

Heterogeneity of Financial Activities and Urban Location: the case of Paris, 1993-2008[◇]

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The move of activities from the historical core business district for more attractive suburban places has been highlighting in the United States since the sixteenth. Financial globalization has contributed to accelerate this movement. During the 90s and 00s, the urban financial structure changes radically inducing the uncoupling with the stock market place. The concentration of all financial activities in the historical core business is over. The spatial structure is now more complex, with a burst of financial places. Here, we consider the location of financial activities in Paris during 1993 and 2008. We use two empirical materials: a database about financial and banking employees (Garp), completed with a case study (qualitative and quantitative data) of the hedge fund industry in Paris. The empirical data allow us to highlight the diversity of financial services and the diversity of financial location. We characterize the heterogeneity of activities with the distinction done by Leamer, Storper (2001). Three significant urban features emerge: the rise of Defense as a New Centre for high-value added activities, the relocation of standardized activities in popular area in "Petite Couronne", the location in the historical core business district for activities where face-to-face and trust are crucial for business.

Abstract:

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INTRODUCTION

The move of activities from the historical core business district for more attractive suburban places has been highlighting in the United States since the sixteenth (Gottmann, 1961). Such trend has been observed in other countries. Suburbs are closed to the historical core business district that can take advantages of agglomeration (workforce, airport, railway stations, highways, universities, customers) but not the disadvantages (cost, real estate, congestion). This sub-urbanization shift was observed abroad Unites States but with some exceptions. In Canada, the historical district is being increased (Coffey, Polis, and Drolet 1996). Likewise for some services where the face-to-face is significant, the location has been staying in the city (Graham and Marvin 1996). Furthermore, in Europe, a upgrading movement in downtown is observed (Hall 2003). So, the urban location follows a complex dynamic: polycentricism, mutipolar-monocentric structure. We propose in this paper to consider the location of financial activities in Paris.

Only few urban studies are focus on Paris (Alvergne, C., Shearmur, R., 2002; Boiteux-Orain C. R. Guillain, 2004; Halbert, 2004 ; Capelle-Blancard, G., M. Crozet and F. Tripier, 2007). The work of Halbert 2004 is based on the evolution between 1982 and 1999 of the location of activities in the Paris area. He noted that the monocentricity in the historical core business has been replaced by the polycentricity and the development of a new center in west of Paris: “La Defense”. The polycentricity indicates the dispersion of activities around Paris. In the same time, he observed the concentration of activities and the specialization of centers. La Defense is becoming the center of financial activity. Boiteux-Orain C. and Guillain R. (2004) proposed an alternative analysis: the location of activities around Paris defines a multipolar-monocentric structure. A concentric spatial order is observed with a gravity center in Paris. The second circle is the nearby suburb and, the third circle is in more distant suburbs. The peripheral poles (2 and 3) are still depending of Paris where are setting the strategic business services.

Our paper focuses on the location of financial activities in the Paris area over the period 1993-2008. We use two empirical materials: a database about financial and banking employees (Garp), completed with a case study (qualitative and quantitative data) of the hedge fund industry in Paris. The empirical data allow us to highlight the diversity of financial services and the diversity of financial location. We characterize the heterogeneity of activities with the outstanding distinction done by Leamer, Storper (2001): activity is defined by the level of labor skills and the significance of codifying knowledge. Thereby, we can resolve the apparent controversy between Halbert (2004) and Boiteux-Orain C. R. Guillain, (2004). We notice three significant features:

- 1) the confirmation of the rise of Defense as a new core business district for oversight and decision-making of financial groups,
- 2) the recent development of standardized activities in popular closed periphery,
- 3) the occupation of the historical core business district for activities where face-to-face is important. Because of the sub-urbanization shift, an address in upper class area is becoming a symbolic recognition.

The first section lists the explanations of location in the center. The second section proposes a typology of financial activities using the distinction level of labor skill/level of codified knowledge proposed by Leamer and Storper (2001). The third section analyses the twin faces of sub-urbanization: La Defense is becoming the New Center of finance for big financial companies and for high skills while standardized financial activities move to popular area. The fourth section, based on the case study on Hedge Fund industry in Paris, highlights the downtown location of activities where face-to-face is crucial. The fifth concludes about the complexity of urban location and the necessity to consider the heterogeneity of financial activities.

1. Agglomeration of financial activities in the center

The financial activities are superior services, historically developed in the center of capitals in major economic countries. TIC and globalization have not changed this location (Sassen, 2002). Historically, the financial companies were agglomerated near the stock market. Until the end of the decade the Square Mile centralized all the financial establishments in London on 2.6 km²; in New York, financial activities were concentrated on the few streets around Wall Street known as the Financial District; lastly, Brongniart Palace and the “Grands Boulevards” (9th, 8th and 2nd districts) were the scene of the financial activities of Paris’s financial center.

The agglomeration of financial activities is due to the characteristics of financial services: an intellectual service, non patentable, based on informational advantage and innovation. Information externalities and the agglomeration of public infrastructures and private companies are crucial. Three factors explain the need for financial services to be close to the core business district: the proximity of customers, the availability of diversified and specialized skills and the access to local and global network.

To understand these centripetal forces, it is important to consider the specificities of financial services about coordination and information. The superior services are generally complex and personalized. They respond to specific demands and sometimes the provided service is tailor made. This requires proximity with customer (Torre, Rallet 2005). In finance, trust is the basement of trade. The face to face (Storper Venables 2004) is a good way to improve trust. The presence of financial activities in the nearby city gives the opportunity to meet easily national and foreigner investors.

The superior services mobilize multiple specialized skills. These skills can be taught by learning or by doing. The capitals of finance, like Paris have both: high universities (Polytechnique, ENSAE, HEC, Dauphine, Paris VI) and basin financial companies. The location in the center guarantee to find easily specialized employees.

Finally, the center of city is at the heart of informational interactions. These interactions are simultaneously local and global (Sassen, 2002), tacit and encoded (Leamer, Storper 2001). They are the origin of financial profit return. Present financial activities do not need to be close to stock exchange, but they need to be in a cluster because of informational externalities. NICT promote the circulation of

information, essentially public information and coded information. The more (standardized) public information circulates freely and at low cost, the more value private information takes on. Players may no longer need to keep close to the stock market – which has become virtual – but it is still very much in their interest to set up their businesses near one another in order to share knowledge and information and keep abreast of rumors, buzz, etc.¹

Proximity makes informal knowledge² circulate more easily owing to the mobility of personnel³ and the formation of epistemic⁴ communities. The financial activity link to innovation is based on knowhow, whose concentration has long been proven necessary (Porter, 1998). Even though competition and confidentiality are priorities, information circulates during professional encounters, general assemblies and informal meetings. Extra-professional encounters in bars or evening get-togethers also provide an opportunity for communication. This is also what explains that socio-cultural factors have such a great influence on the formation and development of financial centers (Thrift, 1994; Agnes, 2000).

Given the importance of these externalities, financial activities stay close to the core business district. But, close does not signify to stay in the historical core business district. NICT has freed the world of constraints of distance. The NICT has split up professional categories in finance and this vertical fragmentation has modified the problematic of choosing locations. The issue is no longer to identify the optimum location for a group, but to combine the optimum organizational forms and urban locations for each professional category. As a result, we have to consider seriously the heterogeneity of financial activities⁵.

2. A Typology of financial activities

Learner and Stoper (2001) distinguish intellectual services according to double productive characteristics: the nature of labor skills and the level of codifying knowledge. As in industry, intellectual skills could be separated between standardized tasks and more complex and unusual tasks. The first one refers to repetitive tasks, where workers are substitutable. The second one requires specific and scarce competences. The level of codifying knowledge refers to the possibility to explicit the process of production. If the process is based on elementary objective routines, the added value is transparent and the producer is substitutable. Learner and Stoper (2001) qualify services using such process as “search goods”. For the second kind of services, call “experience goods”, the process is based on tacit routines, depending of context and of executors. Customer accepts to pay an unverifiable specified service. That is why trust and relationship are important in this kind of

¹ See Learner and Stoper (2001): “*Increasingly the economy is dependent on the transmission of complex uncodifiable messages, which require understanding and trust that historically have come from face-to-face contact. This is not likely to be affected by the Internet, which allows long distance ‘conversations’ but not ‘handshakes’ (...)*”.

² Dahl M.S., Pedersen C.R (2004)

³ Almeida P., Kogut B. (1999)

⁴ Hakanson L. (2005).

⁵ Halbert (2004) considered financial services as an homogeneous set.

business.

By crossing these two characteristics, Leamer and Stoper define 4 groups of intellectual services which is useful to characterize the diversity of financial services. Figure 1 proposes a typology of financial activities based on it:

Figure 1 : Typology of financial activities

		Labor Skill		
		Routines: standardized skill	Complex: unfamiliar skill	
codifying knowledge	search goods: routines, objective process	characterization of task	(1) Repetitive task on regulated or standardized financial products	
		example	(3) Repetitive tasks on innovate and non standardized products	
			Back Office on standardized assets, depository	Support Activities (back & middle office, lawyers, computer scientist) on innovate products (derivatives, OTC)
	experience goods: non transparent value, relationship & trust	characterization of task	(2) Without substantial innovation, need face-to-face (with clients, others employees)	(4) Non Repetitive Tasks with High Human Value Added
	example	Financial analyst, sellers	Front office (Trader, Manager), Hedge Fund management, Researcher, CIO	

Financial services as other intellectual services are very heterogeneous. Some of them are standardized. For example accountability of regulated assets –ordinary shares or Sovereign Bond: process is codified and normalized; skills are standardized by a certification (national accountability diploma). A second class sets services which do not imply high skill but mobilize tacit routines and relationship. For example; financial analysts have a standard certification (CIIA) but propose an individual service induced by their own competences. It is the same for the sale which is base on informational and social network. The third and fourth groups set activities induced by the logic of permanent innovation in finance sector. Financial companies must innovate continuously to keep their market share and their rent. They need some workers with unfamiliar skills, partially obtained by diploma (High Universities) and partially by experience on floor. The production of innovate services mobilize some codified activities (as support activities, middle office) or no (front office or research).

The impact of Globalization and NICT differs according to the twice characteristics of financial services: labor skills and level of codified knowledge. But, it is not new. As Leamer and Stoper (2001) write:

“The history of economic geography is thus a story of coordination over space and has been determined by two opposite forces:

- (1) The constant transformation of complex and unfamiliar coordination tasks into routine activities that can be successfully accomplished at remote but cheaper locations and thus an ongoing tendency toward *deagglomeration* or dispersion of production.
- (2) Bursts of innovations that create new activities requiring high levels of complex and unfamiliar coordination, which generate bursts of agglomeration.” (p. 4 -5)

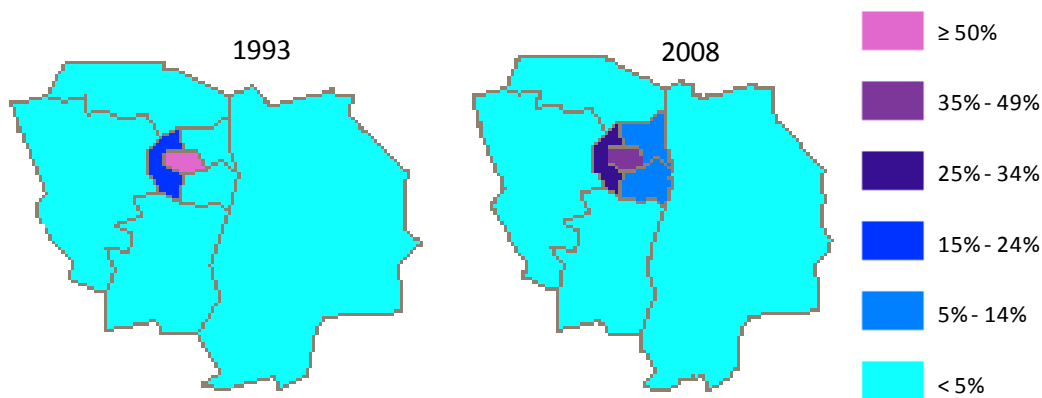
The NTIC accelerates this movement by increasing the codified tasks and by reducing distance-related costs. The national eco-systems set in the centre of capital is now substitute to a complex global-local network where some activities stay in the centre or the New Center, other move to suburbs, thirds go to global cities, and finals relocate. In addition, liberalization and NICT has allowed many tasks to be standardized and reduced informational externalities at the company level. All of this has caused a break-up in the production process of financial services. NICT allow the activities of the same group to be centralized without having to concentrate them geographically, thereby causing the separation and dispersion of activities formerly grouped within the same establishment in the same place. This movement may take on several forms: creation of affiliates or externalization, transfer of activities to peripheral areas (i.e. suburbanization) and relocation.

A location in the core business center is induced by a rational choice and not by a technological necessity. This choice is a classical tasks trade off. When the benefit induced by agglomeration in the center is less important than the cost, the task is relocated in sub-urbs. Face to face services stay in the core business center. In the two following sections, we emphasize three urban characteristic features of this transformation: the emergency of a New Center, the transfer of certain activities to popular areas and the location in Upper Class area for face-to-face activities.

3. The twin faces of sub-urbanization in Paris: La Defense and Saint Denis

The third section comments and explains the evolution of location of financial activities in Paris area between 1993 and 2008 (see map of Paris Area, annex 1). We use two GARP databases, one with the financial employment by department (1993 and 2008) and the other by cities (1993 and 2007, annex 3).

Figure 2 : Location of financial activities in Greater Paris, 1993- 2008



Sources: Garp data base, authors's calculations, Philcarto

These cards completed with the annexes 2 and 3 allow us to make the following observations:

- Between 1993 and 2008, the number of jobs in Finance in the Paris region has slightly decreased from 303 927 to 297 126.
- But this decrease concerns mainly Paris: it lost 27% of employees (188 285 to 136 935). The financial employment in departments closed to Paris ("la petite couronne", Hauts-de-Seine, Seine-Saint-Denis and Val de Marne) has more than doubled. The financial jobs have moved to the periphery, the classical phenomenon of sub-urbanization. Hauts-de-Seine is becoming the second place for finance in Paris area.

The annex 4 completes the analysis with city datas (1993 – 2007)

- Between 1993 and 2007, employees in Finance in the historical core business district (the 2nd district), the number of employees in the finance sector dropped by more than one half, going from 27,000 to 12,000. The share of financial activities in the total employment is now only 21% compared to 35% in 1993.
- These moves have largely swelled the district of La Défense, where the number of employees in the finance sector grew by about 20%.
- We have also to notice the move also to popular sub-urbs as Saint Denis in the North and in the East as Charenton-Le-Pont.

During the 90's, financial activities have moved to closed sub-urbs. We have to distinguish the shift to La Defense and the shift to more popular area. That is why we speak about twin faces of sub-urbanization.

Emergency of the New core business district La Défense

The emergence of Defense was intended by the French government in the fifties⁶. The French government has built public infrastructures necessary for a new core business district: telecommunication network, public transport, highways. The first office tower has been built in 1964. The financial companies have settled there in different waves. Firstly, the Credit Lyonnais tower was inaugurated in 1973. During the seventies, the insurance groups UAP and COFACE have moved there. But, it is at the end nineteen that La Defense has become the epicenter of finance in Paris area. The Société Générale twin tower was inaugurated in 1995, the tower of the insurance group GAN in 1996, in 2000 the tower “Coeur Défense” (inside HSBC, Crédit Agricole, BNP-Paribas) and Axa building. Now 33 most of bigger French financial, banking and insurance companies are settled there (annex 5). The front office activities, head offices are left the historical core business to La Defense. Furthermore, the head offices of most significant French companies are located also there: EDF, Saint Gobain, AREVA, and SFR. Now, La Defense accounts 3 million m² of offices, 150 000 employees, 1 500 companies. In Hauts-de-Seine, 10% of employees work in financial sector (annex 2).

La Defense is the new business district. We can list three explanations of this successful shift:

- The congestion of downtown makes impossible or very difficult to construct of tall building. The globalization has encouraged national and international mergers and the development of large group. Consequently, the head office of large groups needs large building. Because of congestion, it is very difficult and very expensive to find a large building in the historical center. Furthermore, in some cities, as London or Paris, the downtown construction of large buildings is prohibited. That is why moving to periphery was a necessity.
- NTIC allow a facility in the suburbs without prejudice when these new areas had the necessary infrastructure (public transport, road networking, cabling, telephone and internet connections).
- La Defense is the new core business district. It aggregates high value-added activities, head offices, competitors, related services, shops, pubs, restaurant, and universities.

Defense or Canary Wharf although located in the periphery must be considered as new core business district. This upheaval has occurred during the 90s. Now all activities with high skills of financial groups (figure 1, classes 3 and 4), and some activities of class 2 as sellers are located in La Defense.

The suburbanization of standardized financial activities

At the end of 90s and at the beginning of 00s, we note a relocation of financial activities in popular suburbs. This shift concerns financial activities with lower value added (the class one of figure 1): support activities, such as accounting, IT, call centers and payroll services. For example, it is the case for the Saint-Denis closed to

⁶ <http://www.defense-92.com/histoiredeladefense.html>

Paris. Traditionally, the activities hardest hit by relocation are those that can be standardized (little experience or no sophisticated training required). Front office activities benefit from informational externalities, which justify their being geographically concentrated and kept in the center, while back office activities are relocated to cut costs.

Such movement has been observed for industry and services, but it is quite new in financial sector. Real estate prices in the historic center but also in the new center are very expensive (see annex 6). Activities which do not require informational proximity are displaced in popular and cheaper areas. ICT is enough to transmit data and keep the link with the head offices. Ultimately, these standardized activities are outsourced.

5. A location in the Center as a social signal: the case of Hedge Funds Companies

As we have seen, in the last twenty years, banking and finance groups have been fleeing from downtown and moving to peripheral areas such as La Défense or Plaine Saint Denis in Paris. Meanwhile, during the same period hedge funds management companies have been opting for downtown areas. The location of hedge funds management teams exhibits paradoxical spatial features. They are settled in high society area such as Mayfair in London, Avenue Montaigne and Place Vendôme in Paris. In the era of market integration and dematerialization, the start-ups of modern finance, the champions of absolute performance without borders or history choose to concentrate their activities in the mansions of the old European aristocracy and in areas that are emblematic of luxury.

This section is based on a case study of Hedge Fund Industry in Paris. During 2006-2007 (before the financial crisis), we did 10 interviews of the more significant French hedge funds management companies and we use the AMF Database⁷. We did also 15 interviews in London. As financial groups move to New core financial district (La Defense or Canary Wharf), independent hedge fund companies have chosen to stay in the high society area to attract clients and employees. This trend is rationally explained by the social symbol of the address that creates confidence in the face to face activity.

A singular spatial feature

Hedge funds promised performance superior to that of index and traditional funds by using new strategies of asset selection. They developed in a niche of risk management and financial innovation to the benefit of wealthy clients, high-net-worth or institutional investors. Between 2000 and 2007, we estimate that the world number of hedge funds has more than doubled, going from 3 873 to 10 096 funds. Their assets under management have increased from 490 to 1868 billion dollars, namely an annual growth of 20% (Hedge Funds Research). According to the IFSL, in 2006, Paris totaled only 3.67% of the European assets under management for a total

⁷ This research was supported by AMF. It is available on (http://www.amf-france.org/documents/general/8727_1.pdf)

of \$317 million dollars. The French Market Regulatory (AMF) has created a legal agreement for on shore hedge fund companies call “ARIA” with requested registration. We work on this legal database with requested information (as address) done by registered hedge funds companies. We compile information about their ownership: is it an independent company, a subsidiary of a financial group, who is the majority shareholder. We obtain significant results.

The 8th district of Paris is home to the majority of hedge fund management companies, essentially small independent (Annex 7, figure 1). La Défense is where the other affiliates of large-scale financial structures can be found. Figure 2 of Annex 7 shows the location of independent firms: the great majority of them are concentrated in the 8th, 2nd and 16th districts of Paris.

The location of hedge fund management companies exhibits three singularities (Tadjeddine (2010)):

- A very high concentration of independent hedge fund management companies. Management firms are frequently located in the same street or even in the same building⁸.
- With the exception of affiliates of insurance and banking groups, which have established their offices in New Center (La Defense in Paris), downtown quarters are preferred.
- Independent firms favor the quarters associated with luxury and wealth.

We can notice that we find the same results in Paris and in London (see annex 8). These spatial features are not specific to Paris but seem usual for hedge fund industry. It may rational for them to stay in upper-class area. To find explanations, we did some interviews in Paris (ten) and in London (15) between 2006 and 2007. A location in high-class, user-friendly downtown areas offers two comparative advantages for small independent hedge funds companies: it permits to attract employees and to create confidence.

Amenity to attract employees and clients

The reason for this choice is the comparative advantages of city centers versus peripheral areas in terms of urban amenities and transport. Independent firms are in competition with groups on the labor and services market. As we have seen in the previous sections, during the 90’s, financial groups have opted for the peripheral areas. In these conditions, staying downtown has become the distinctive sign of independent asset management companies and a means of attracting clients and employees. In lieu of an organizational reputation, independent firms offer a certain way of life.

Buildings on a human scale located in pleasant neighborhoods and close to public transport have become extra-financial arguments to attract employees who are fed up with commuting to the outskirts of cities. A London manager explained it like this:

“If hedge funds have chosen the Mayfair area it’s first of all because it was much less expensive than the City. In addition, there were vacant buildings smaller than the ones built in Canary Wharf. And finally, it’s a

⁸ By way of illustration, Adi and Sycomore Asset Management were operating at the same address in Paris in 2008 – in the LVMH building, located at 24-32 rue Jean Goujon – and LVMH itself was headquartered on avenue Montaigne. Similarly, in London Gartmore Investments and GLG Partners, which are among the larger hedge fund management companies, reside at 1 Curzon Street.

stone's throw from Hyde Park, in an agreeable neighborhood. Don't forget that hedge funds were created by people who were disappointed by the large financial structures in the City and Canary Wharf. They wanted to change their professional activity, but also their quality of life. The lower salary they would get and the risks they took when they quit their job were in this way partially offset by the more attractive location"⁹

This argument of quality of life was also put forward in Paris:

"Before, we were in Place Vendôme, a sensational, unforgettable address. It was too small and that's why we had to move out and migrate to the 8th district."¹⁰

Clients also seem to be sensitive to the charms of downtown areas:

"Strolling with a foreign client or someone from the provinces to have lunch right in front of the Eiffel Tower is a lot more fun than going to some diner near La Défense".

"Access from Roissy is direct with the Roissy-Bus, it's practical."¹¹

This explanation of a business location with an Epicurean view is not exclusive to hedge funds; it is common to knowhow-based start-ups. The employees and creators of start-ups are generally young and seem to want to reconcile work place and leisure place (Dalla Pria, Vicente 2006).

"Griffe spatiale" to build confidence in face-to-face business

The city centers of London or Paris, the favorite business locations for hedge fund management companies, are areas where real estate is expensive. The locations favored by independent hedge fund management companies (Vendôme, Champs-Élysées, Chaillot and Faubourg du Roule in Paris or Mayfair in London¹²) are quarters where real estate prices are among the highest¹³. The choice of where the firms set up operations is therefore not dictated by a desire to minimize the cost of office space – it might even be said that the exact opposite is true: that they seek to maximize prices.

Independent hedge fund management companies have developed a culture of confidentiality. Since they are very often independent of financial groups, they can not lay claim to any of these groups' organizational reputation. It is not in hedge fund management companies' culture to go public with information. Private information is designed for clients and employees and remains discretionary and confidential. Location is practically the only item of information accessible to the public and as such acts as a signal for future clients and employees.

Location mainly seems to contribute to building confidence between the client and the hedge fund management firm. It provides the reputation, the guarantee by the symbolical character everyone associates with a given area.

Sociologist Pinçon and Pinçon-Charlot (2007) have reworked the concepts developed

⁹ Interview done by the authors, London, January 2006.

¹⁰ Interview done by the authors, Paris, spring 2007.

¹¹ Interview done by the authors, Paris, spring 2007.

¹² See Mac Kenzie, 2008.

¹³ Annex 2

by the famous French sociologist Bourdieu on the construction of a social space structured by social, economic and cultural capital in order to characterize the upper class. The address, along with the name, the school and the club are criteria for recognition. The fact of living in a place associated with the upper class gives rise to the assumption of belonging to this class. The address becomes a “griffe spatiale”, a luxury fashionable address. The fact that illustrious families have historically inhabited certain areas imprints a priceless permanent “cachet” and makes large companies covet them for their headquarters. Pinçon and Pinçon-Charlot (2007) illustrate this with the Champs-Élysées, avenue Marigny and Faubourg Saint Honoré in Paris, and Saint James Park and Green Park in London. Finance has long used this symbolical capital to convince clients to grant their trust for the investment of their assets, as shown by the location of the Rothschild family’s companies in both Paris and London (Pinçon, Pinçon-Charlot (1998)). Expatriation would on the contrary be a negative signal sent to the community.

The association with districts traditionally associated with wealth is far from being a whim, but rather part of the necessary symbolical trappings required to inspire confidence which is very important in hedge fund industry. The location in center is a rational response given the particular nature of the service provided (advice with high added value) and the organizational characteristics of these firms (as small independent structures, with the lack of public information).

CONCLUSION

Financial globalization has contributed to a reconfiguration of urban financial space and dictated a reconsideration of the notion of financial center, uncoupling it from exclusive reference to the stock market. The spatial dynamic of financial centers depends on several factors: political decision –support of national financial industry, public infrastructures, monetary policy-, economic parameters – informational externalities, real estate prices, circumstances-, technology –NICT and social norms – the symbolic history of an area. We must consider all these factors to explain the evolution of financial activities.

The concentration of all financial activities in the historical core business is over. Now we have two centers -La Defense where the head offices of biggest companies are- and Paris where face-to-face activities and independent companies settle. Low value added activities are in periphery of these two centers. We can summarize our results using our typology of financial activities:

Figure 3: Urban location and financial activities

		Labor Skill		
		Routines: standardized skill	Complex: unfamiliar skill	
codifying knowledge	search goods: routines, objective process	characterization of task	(1) Repetitive task on regulated or standardized financial products	(3) Repetitive tasks on innovate and non standardized products
		location	Popular Area	New Center
	experience goods: non transparent value, relationship & trust	characterization of task	(2) Without substantial innovation, face to face activity	(4) Non Repetitive Tasks with High Human Value Added
		location	New Center for subsidiary, Old Center for independents	New Center for groups, Old Center for independents

We have considered the case of Paris, but our result could be extent. We observe the same features for London during the 90’s and 00’s with the emergence of Canary Wharf and the concentration of hedge fund companies around Mayfair.

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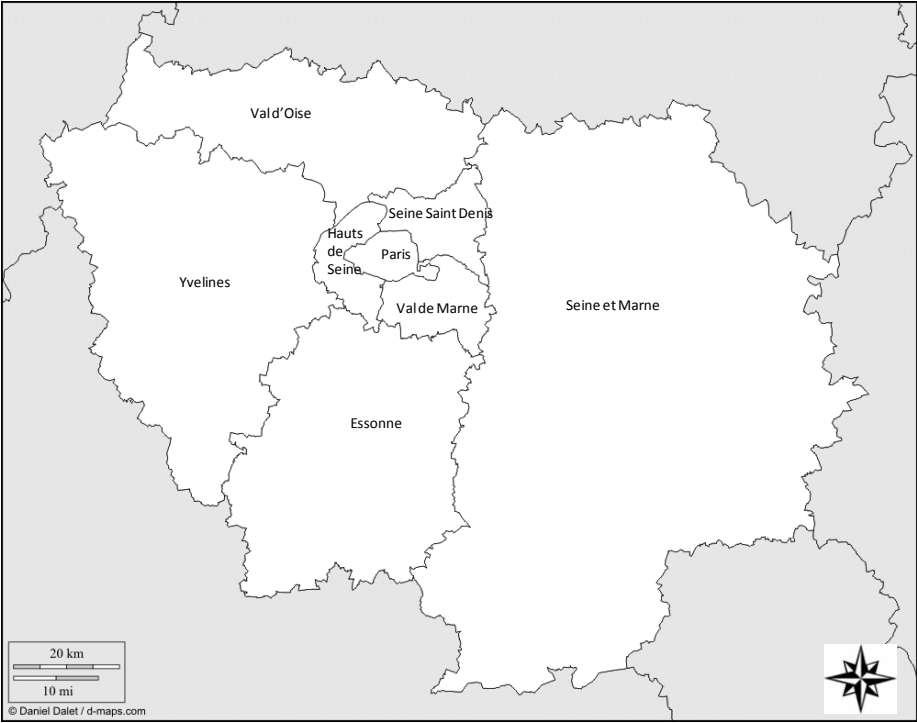
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APPENDIX

Annex 1: Map of departments in Paris Area

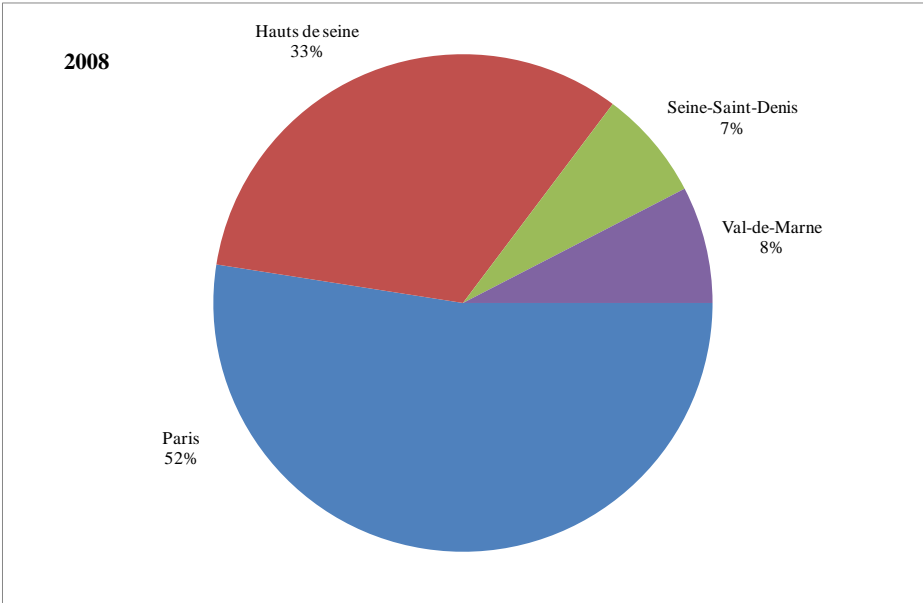
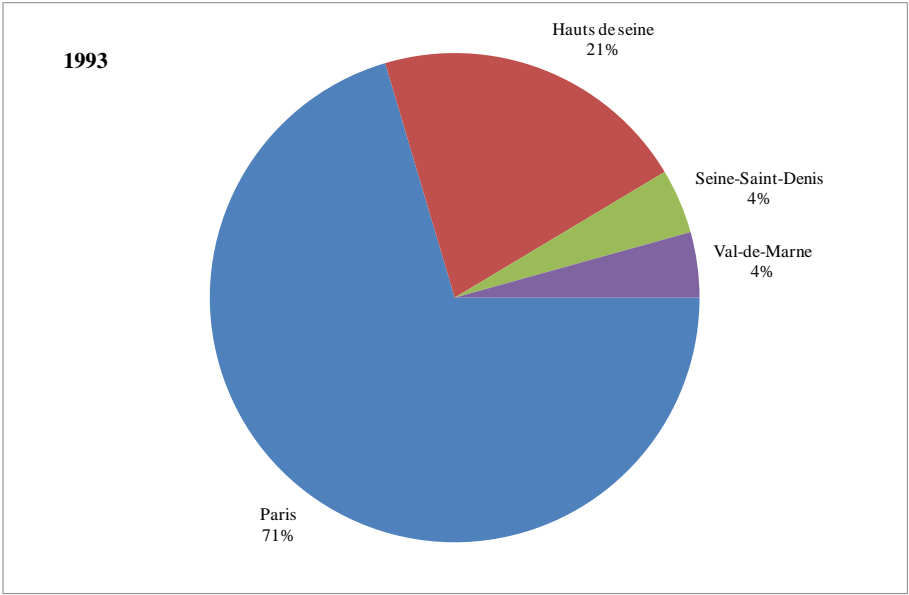


Annex 2: Financial employment in Paris area, 1993 – 2008

Financial Employment	1993	2008	Financial Employment growth rate 1993 - 2008	% in 2008 of financial employment/total department employment
Essonne	7 576	10 311	36%	3%
Hauts de seine	56 124	85 516	52%	10%
Paris	188 285	136 935	-27%	11%
Seine Saint Denis	11 426	18 672	63%	5%
Seine et Marne	5 049	7 450	48%	2%
Val de Marne	11 549	19 827	72%	6%
Val d'Oise	8 988	7 247	-19%	2%
Yvelines	14 930	11 168	-25%	4%
Total	303 927	297 126	-2%	7%
"Petite couronne" (Hauts de Seine, Seine Saint Denis, Val de Marne)	79 099	124 015	57%	8%

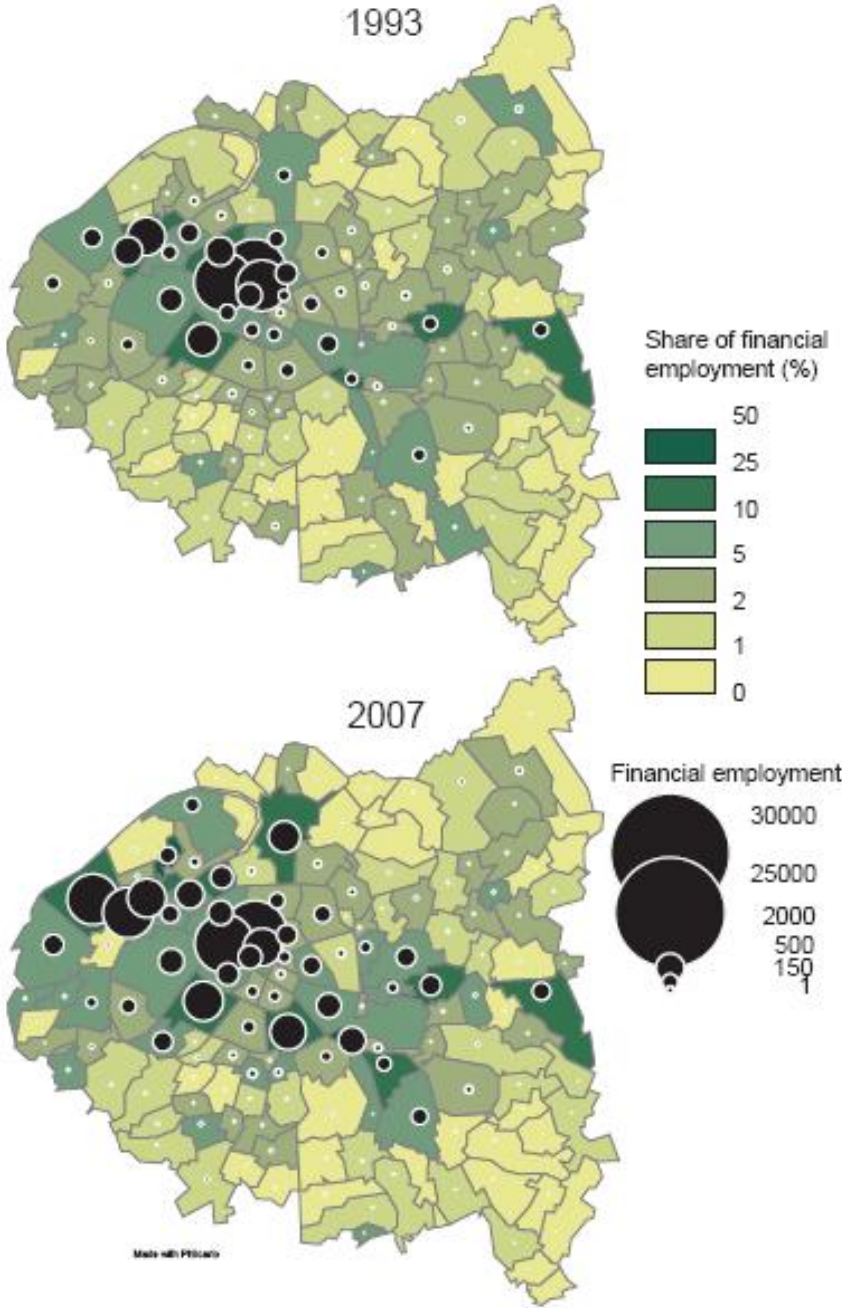
Sources: Garp data base, authors's calculations.

**Annex 3: Distribution of financial employment in Paris and “Petite Couronne”
1993 and 2008**



Sources: Garp data base, authors’s calculations.

Annex 4: Map of location of financial activities in Greater Paris, 1993, 2008, by city



Sources: Garp data base, authors's calculations, Philcarto

Annex 5: Banking and financial companies in La Defense in 2010

Banking and Financial Companies at La Defense
ALLIANZ BANQUE
AMERICAN EXPRESS
AXA
BANCA IFIS
BANQUE ALLIANZ
BAREP
BNP PARIBAS
BRED
CALYON
CIC
CREDIT DU NORD
CREDIT MUTUEL
DEXIA
ETOILE GESTION
EURO VL
FORTIS BANK
FRAN FINANCE
GAN ASSURANCES IALD
GENWORTH ASSURANCE
GEORGES V GESTION
GMF
GROUPAMA
HSBC
ING BANK (FRANCE)
LCL
MAAF
MACSF
NATEXIS BANQUE
POPULAIRE
NEXITY
NEXITY GESTION
SIONOPIA ASSET MANAGEMENT
SOCIETE GENERALE
STATE STREET FRANCE

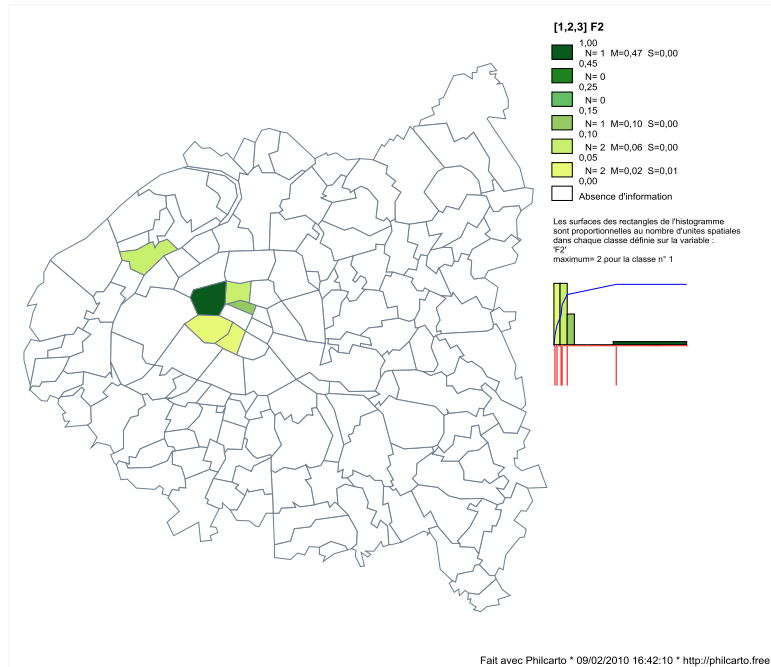
Annex 6: Real Estate Prices in Paris and “Petite Couronne”

Department	City	3rd quarter 2009 €/m ²	3rd quarter 2008 €/m ²	3rd quarter 2004 €/m ²	Distance to Stock Exchange km
Seine Saint Denis	Aubervilliers	2 730	2 920	1 728	7
Seine Saint Denis	Saint-Denis	2 680	2 806	1 793	6
Val de Marne	Alfortville	3 510	3 887	2 356	21
New Center	La Défense	4 420	4 805	3 311	9
Paris	1 st	7 990	8 306	5 587	1,2
Paris	2 nd	6 640	7 337	4 872	0
Paris	3 rd	7 690	8 386	5 650	1,6
Paris	9 th	6 280	6 760	4 701	2,5
Paris	16 th	7 190	7 867	5 322	4,5
Paris	17 th	7 200	7 531	5 229	3
<i>Paris</i>	<i>Average</i>	<i>6 160</i>	<i>6 638</i>	<i>4 473</i>	

Data: Chambre des Notaires

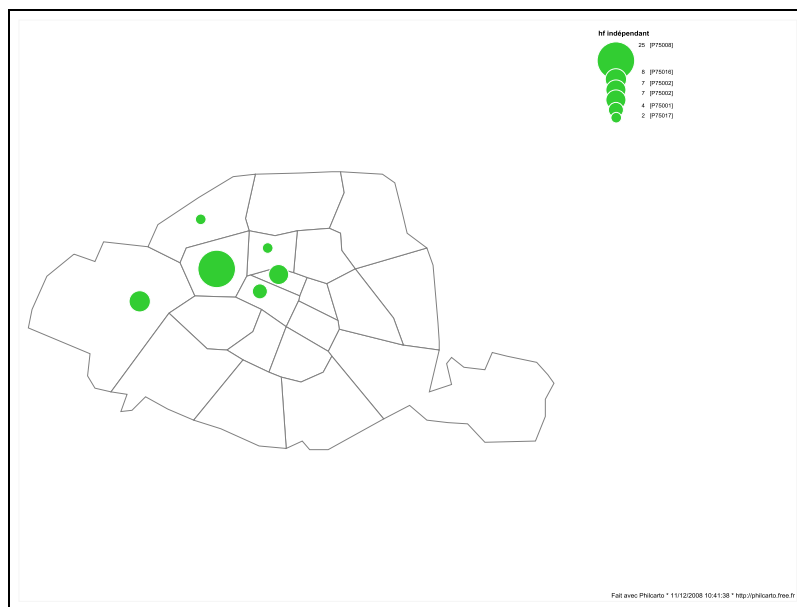
Annex 7: Location of Hedge Funds in Paris in 2008

Figure 1: Location of hedge fund management companies in Paris (% number of hedge funds)



Sources: AMF data 2008 and AFG data 2008, philcarto software, produced by the authors

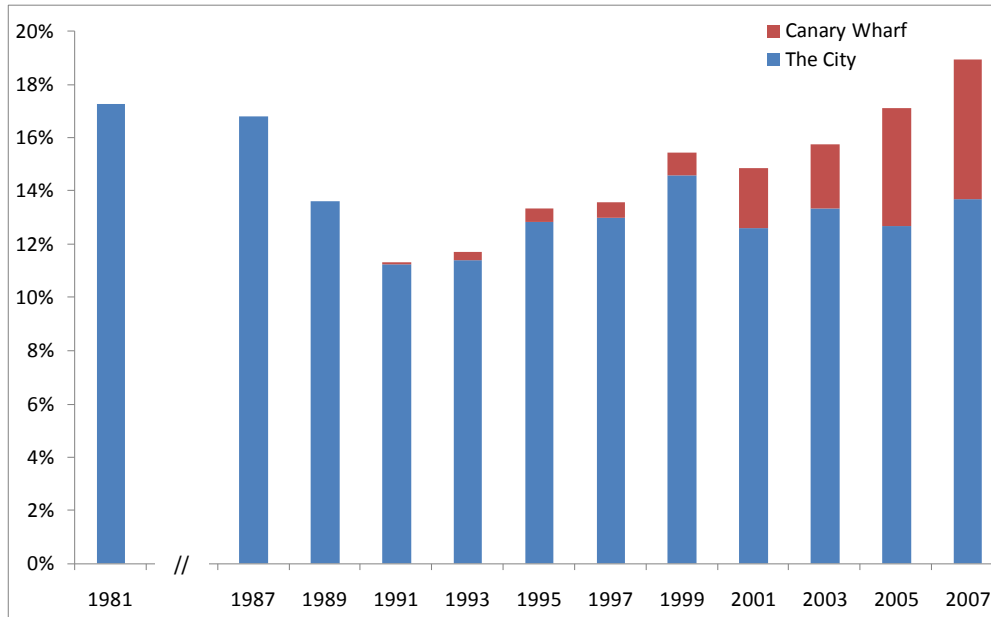
Figure2 : location of independent hedge fund management companies



Sources: AMF, philcarto software, produced by the authors

Annex 7: What is about London?

Figure 1 : Financial employment in London



Note: Number of employees in the financial industry in London, in percentage of the number of employees in the financial industry in the UK. Data: IFSL. Data before and after 1999 are not directly comparable.

Figure 2 : Location of hedge fund management companies in London (% number of hedge funds)



Sources: Bloomberg data base, authors's calculations