s, the area discussed here was the object of an investigation into how the various social, political and economic forces in the city attempted to promote and give shape to its development; the analysis sought to determine the relevance of the 'growth machine' (GM) theory when applied to a European city. In the article reporting the results of that investigation (Vicari and Molotch, 1990), the authors argued that party bureaucrats had played a critical role in building the city and in the negotiations among political parties and private interests; they set competing coalitions in motion, which led to frequent conflicts and resulted, eventually, in the failure to form a successful pro-growth coalition. Ten years after the article was published, nothing had changed (Comune di Milano, 2000; Anselmi, 2019); similar to other large-scale projects in the city, it suffered gridlocked negotiations and/or prolonged stalemate (Savini and Aalbers, 2016).

Today, 30 years after the previous study, the area has been fully developed and is a new centre for the city. So, we return to this area to undertake a new investigation, whose aim is to understand how the new development (Porta Nuova) came about: which actors and processes are responsible for the change from no development to comprehensive and monumental redevelopment? Which changes in the institutional and contextual factors were conducive to this development?

The article is organized as follows: we first present the theoretical framework guiding our investigation and our methodology, followed by our analysis of the 30-year development process. We then discuss the dynamics of the coalition of public and private actors responsible for the project in terms of the analysis of the distribution of power and resources and its evolution over time in order to provide answers to the questions above. In the conclusions we assess our findings vis-a-vis the theoretical framework and point to further hypotheses emerging from our analysis.

Theoretical framework and methodology

In the years since our initial analysis, the political economy approach to urban politics has been enriched and refined by much research work in the USA, Europe and other countries. Much empirical research (Jonas and Wilson, 1999; Molotch, 1999) has been carried out within the framework of the GM theory (see Logan and Molotch, 1987; Molotch, 1976) as a heuristic device to unpack the internal dynamics of local coalitions and their spatial consequences in different cities and countries around the globe. Various critiques of the GM theory's understanding of urban politics and the transformation of cities have highlighted the conditions that activate or prevent the formation of growth coalitions: the role of the central State in urban development, the dependence on a local tax base (Lauria, 1999) and the autonomy of local government (Jessop et al., 1999), weak party organization and absence of anti-growth parties or movements (Logan et al., 1997) or, more generally, the conditions that allow land and buildings to be handled purely as commodities (Kaika and Ruggiero, 2016). Above all, the degree of vertical integration of intergovernmental relationships, which is much higher in European countries than in the USA, has proven to be of utmost importance in influencing the formation of growth coalitions (Le Galès, 1995). Attention has also been called to the role of transcalar actors who play at different levels as the processes of globalization and financialization progress (Beauregard, 2005; Cox, 1993).

Within the framework of regime and regulation theories, many studies have shed light on the impact of the diverse configurations of the restructuring of the State and the different institutional arrangements and rearrangements as they constrain or facilitate pro-growth ideologies and politics at different levels. For their essentially comparative approach, we refer in particular to the work of Savitch and Kantor (2002). We look at the work on urban regimes, as it specifies the structural variables that determine the bargaining environment in which political and economic elites seek to achieve their respective goals in local socio-economic development. In this framework, the GM is a specific kind of pro-market regime promoting landed interests in urban development.

In what follows we respond to Molotch's (1999) and Cox's (2017) invitation to use the US model as a useful litmus test that highlights the structural conditions favouring the emergence and consolidation of local growth coalitions, particularly in a comparative perspective. For the analysis of cities in other countries, it is crucial to identify these conditions, not least because under globalizing influence cities may experience similar pressures to converge, for example around the ideas of US-style urban entrepreneurialism and international urban competition.

We use the GM framework as a powerful magnifying glass for looking at development interests and the specific local dynamics they set in motion, in particular with regard to the consolidation and success of growth coalitions. We also analyse the contextual forces at play, following the Savitch and Kantor model (2002). In their regime model, Milan is an ideal-type 'dirigiste' bargaining context: the city enjoys a favourable market position as well as the support of an integrated intergovernmental environment; in this context, social-centred policies are likely to result and complement market-centred policies in a productive balance. We consider the degree to which these structural conditions are still present, and document the potential impact of changing conditions on the balance of different bargaining resources across the Milanese political and economic elites.

Our research effort uses multiple qualitative and quantitative sources: empirical data comes first and foremost from planning documents, in particular different master plans regulating development within the area since 1984 (Comune di Milano, 1984, 2004, 2006a, 2006b, 2010), major newspaper articles, memoirs (Catella and Doninelli, 2013) and specialized real estate publications. In particular, these sources have provided data on the property structure of the area as well as the land use changes and the overall vision for its development. Density measures come from a planning practitioner database (Ordine degli Architetti, 2018).

Data on the local economy and the market positioning of Milan have been taken from databases (ISTAT, 2011a; Eurostat, 2018); specialized real estate publications were also consulted in order to track the activity of developers at the city level. The first key element of intergovernmental support – the distribution of fiscal revenue among the different levels – has been reconstructed using national-level databases (ISTAT, 2011b; Ministero degli Interni, 2018) as well as municipal budget reports. Changes in planning rules and regulations have been identified by analysing regional laws and specialized reports (Regione Lombardia, 2004).

The bulk of our data comes from elite in-depth interviews. Our main body of interviews is composed of 22 interviews (Table 3) with actors directly involved in the transformation of the area: municipal planners, real estate and planning consultants and prominent local politicians, as well as neighbourhood activists. Snowball sampling was used to identify the actors, starting from the persons identified in the documents as critical actors. Interviews were conducted between May 2013 and June 2016. We also made use of the transcriptions of interviews undertaken in 1986 by Vicari and Molotch (1990) in their study of the same area. Elite interviews provided vital information about the composition of the governance coalition at each different stage, the institutional logic adopted by city planners and local politicians and their perception of the changing structural constraints in the 1984–2015 timeframe. Furthermore, these interviews have allowed us to chart the evolution of the distribution of critical resources among private or public actors within the changing governance coalition.

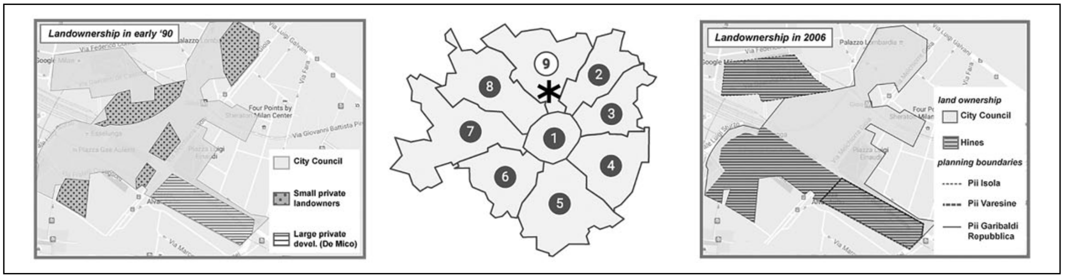

Figure 1. Land recomposition from the early 1990s to 2000.

The area development process

The Garibaldi Repubblica area is bounded by the Milan Central railway station and the two traditional neighbourhoods of Isola and Garibaldi. Royal Air Force bombs inflicted heavy damage in 1943; the first of numerous attempts to redevelop the area began in the 1950s. Despite its location, a semi-central area bordering the oldest business district of Milan, and high accessibility by public transportation, as of 2000 none of these efforts had succeeded, and the area remained underdeveloped even after heavy investment in the 1980s in the restructuring and refurbishment of the Garibaldi railway station at its centre. Following a long period of urban decay, in recent years the area has been the object of massive redevelopment; under construction since the late 2000s, the project includes several high-rise buildings, cultural centres and a large city park. While the size and shape of the area targeted for regeneration have changed somewhat with each attempt, for the present analysis we consider the area targeted by the most recent, successful renewal project, namely the area in Figure 1 with its three macro parcels: Garibaldi Repubblica proper, Garibaldi Varesine and Garibaldi Isola.

Phase I: An extended stalemate (1984–1997)

In a previous analysis of a large-scale transportation infrastructure crossing the area, the project for the development of the Garibaldi Repubblica area was presented in the definition reached in planning documents in the 1980s: a large mixed-use complex, 900,000 m^3 with a considerable range of public amenities (Vicari and Molotch, 1990); it was noted at the time that up to that point no specific development project had been approved for the area and that negotiations were underway between the local government and developers regarding the specific mix of functions and the definition of costs and benefits. In the 1990s the Garibaldi Repubblica project remained stalled.

In the 1980s the city was governed by a leftist coalition (the Italian Socialist Party (PSI) in alliance with the Communist Party (PCI) and other minor parties) where both major parties experienced severe internal conflicts, both at the national and local levels; some factions were openly against the project, while others had privileged relationships with private investors or developers and lobbied in favour of alternative projects.

By the 1990s, apart from some minor plots owned by private investors, the municipal government still owned the large plot on the western half of the area, while the large plot on the eastern side, previously owned by the National Railway Company (Ferrovie dello Stato, FFSS), had been acquired by Bruno De Mico, a private developer with strong connections to a left-leaning PSI faction. Because of the heavy involvement of the leader of this faction in the so-called Tangentopoli (kickback) scandal, De Mico lost his main political patron and was no longer considered by local politicians and bureaucrats to be a reliable partner; partly as a result, he was also unable to secure capital investment to develop his parcel of land.

As for the parcel owned by the municipality, City Hall sought to overcome the lack of capital by setting up a public–private association (AIM, Associazione

Interessi Metropolitani) among a number of local banks, real estate investors and landowners; AIM was put in charge of a new project centred on the relocation of the Milan stock exchange. This relocation would have provided an anchor tenant for the whole area, but the Milan stock exchange refused to relocate, as it considered the relocation to be 'an unnecessary expense' (MB, planner), and AIM's financial partners were either unwilling to risk capital on what they considered a 'high-risk project' (LT senior executive, Legacoop) or preferred to target their investments elsewhere. Two core members of AIM, Pirelli and Falck, focused on attracting investment capital to the development of their deindustrialized areas, both on the northern fringes of Milan: Pirelli in the Bicocca area (Dente, 1990; Kaika and Ruggiero, 2016) and Falck in Sesto San Giovanni (Savini, 2012, 2014).

As a consequence of the extensive corruption scandals, in 1993 the PSI lost not only the local elections, but almost all influence in the private sector as well, as a number of key PSI 'clients' were jailed. The majority of the votes went to the Northern League (NL), a new right-wing autonomist party with little or no connection to the old established power networks. 'The NL was not particularly interested in the development of Garibaldi Repubblica' (AM, developer); when citizen committees took the new administration to court on the basis that the volume of construction exceeded the limits set up by the planning rules, and won the case, City Hall did not bother to appeal the decision and declared that the project was no longer of strategic importance. In essence, City Hall was first blocked by competition among political factions; later, in the face of active opposition from citizen committees supported by part of the old PCI, it ignored the area. In general, it proved difficult for all parties involved to obtain sufficient financing for projects for the area; these three factors resulted in an extended stalemate.

Phase 2: Ignition (1997–2004)

In 1997 Forza Italia (FI), Silvio Berlusconi's party, won local elections with a political agenda focused on redevelopment and growth in Milan; compared to the old centre-left government, the new municipal government was much more cohesive, and compared to that headed by the NL it had stronger ties with Milan's economic actors, especially among real estate and construction companies. The FI-led municipal government could also count on powerful allies at the regional and national levels: FI had formed the regional government following the 1995 elections and was the major party in the Berlusconi-led national government formed in the wake of national elections in 1994.

In 2000, the municipal administration sponsored yet another effort to redevelop the area: the municipal planning office authored a document entitled 'Ricostruire la Grande Milano' (Comune di Milano, 2000) (Rebuilding Grand Milan), in which FI's political platform, based on local competitiveness and growth-boosting, found full expression. In this context, the Garibaldi Repubblica area was hailed as one of the most important components of urban renewal, in a long-term growth strategy, as a symbol of the revitalization of Milan (p.98). The document was in fact a strategic plan that contained a comprehensive programme of growth based on the assumption of significant demand for offices and residences; new rules would enable the redevelopment necessary to supply that demand: 'a planning strategy that relies on a new urban model, based upon further expansion of the local real estate market (p.75), a strategy designed to deliver a "new spring for the Milanese economy"' (p.62). According to our informants, a fiscal rationale played a large part in defining this strategy; a local politician paraphrased the argument: 'we should let developers build because we need the money to finance current expenditures' (BR, senior local politician). In fact, due to the decline in central State transfers, local governments have been forced to rely increasingly on development for revenue (see *Discussion* below).

Having prioritized the renewal of the area, the municipal government elected in 1997 nevertheless faced two substantial problems that had contributed to blocking the project up to that point: lack of investment capital and land fragmentation. The first problem was tackled by involving the regional government in the regeneration project: the Lombardy Region declared its interest in building new offices for the relocation of the Regional Council Hall and a significant number of regional administration offices. A

39-storey, 529 ft. high skyscraper called Palazzo Lombardia was positioned as the centre of an 'institutional cluster' created by the relocation of additional municipal and provincial administrative offices in close proximity to the new regional skyscraper. However, the municipal and provincial governments were unable to find the means to finance this double relocation:

> City Council did not have funds for that project and had to rely on a grant from the central government [...] because of internal squabbles within the national governing coalition the Ministry of Finance did not approve the grant and so City Council was forced to back off. (INT6; planner)

Only the Lombardy Region 'Palazzo' was financed, and construction began – but not without local opposition (see below). Moreover, the construction of the Palazzo used only a portion of the total amount of land available; without the projected buildings of the institutional cluster, the City Council was unable to generate interest from other investors and jump-start the renewal of the entire area. In an attempt to attract investment, the City Council, now in partnership with the regional government, reframed the project to address the presumed needs of the Milanese fashion industry, rebranded it 'Città della Moda' (Fashion City)[1] and set up a foundation to promote it.

As for land fragmentation, in June 2000 the municipal administration attempted to resolve the issue by bringing together public actors and private landholders in a shared company named 'Società Sviluppo Garibaldi Repubblica', a sort of landowner consortium that ideally would have acted as developer of the whole area. By this point it was clear that only a multi-function and integrated plan for the whole area could ensure the expected returns on investment, but the consortium proved unable to play that role, for two main reasons. Firstly, Bruno De Mico, the developer/owner of the Varesine area, refused to participate: he wanted to develop his own high-density project in absolute autonomy from whatever was built in the adjacent areas. Lacking the necessary political backing, however, he was unable to raise sufficient capital for his project. Secondly, the local administration was unwilling to recognize the extensive building rights De Mico had acquired, for fear this would jeopardize the profitability of development in other areas of the project.[2] By 2001 the disagreements had escalated into an open conflict, with the Milanese planning alderman publicly declaring that the municipality was willing to go 'to war' (Pagni, 2000) against De Mico; according to our informants, 'De Mico was a leftover from a previous era' (INT4, senior local politician) and 'was bound to be seen as unreliable by potential investors' (INT 16, developer). This conflict resulted in a string of lawsuits that put the development process on hold. In 2004, De Mico won the case with a ruling by the highest level of administrative justice and was then free to pursue his own project with the original very high density; by that time, however, it was no longer viable.

The absence of a major landowner in the Consortium was not the only problem. A second problem concerned the functioning of the partnership in 'Società Sviluppo Garibaldi Repubblica': none of the partners had the funds to buy out the others, so land recomposition was not feasible. The banks, moreover, were unwilling to finance land acquisition, either by a single individual or by the Società, considered too weak an actor and thus ultimately unable to drive a comprehensive regeneration project. According to a key informant,

> The landowners, through the Società, contacted Banca Intesa (a major bank and one of the most active in the local real estate sector) in order to borrow money to finance the round of acquisition but the bank refused, as it perceived the operation as too risky. (INT6, planner)

Faced with this impasse, the municipal government approached the Italian branch of Hines, an American real estate and financial giant,[3] which had shown interest in the area. 'We prepared everything in order to facilitate the involvement of Hines' (MC, senior planning official). In 2002, 2003 and 2004 Manfredi Catella, the CEO of Hines Italy, proceeded to acquire all smaller plots of land (some in exchange for shares in the development companies that were created) and exchanged the property of some plots with the Municipality in order to become the sole owner of a large contiguous area.[4] The resolution of the land fragmentation conundrum set a powerful machine in motion; a forceful new actor backed by global capital, Catella became the principal driver of the redevelopment process.

Phase 3: Fuelling the growth machine (2004–2015)

While fundamental steps were taken in the direction of making the redevelopment project feasible, local opposition to it was still strong on at least two fronts: opposition in the City Council and social protest in the streets and the neighbourhood council. The former PCI, now known as the Democratic Party (PD), strongly opposed the project at the City Council level; backed by citizen committees mobilized against the project, the party repeatedly tried to stop it. When the construction of Palazzo Lombardia began, organized citizens raised the issue of the concomitant destruction of one of the few green areas in the Isola neighbourhood, the so-called 'Bosco di Gioia'; while this small park was not formally recognized as such in planning terms, it was de facto the largest green area available to local inhabitants in the neighbourhood. Protests repeatedly broke out in the spring of 2005 and lawsuits soon followed, based on the contention that the project featured insufficient green areas, too few public infrastructures and too high density and would thus have a negative impact on the quality of life of nearby residents. Ignoring the claims of protesters and the pending court appeals, the regional government went ahead with the clearing of the grove. One key member of the local protest groups recalls that:

> A legal team from the Region dealt with our claims, it had the full support of City Council and, later on, of Hines, basically it did all it could to sink our claims, we ended up losing the battle. (INT9, local politician)

This opposition was also unable to prevent the consolidation of the partnership between the local government and Hines, which gradually established itself as the new lead developer of the whole area. Hines proposed a preliminary master plan providing for the division of the area (a total of 3,700,000 sq ft) into three projects: Garibaldi, Isola and Varesine. The Municipality approved the preliminary plan in 2004 and, subsequently, in partnership with Hines, drew up three individual development plans as Programmi Integrati di Intervento (PII, see *Discussion*), and adopted them in the following years. Local and international architectural firms were in put in charge of these three individual development plans.[5] For each of these subprojects, Hines set up a development company with minority partners. Capital was provided by TIAA-CREF[6] alongside Hines-controlled funds, under the umbrella of Hines's own European Development Fund. Debt capital was provided by a pool of Italian banks, including such major players as Monte dei Paschi di Siena, Banca Intesa and Banca Popolare di Milano.

Things were still problematic for the project in 2006, which saw increased activity of citizen committees and, hence, other lawsuits against the project; on the other hand, the 2006 municipal elections were won once again by FI, which was becoming a leading political force in the regional government[7] as well. Within the city, however, control of the neighbourhood council of the Isola and Garibaldi areas, the Consiglio di Zona 9 (CdZ9), was won by a left-leaning coalition, which began once again to support citizen committees and to actively oppose the project, on the basis that it foresaw far too few public infrastructures and amenities, and too high density.

In order to win the support of the left, Hines turned to Stefano Boeri, a prominent local architect and an important member of the local leftist political elite (later to become deputy mayor), who acted as a mediator between opposition forces – in the City Council, the Neighbourhood Council and grassroots activists – and the developer. A series of community planning workshops intended to mollify the opposition and win some support for the project was organized and produced the commitment on the part of the Municipality and of the developer to build a kindergarten and an 'art incubator' community space as compensation for the lamented shortage of services in the area and the demolition of a community centre ('Stecca degli artigiani' in the Isola neighbourhood).

Moreover, specific companies were selected to participate in the development process: CMB:, a large construction cooperative, became the general contractor for the Varesine area, Monte dei Paschi di Siena (a major Italian bank) was chosen to provide the syndicated loan needed to finance the actual construction work and Unipol Assicurazioni, an insurance firm closely linked to the former PCI, now known as the PD, was chosen as the leading insurance company.[8]

As these economic actors became involved in the project, leftist parties changed their stance towards the project. In particular, the Neighbourhood Council, in which they had the majority, withdrew its opposition to the project and only a few citizen groups continued to file lawsuits against the development of the three subprojects in the summer of 2006. By 2009 all lawsuits had been defeated and the remaining grassroots opposition had fallen silent, while 'some groups were recognized as stakeholders in the project in exchange for ceasing hostilities' (INT6, planner).

The collapse of the Città della Moda project[9] had left Hines with the need to find new anchor tenants for the area. Hines used this issue to negotiate for increased building rights, revised planning rules and a more intensive development, especially in the Varesine area, where some buildings originally dedicated to public institutions were replaced by offices and retail spaces. In the new definition, the project was officially rebranded as 'Milano Porta Nuova', with the three parts: Porta Nuova Garibaldi, Porta Nuova Varesine and Porta Nuova Isola.

Hines soon found a major anchor tenant for the Garibaldi Repubblica part of the project: Unicredit, Italy's largest bank, signed a tenancy agreement for the main skyscraper, later renamed Unicredit Tower, in order to locate its new headquarters there. By 2011 construction work was already underway on a grand scale in each part of the project, with the exception of the 'institutional cluster', officially written out of planning documents in the same year.

In three years, from 2012 to 2014, massive construction works transformed the area completely. Thirty star architectural firms and architects from eight different countries were engaged in this far-reaching transformation of the area. Within a few years 25 new buildings making up the Porta Nuova project – nine high-rise office buildings, 10 complexes of luxury residences and other buildings (see Table 1) – had brought about a dramatic change in the city skyline. Among the high-rise buildings are the two particularly interesting residential towers called 'Bosco Verticale', literally 'Vertical Forest', designed by Stefano Boeri, and Torre Garibaldi, the highest building in Italy, designed by Cesar Pelli. Prestigious blue-chip companies were acquired as major tenants: in 2013 Google and Samsung leased extensive office space in the Isola and Varesine areas, respectively.

The period 2009–2014 saw a number of changes in the financial arrangements for the project. In 2009 the organizational setup changed slightly as the three development companies became closed-end investment companies. In 2012 came a reshuffling of investors' shares: following the bankruptcy of one of the investors, the Ligresti group, the latter's shares in each of the three factions of Porta Nuova were acquired by Unipol Assicurazioni, which became a significant investor in addition to serving as a leading insurer of the project. The year 2013 saw another rearrangement regarding investment capital: Qatar Holding LLC acquired a sizable minority stake in each of the three projects. With respect to debt capital, 2014 saw the refinancing of Porta Nuova Garibaldi by a team of primarily international-level banks, including BNP Paribas, Merrill Lynch, Bank of America and Unicredit.

Turning back to the local scene, a major change in the City Council had occurred in 2011 when FI lost the municipal elections and a new centre-left majority gained power in the city. The new left-aligned majority was unwilling/unable to change the previously stipulated agreements with Hines, but managed to redefine some planning provisions resulting in additional planning fees to be paid by the developer (INT 4, senior local politician). Negotiations started with regard to particular spaces and buildings to be financed by the revenues from the sale of building rights to Hines. First of all, the 'Giardini di Porta Nuova' park, 90,000 square meters of green area at the centre of the development; in the middle of the park is the Fondazione Catella, located in a building dedicated to Riccardo Catella, the developer's father[10]; this building functions as a showcase for the project and houses a trendy little restaurant. Close by is a community garden run by the same foundation. Overlooking the park there is also a partly subsidized condominium, Residenze dei Giardini, where

Table 1. Buildings in the Garibaldi area.

	Name	Architect	Function	Height (meters)	Floors	Year of completion	Headquarters
Buildings	Unicredit Tower A	Cesar Pelli	Offices	231	35	2012	UNICREDIT
	Unicredit Tower B	Cesar Pelli	Offices	100	22	2012	LINKEDIN UNICREDIT
	Unicredit Tower C	Cesar Pelli	Offices	70	12	2012	UNICREDIT
	Palazzo Lombardia	Pei Cobb Freed & Partners	Offices	161	39	2010	REGIONE LOMBARDIA (Regional Government)
	Diamond Tower	Kohn Pederson Fox	Offices	140	30	2012	BANK OF AMERICA, BNP Parisbas, CELGENE
	Piramide	William McDonough	Offices	70	11	2012	GOOGLE, PANDORA
	Diamantini	Kohn Pederson Fox	Offices	40	8	2012	Canali, China Construction Bank, HSBC, Factory Mutual, Salvatore Ferragamo, Shire
	Palaxa	Goring & Starja Architects	Offices	45	9	2012	AXA
	The Showroom	Piuarch	Offices, commercial	30	6	2013	Alexander McQueen, Limoni, Nike
Luxury residences	Solaria Tower	Arcquitectonica	Residences	143	37	2013	
	Bosco Verticale Tower E	Stefano Boeri (Italy)	Residences	111	27	2014	
	Bosco Verticale Tower D	Stefano Boeri (Italy)	Residences	78	18	2014	
	Aria Tower	Arcquitectonica	Residences	100	17	2013	
	Solea Tower	Caputo Partnership	Residences	79	14	2013	
	V33	Vudafieri Saverino Partners	Residences	65	14	2013	
	Residenze di Corso Como	Munoz & Albin, Cino Zucchi Architetti	Residences	14	4	2012	
	Corte verde di Corso Como	Cino Zucchi Architetti	Residences	44	9	2012	
	Residenze dei Giardini	Lucien Lagrange	Residences	18	4	2013	
	Ville di Porta Nuova	Mp2 architetti associati	Residences	21	5	2013	
Other buildings	Unicredit Pavillion/ E3 West Building	Michele De Lucchi (Italy)	Convention centre	22	3	2015	
	Coima Pavillion/E3 East Building	Mario Cucinella	Exhibition	22	3	2016	
	incubatore per l'arte	Stefano Boeri (Italy)	Social space	8	2	2012	
	Unicredit Pavillon	De Lucchi	Exhibition	12	2	2015	
	Casa della Memoria	Bakuh	Social space	15	4	2015	

the Municipality has invested in a few units to be assigned to low-income families. Finally, there are two public buildings owned by the Municipality: one is the 'arts incubator', a social centre where civic associations working in the promotion of artistic and design activities are housed; the other is the 'Casa della memoria' (House of Memory); inaugurated in 2015, it is a civic centre and museum dedicated to 'the memory of the city as symbol of the values of democracy, freedom and rejection of violence on which the Country is built' (Casa della Memoria, 2018).

Density is particularly high. In Italy, density is measured by an 'indice di utilizzazione territoriale', a coefficient calculated as the built area (in square meters) divided by the total surface area involved in the development (in square meters): Milan's general master plan sets this coefficient at 0.65 for the area; the three sections of the project turned out to have a coefficient of 1.65 for Garibaldi Repubblica, 2.0 for Garibaldi Isola and a striking 2.56 for Garibaldi Varesine. Throughout the planning, approval and implementation of the Porta Nuova project, its density was repeatedly challenged but never successfully reduced.

The total value of the project was estimated to be around 2 billion Euros. In 2013 Hines sold 30% of its holdings in Porta Nuova to Qatar Holding, which is controlled by Qatar Investment Authority, the sovereign fund of Qatar. Two years later the same fund became the sole owner of the area and its buildings. The value of the transaction has not been disclosed but is rumoured to have earned the investors a 30% profit. Whatever the estimate, it is clear that the project produced a very high return to investors; in fact, it has all the components and qualities that in the real estate literature are considered conducive to overperforming investments. It was an exceptional performance in times of superabundant capital and low rates of return.

Discussion

The Porta Nuova project constituted a comprehensive transformation of a major parcel of land and entailed a complete reconfiguration of land use patterns in the city. As such, it follows a trend of urban development through mega-projects, which has become common in large cities (Brenner and Theodore, 2002: 371; Moulaert et al., 2003; Swyngedouw et al., 2002). In recent decades, other mega-projects have been built in the city, but none in such a central area nor with such a complex configuration or so strong a symbolic component. Together these projects have allegedly lifted Milan's standing among European cities, but Porta Nuova in itself contributed significantly to the city's ascension into the 'big leagues' of global cities. The city also achieved a unique standing vis-a-vis other Italian cities, Rome in particular, where no such projects have been implemented.

The project is the expression of a powerful coalition of financial and real estate interests and political elites interested in profiting from the land development process and local economic growth; this coalition was under the command of one person, Hines Italy CEO Manfredi Catella, a developer/financier who was able to obtain a maximum return on investment and conceded very little in terms of real public benefits. Compared to the American model where local real estate interests are the core of GMs, we see here the development of multi-level links, particularly within the financial world and reaching up to the global level.

As a real estate developer and manager who operates with investors' money, in particular sovereign funds interested in investing their ever-growing resources from oil abroad, Catella is very different from traditional Italian urban development promoters. In the past, major actors in the Milanese development arena were construction tycoons with strong links to Italian insurance companies and banks but dependent on political patronage. The relationship with the public administration has also changed. Manfredi Catella is the mediator between the local context and the global capital markets; in the past, construction companies and developers competed for projects and attempted to build different coalitions in support of them, based on the strength of the political party that took the lead. In the last 20 years, Catella exercised his leadership, took a pragmatic attitude vis-a-vis the Milanese political elite and successfully built a coalition around his project. Politicians are necessary partners, but he dealt with them from a position of strength; in addition to his local relationships (i.e. with Stefano Boeri as prominent architect and local politician) he used his international connections in two ways, firstly to generate investment in the area at an unprecedented level, which allowed him to bypass local financial institutions, and secondly to involve the most renowned European architectural firms in the project, which lifted it above the level of a parochial competition among local firms and architects and, at the same time, ensured its positioning in the global real estate market. This positioning, in turn, reinforced the attractiveness and expected return on investment in the project. In Catella's communication about the project, however, the emphasis was on the aesthetic value of the buildings and, in particular, of public spaces for the city and its citizens, and on the social sustainability and environmental concerns of the development. No political elite could afford to oppose or to make additional requests to a man who claimed to control money, beauty and nature at the same time. Interviewed about the difference between traditional real estate developers and himself, Catella said: 'Two fundamental factors: quality and reputation' (Gallione, 2016). He was also 'the right man' because, despite the crisis in the real estate market in Italy and to a much lesser extent even in Milan, he was able to see the potential of the city as a place where high returns could be achieved, particularly in modern offices and luxury apartments but also in shopping malls, luxury shops and hotels; he paved the way for international investors, particularly from overseas,[11] which in a relatively short span of time lifted Milan to the eighth position in the hierarchy of most active real estate markets in Europe, accounting for 4 billion Euros in foreign investment in the period 2014–2015 (PwC and Urban Land Institute, 2016). Milan came to be identified as a 'real estate mecca' (Gibelli, 2016) where large-scale projects could achieve up to a 50% return on investment and pay only 5–7% in local building rights.

Playing the role of mediator between international investors and local economic, financial and political actors, Catella was able to lead an effective coalition of interests and bring to completion a successful enterprise, a unique case in Italian metropolitan areas.

The dynamics of the coalition and the outcome can be further explained by the contextual conditions. In what follows we organize our reflections around the four variables defined in the Savitch and Kantor urban development model (2002) as responsible for shaping the bargaining over urban development.

Firstly, there are two driving variables: market conditions and intergovernmental support. In the model, the ability of a city to attract capital investment is dependent upon both its market position and assistance from national or regional governments. Prior to the period discussed in this article, thanks to the city's favourable market condition and high degree of centre–periphery integration, Milan's public officials were able to achieve important social objectives while supporting market-led development, even though the state-centred planning process frequently produced a stalemate (Savitch and Kantor, 2002: 122). In a similar vein, Vicari and Molotch (1990) argued that in Italian cities where local fiscal health is not dependent on local growth, politicians have greater freedom to enhance public amenities, and less need to attract private development.

Let us start with Milan's market position. Already at the end of the 1980s Milan was among the cities that had made a successful post-industrial transition into services, being first in terms of gross domestic product (GDP) among Italian cities and contributing 11.65% to the national GDP, higher than Rome, which contributed only 9.44% despite having a population 1 million larger than Milan.[12] Its favourable market position has not only been maintained – despite the 2008 crisis – but also strengthened over time: in the last two decades, Milan has been the only Italian city to see a modest but constant increase in the number of jobs. In Europe it has maintained a prominent position vis à vis other metropolitan areas.[13] In his recent typology of contemporary cities, Knox (2014) portrays Milan as a clear example of a creative city-region where a diversified knowledge-based economy based on highly specialized production, design, fashion and education and research institutions has replaced the heavy industry of the past. In addition, it continues to be an established centre for financial services. As is the case with other metropolises at the top of the world urban hierarchy, this economic performance has been accompanied by an increase in social and spatial inequalities: Milan is the most unequal of Italian cities (D'Ovidio, 2009) and one of the most unequal in Europe (Cucca, 2009). The quality of the Milan economic context has been sustained and improved over time; under the Savitch and Kantor model this ought to have been conducive to a stronger bargaining position for public elites: Milan's local government could be expected to have asserted an ambitious social agenda, tackling, for example, some of the problems of social exclusion resulting from the gross inequalities referenced above. Our analysis shows, however, that they did not take advantage of this bargaining position to push a social agenda but preferred to invest in the promotion of local competitiveness. A more intense commitment to social-centred strategies emerged only with the political change in the City Council in the years from 2011 to the present with a centre-left ruling coalition.

We turn now to intergovernmental support with regard to the wide array of resources and support mechanisms brought to bear in order to strengthen public control over development; vertically these economic and regulatory resources come from the central State; horizontally, resources are produced by cooperation mechanisms with other municipalities. In this domain, we are able to report significant changes along two main lines. First is a progressive process of devolution, a transfer of power and responsibilities from the central government to local administrations; this process was combined with a fiscal reform that reduced central state transfers but allowed local governments to increase local taxes within nationally set limits. Up to the 1990s, local taxation accounted for less than 10% of the local GDP; thanks to constant and sharp increases in the following decades it reached 70% in 2013. The result has been that local governments are now significantly dependent on the tax revenues they raise. While over the same period local taxation has increased slightly in several European countries, in Italy the change has been particularly extensive and significant (Ferry et al., 2015). Secondly, during the same period, due to the process of European integration, the European Union (EU) required the Italian government to contain and if possible decrease the country's massive public debt, an operation that has been carried out mainly by reducing transfers to regional and local governments. In the period 1998–2006, transfers from the central government to the Milan municipality were reduced by 78% (ISTAT, 2011b). Special funds, for example for public transport systems, are still transferred from the central State to local public agencies, but these funds are earmarked for specific expenditures.

Beginning in the 1990s, the combined effects of reduced transfers and increased responsibilities for service provision plunged Italian local governments into a fiscal crisis; the 2008 world crisis exacerbated an already critical situation (Chiades and Mengotto, 2015), as cuts in public budgets deriving from austerity measures[14] began to undermine the provision of basic services, particularly in large cities where local administrations were at the same time keen to invest significant resources to promote local competitiveness (Bellicini, 2011). The sale of prestigious public buildings and the privatization of social housing, which became common practices in Italian cities in this period, provided much-needed revenues to replenish otherwise exhausted public finances. As public budgets in several large cities remained in an emergency situation, the national government has allowed local governments to use the revenues derived from building rights fees to finance current expenditures, revenues whose use had previously been restricted to infrastructural works. In this context, building rights fees have become a crucial resource for local politicians, particularly because they become readily available and are not earmarked for predetermined uses.

The devolution process has also brought changes to land use provisions, responsibility for which has been transferred from the central government to the regional and municipal governments. This transfer has entailed a generalized deregulation and re-regulation intended to promote private investment in urban development; particularly important in this context are new planning tools such as the PII. These call for public–private partnerships in development planning for significant areas of the city. Exceptions to the rules of the master plan are permitted; development projects benefit from a simplified approval process and are insulated from the democratic process: they need not be presented and discussed by the City Council. Moreover, the PII are used in a time of decreasing investment in public technocratic expertise and public planning agencies, so that local administrators are left ill-equipped to deal with private developers (Pasqui, 2019: 106). In addition, the PII are promoted and implemented in contexts that are much more market-oriented than in the past and welcome simplification and de-bureaucratization.

Thanks to the combined effects of the above processes, political leaders and local authorities are more dependent on development-generated capital and thus much less insulated from local property interests. As a result, they are forced to bargain from a weaker standpoint.

We are now in a position to explore the steering variables of the development process: popular control systems and local culture. The first refers to the availability of institutions and practices through which citizens can participate and influence public decisions; according to Savitch and Kantor's model, Milan belonged to the group of cities with active participation, although in specific forms. In fact, in our analysis of the Porta Nuova project we have described a strong popular opposition, both in the city council and at the neighbourhood level, which proved able to appeal successfully to the courts to defend general interests and oppose land speculation. In the end, however, this opposition showed little capacity to push for the fulfilment of social needs and was either de-legitimized and defeated or co-opted.

This failure has much to do with changes in the main opposition party. Up until the 1980s the main party of the left, the PCI, not only had stronger electoral support but also acted, with robust popular backing, to enhance the provision of social services, housing, green areas and amenities. During the following 30 years, slowly and not without internal conflicts, the party changed in a profound way: the change in name, from Partito Comunista Italiano to Partito Democratico, was a small but significant symptom. Not only was the party affected by the general crisis of the old party system that dominated in the Fordist-Keynesian period, but also its comprehensive, redistributive vision also fell by the wayside. Severe internal divisions emerged, with significant factions sharing the view that given the new, international competition for investment, the creation of wealth was a prior condition of social distribution and welfare as well. Within this ideological framework the party dared not assume responsibility for 'scaring away such a promising investor' (INT 4, senior local politician) – allegedly the inevitable outcome of a request for substantial public benefits and neighbourhood amenities. In summary, the party was no longer able to play an anti-GM role.[15]

The shifting ideology of the left reflects the new composition of its voter base, which is not only increasingly made up of middle-class interests, but is also the result of a more general change in the local culture. According to Savitch and Kantor's model, local culture is expected to reveal dominant priorities about what is likely to be built. Twenty years of Berlusconi and his party's government in Milan produced and reinforced a general neoliberal orientation in the economy and politics, and pushed a culture of civic boosterism and value-free development to unprecedented levels. A growing consensus indicating economic growth and an entrepreneurial-oriented public agenda as a primary concern has formed (Gonzalez, 2009) and was reinforced over time: the construction of the candidacy and the successful bid for EXPO 2015 can be regarded as the manifestation of this new consensus and of a politics of urban development centred on the effort to position Milan among the cities at the top of the global hierarchy.

The provision of public goods and services as responses to more diffuse and local concerns was promptly marginalized in the public agenda: the response to the demand for public kindergartens, for example, came in the form of two private ones, one housed in the Pavilion and one in the Palazzo Lombardia, both open only to the employees of the Regional government or Unicredit. The Pavilion itself is a private Exhibition Hall, which serves above all the purpose of housing Unicredit's substantial art collection. In the only non-luxury residential complex, Residenze dei Giardini, the provision of 10 apartments for subsidized rental housing has little more than token value in a city like Milan, which has been classified as a 'high tension municipality concerning housing' in public policy documents (Confedilizia, 2018).

Table 2. Summary of growth machine (GM) internal dynamics and regime theory (RT) structural-institutional conditions.

Time frame	GM internal dynamics	RT structural-institutional conditions			
		Market position	*Intergovernmental system*	*Popular control system*	*Local culture*
1984–1997	Conflicts & fragmentation	Growing economy, re-structuring towards services and advanced service economy	High degree of integration	Active participation	Diverse opposing attitudes and values towards development
1997–2004	Reduced fragmentation; formation of two opposing coalitions	Strong and diversified economy	Reduced funds from central State; earmarked funds from central State, planning deregulation	Active participation	Growing consensus in favour of economic growth
2005–2015	Growth machine formation and consolidation	Increasingly strong economy	Local fiscal crisis	Less active participation/ co-optation	Consolidation of consensus in favour of economic growth

Looking at the four variables together (see Table 2), it becomes clear that today the context is arguably much more favourable to market-centred policies than it was 30 years ago; in particular, the growing dependence of the local government on local revenues, a reduced and less-legitimized representation of social, redistributive interests combined with the emerging culture of free markets, international competition and attractiveness for extra-local investors have produced an environment where land interests and the pursuit of the maximization of rent take a primary role. In this context the Porta Nuova project was able not only to reap large benefits, but also to enrol global capital actors and play in the big leagues among cities that are the target of these actors.

In all countries we see a growing role of real estate and financial interests in urban planning and development choices, and Italian cities are part of this general trend (De Gaspari, 2010; Gibelli, 2014; Tocci, 2009). In no other Italian city do we have a project such as the Porta Nuova development in which several elements speak of the orientation to respond primarily to the requirements of the global capital market: the size and unitary spatial configuration of the project where all buildings and public spaces stand in a clear relationship with each other in

Table 3. Sources.

Interview code	Role
INT 1	Bankitalia (Bank of Italy)
INT 2	Historian, expert on local politics
INT 3	Legacoop executive
INT 4	Local politician
INT 5	Activist
INT 6	Planner
INT 7	Planner
INT 8	Local politician
INT 9	Local politician
INT 10	Activist
INT 11	Local politician
INT 12	Regional politician
INT 13	Real estate consultant
INT 14	Financial consultant
INT 15	Planner
INT 16	Developer
INT 17	Local politician
INT 18	Historian, expert on local politics
INT 19	Architectural consultant
INT 20	Activist
INT 21	Journalist
INT 22	Accounting consultant

order to reciprocally enhance their value; the iconic design of many of its buildings and the high international profile of the architectural firms involved; the exhibition hall and convention centre close to luxury apartments[16] enhancing the image of Milan as a cosmopolitan city of culture and high-quality life. Even the social centre, arts incubator and community garden can be considered as clever concessions to the local culture: they bestow a vernacular touch that differentiates the project from similar large-scale redevelopment projects in other major cities around the world and enhance its competitive advantage. The design of the Vertical Forest towers is presented as evidence of environmental concerns, while the Catella Foundation serves as a symbol of the Milanese elite promoting a sustainable and democratic built environment. By combining universal design codes with a specifically local imaginary, the project makes itself unique and recognizable to a broad international clientele of investors.

Conclusions

The Unicredit Tower of the Porta Nuova project dominates Milan's skyline; it has become the new symbol of the city, taking over from the Duomo, the 15th-century cathedral. The Tower and the other high-rise buildings in the project place Milan as a key player in the global trend towards increasing investment in real estate and evidence the new shaping of the city's spatial development by financial investors.

We interpret the completion of the Porta Nuova project as the result of a growth coalition fuelled by international capital. A limited number of real estate investors and developers, assembled by a leading developer/investor working at the global level, carried out a complex mega-project designed to maximize the return on their (considerable) investment.

International investor capital comes at a cost: a configuration of the urban space suitable to deliver a high return on investment, symbolic and aesthetic forms that transcend local conditions and adhere to universal codes (Ponzini and Nastasi, 2011; Smith, 2002), a prevailing uniformity that guarantees compliance with universal standards and disengagement of personal liability (Ben-Joseph, 2009), a governance structure able to silence demands for public benefits and facilities and a hegemonic ideology of economic growth as a public good.

Since the year 2000, the financialization of real estate has reconfigured the context for negotiations over urban development. The power of political and economic elites has changed dramatically in favour of the latter, in particular the faction controlling capital, so that a bargaining context previously led by political elites has become the launch-pad for a specific GM in which real estate and financial interests are paramount.

From the point of view of local political elites, the size, design and complexity of the project identify an actor like Catella – a local developer able to leverage his historical roots in the local context and at the same time an international actor, well connected with international financial networks – as the only possible partner. Accommodation to the requirements of financial investors is also the only way to ensure revenues for a local government deprived of support from the central government and limited in its action by austerity measures. While the developer can leverage capital at all scales, the local government is restricted to the local level, a problem of 'territorial non-correspondence' (Cox, 1993) in which the diminished integration with higher levels of government puts the local government at a disadvantage vis-a-vis holders of mobile capital. Because of their diversified sources of power, the demands of global capital investors can override those of the local community, forcing alternative political agendas to take a back seat. Private resources from higher scales (capital, financial and operational know-how and connectedness with global investors) come heavily into play when it comes to large-scale UDPs. In addition to the sheer amount of capital, there is also a new array of diverse expertise and knowledge mobilized/employed in the pursuit of optimal performance of the project. As local administrators and public planning agencies hold such capacities and specialized resources to a much lower degree, this condition further magnifies the territorial non-correspondence – to a degree larger than that assumed by Cox and in Kantor and Savitch's account.

Our analysis has shown that State fiscal and deregulation policies, to the extent that they reduce the economic and regulatory resources available to local governments when negotiating with private interests, erode local government power, making room for growth coalitions centred on real estate and financial interests. As a refinement to the role of intergovernmental support we put forward the hypothesis that local governments lacking access to specific cognitive/knowledge resources are doomed to remain passive receivers of the demands of financialized GMs. Even if they possess value capture tools, they have a poor understanding of the value at stake (Savini and Aalbers, 2016) and even less legal expertise to defend their assessment when it is disputed/brought to court.

A second hypothesis concerns the profile of the mediator. We have seen that large international property investors and real estate operators search for local partners in cities with the potential for high returns on their investment; wherever they land they can be expected to assume a paramount role in urban growth coalitions and to shape urban development. As a research hypothesis we suggest that a successful landing requires a mediator with specific assets in a suitable configuration; the profile of the mediator is a determining factor for the development of the project, while the absence of such a mediator may help to explain failures in other Italian cities. It remains to be determined to what degree the complex agency of such a mediator across horizontal and vertical networks is a necessary condition for the successful 'landing' of global capital.

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Notes

1. By November 2000, 'Fondazione Città della Moda', headed by the regional governor and by the mayor of Milan, included the chairman of the 'Camera della Moda' (Milanese fashion-focused section of the local Chamber of Commerce) and Beatrice Trussardi (CEO of the Trussardi group) as a representative for the Milanese fashion companies.
2. In a 1958 agreement between the FFSS (National Railway Company) and the Milan municipality, the area was endowed with building rights of unspecified volume limits, in contrast with the volumes foreseen by the 1953 Master Plan. The conflict between the two definitions was never resolved and the 1958 definition was transferred to De Mico at the time of his purchase of the area from the FFSS.
3. Hines is a privately owned, international real estate firm present in 19 countries, with regional offices in Atlanta, Chicago, Houston (US headquarters), London (European headquarters), New York and San Francisco, as well as 104 other US cities. Since its inception in 1957, Hines has worked with such notable architects as Cesar Pelli, Frank Gehry, IM Pei and Philip Johnson (from the Hines website, accessed 15 August 2016).
4. In 2005 De Mico also decided to sell his parcel, the Varesine area, to Hines.
5. The plan for PII-Garibaldi was drawn up by Pelli Clarke Pelli Associates for an area of 223,000 sq. m., of which 73% was allocated to offices, 4.5% to commerce, 15% to services and 6.5% to residences. Stefano Boeri Associates was responsible for the plan of PII-Isola for an area of 29,000 sq. m., of which 75% was allocated to residences and 25% to offices. The development of PII-Varesine was defined by a plan drawn up by Kohn Pedersen Fox Architects over an area of 32,000 sq. m.: 50% was designated for offices, 40% for residences and 10% for retail business.
6. TIAA-CREF is a giant financial services company providing retirement plans for professors (Teachers Insurance and Annuity Association) and investment opportunities in the stock market for professors (College Retirement Equity Fund).
7. The party also won every regional election until 2013.
8. CMB Società Cooperativa is a 100-year-old cooperative that ranks among the leading construction firms in Italy. 'Red' cooperatives (i.e. those arising from socialist worker organizations) have been political clients of the PCI (out of which the Partito Democratico was created). Unipol Assicurazioni's

(as per early 2019) institutional shareholders come mainly from ‘red’ cooperatives.

9. From the early 1990s, the Milanese fashion industry had begun clustering in the Porta Genova-Solari district as well as in the very central area called ‘Quadrilatero della Moda’ and continued to do so in the following years (D’Ovidio and Ponzini, 2014); by 2007 several fashion brands had already found and developed new locations elsewhere in the city. Consequently, the project to form a fashion and design cluster in the area failed to gain support; even the *Fondazione Città della Moda* refused to move into the building meant to be the organizing centre of the cluster.
10. From the Fondazione Catella website: ‘Riccardo Catella was an entrepreneur with a romantic soul, who loved nature and was responsive to environmental concerns: his projects reflect an approach which gives central importance to “People” and “Quality of life” […] His meeting with Gerry Hines in the 1990s enabled Riccardo, together with his son Manfredi, to bring to fruition his long-term dream of creating a single, unifying project for the regeneration of the derelict areas in the heart of Milan, abandoned for more than 30 years. The Foundation that bears his name is the natural crowning of a principle he gave us: “To participate is to share”’.
11. According to CBRE Global Investors, one of the world’s largest real estate investment management firms, in the period 2007–2013, 10.2 billion Euros have been invested in the Milan real estate market. In other European countries, tax on the increase in value of real estate is much higher; for example, a large-scale project of transformation of an abandoned industrial area in Munich paid 30% of the surplus value to the municipality (Gibelli, 2009).
12. Data source: OECD Metropolitan areas: economy.
13. From the third position in 2004 Milan slipped to fourth, accounting for 247 billion Euros as GDP in 2012, after Paris (716 billion), London (627 billion), Madrid (362 billion) and Randstad (262 billion) and ahead of Rome (188 billion) and Munich (184 billion); source: OECD Metropolitan areas: economy.
14. Austerity policy progressively reduced transfers from the central budget to municipalities. For Milan in 2015, for example, the reduction vis-a-vis the previous year was 66%, taking the previous yearly transfer of 275 Euros per inhabitant down to 93 Euros (on average the reduction was around 40% during the decade).
15. There was also another contingent factor pushing in favour of the project: the party had important real estate interests in specific areas adjacent to it in the Isola neighbourhood; the value of these assets could be expected to increase significantly following development.
16. Residential units within the project were sold for as much as 12,000 Euro/m^2; the least expensive were priced at 7500 Euro/m^2.

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