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East European Cities and Peripheries, Perspectives of Investment, Growth and Transport - an International Perspective ("Städte und Umland, Perspektiven des Investition, Wachstums und Verkehrs - ein internationales Übersicht").

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INTRODUCTION.

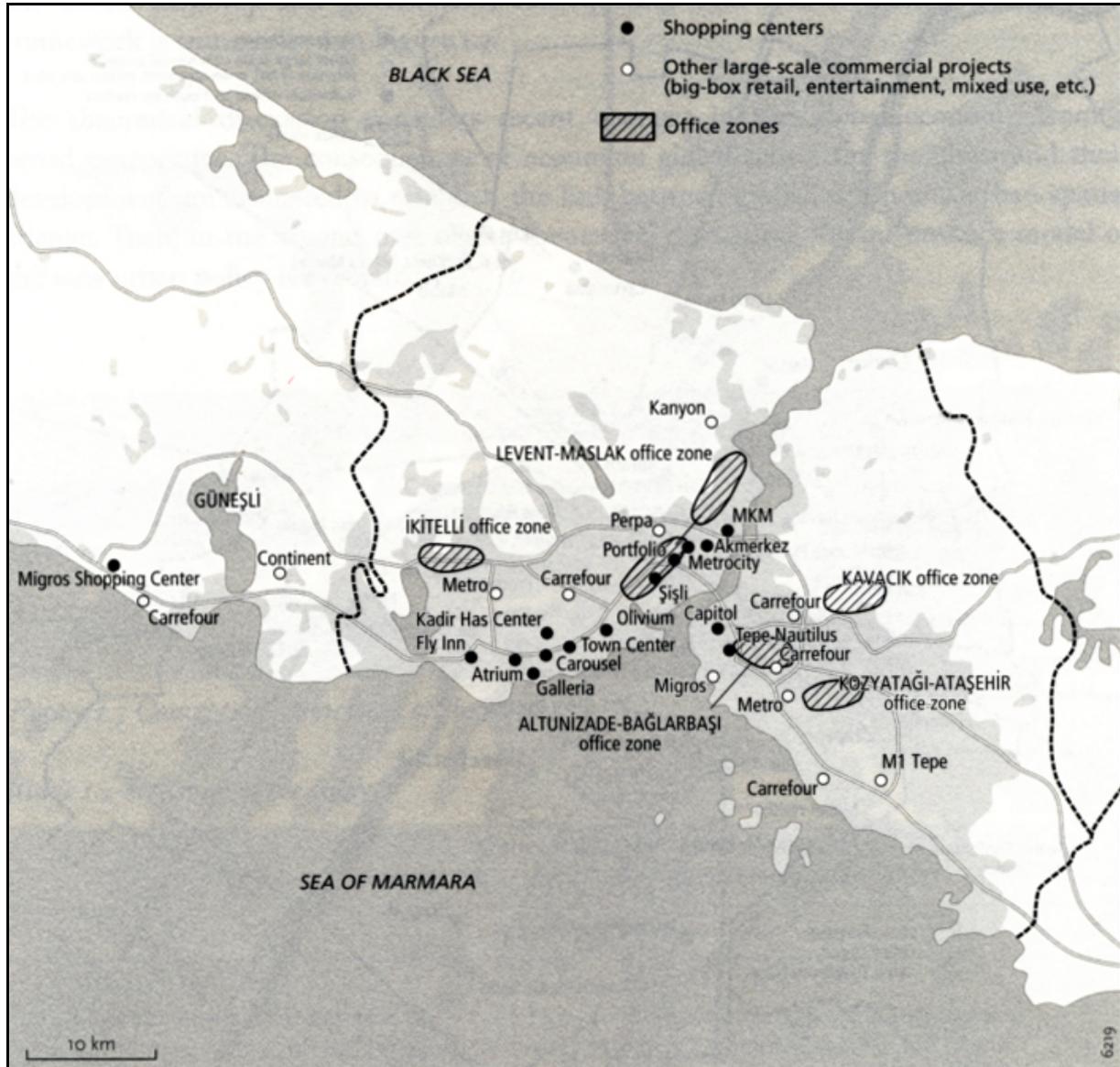
This is a tale of cities surfing the waves of globalisation. Their recent changes were triggered by economic growth and spatially expressed through internationally financed developer-led projects, within an internationally financed transport infrastructure development framework. The cities of Istanbul, Budapest and Warsaw have been systematically compared by Tina Tasan-Kok and discussed at the occasion of the Istanbul planners' congress of 2007 (Enlil)

ISTANBUL.

In Istanbul, the institutions are favouring large investors through easy access to the banking system and deregulated capital markets. The main restructuring investments have been the first bridge on the Bosphorus, followed by a second one, which have opened to development large tracts of hitherto inaccessible rural lands, while the traditional development was coastal. The transportation network was mainly a dense grid of ferry lines. This change has meant a "leap-frogging" form of urbanisation, with new clusters superimposed on the urban sprawl development in continuity with the existing fabric. The location of projects is de facto unplanned and uncoordinated. From their competition some winning clusters of development have emerged, like the Levent-Maslak axis, generating huge windfall land value increases. Today however, a wave of public transport investments is favouring a return to more central urban locations, like the Karakoy-Kabatas area, optimally served by serendipitously complementary rail and ferry services.

ILLUSTRATION 1

Spatial distribution of large-scale commercial complexes in Istanbul (Tasan-Kok, p.30)

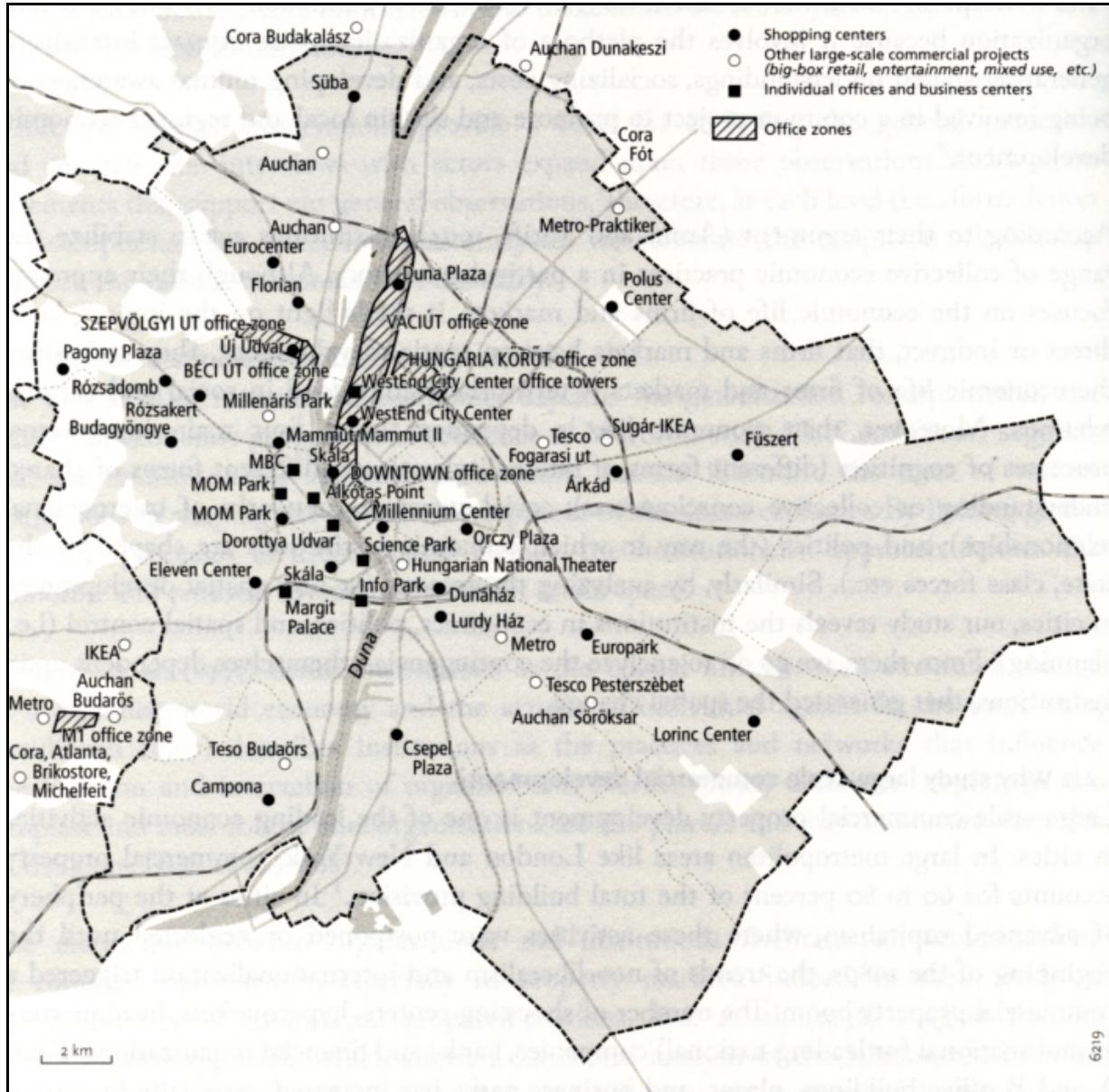


BUDAPEST.

In Budapest, the large amount of vacant industrial land available, such as the West-End Rail yards, has triggered a number of recycling initiatives, all along the Danube. Foreign investors are attracted by the favourable investment climate, the permissive attitude of the local authorities towards whatever iconic projects come along (Duna Plaza) and the general economic progress of the country.

ILLUSTRATION 2

Spatial distribution of large-scale commercial complexes in Budapest (Tasan-Kok, p.31)



WARSAW.

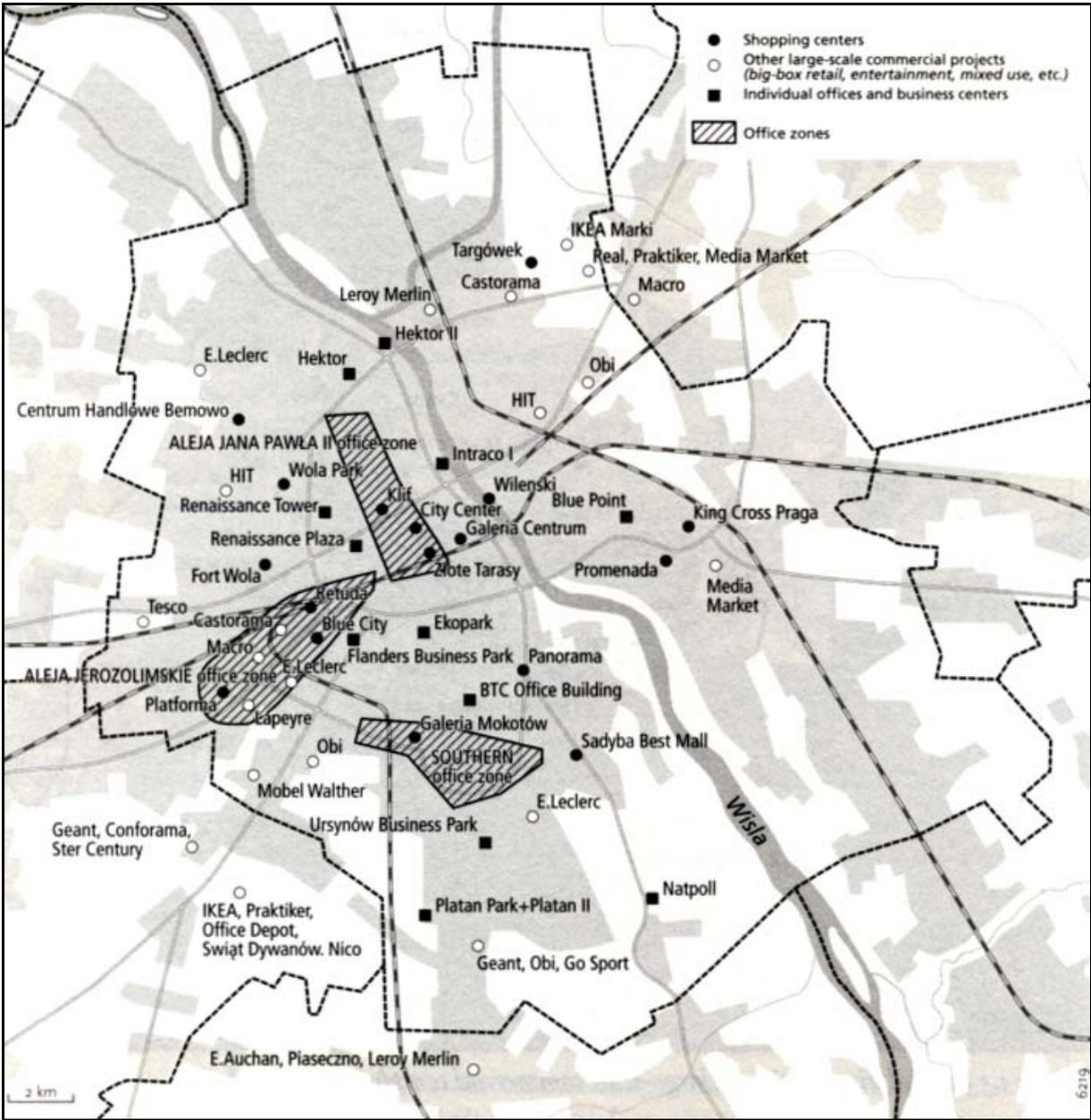
In Warsaw, the string of projects is structured along a North-South axis (Jana Pawla II), with an East-West branch. Rapid evolution of the commercial investment trends has determined at least three generations of shopping centres since the nineties. Present trend is towards swaps between prematurely depreciated shopping centres and new projects taking them over, with additional land, in view of assembling land for larger projects. Perhaps as a reaction to this extreme form of laissez-faire, Warsaw presently offers a rare example of recentralising planning powers in the hands of the central city.

Each of the three cities illustrates the dominating influence of international financial investors, relayed by local investors well-connected to local authorities. They are skilful at taking

advantage of any upcoming real estate opportunities, without commitment to the city as a whole, and taking an unusual amount of risks, as capital flows are overabundant and flexible, allowing easy moves from one location to another, according to yields perspectives. In addition, public subsidies are helping develop infrastructure. Indeed subsidies by both Governments and the EU to highways are estimated at 140 billion € per year, in addition to national and local subsidies (EEA 2007), strongly favouring Urban Sprawl (EEA 2006). This is reminiscent of the 19th Century spatial dispersal of industrial projects, according to raw material resources. That infrastructure development however took place at market price, mostly with endogenous capital, while in the 20th Century the infrastructure largely came from the public purse.

ILLUSTRATION 3

Spatial distribution of large-scale commercial complexes in Warsaw (Tasan-Kok, p.32)



CONCLUSION.

There is little hope for an integrated land-use and infrastructure planning in the near future, but higher energy cost should provide an incentive towards lower carbon urban developments. In the short term at least informed national planning, lending and development observatories, possibly located at the Finance Ministry and financed by the EU, could bring some transparency and help developers better assessing their market risks and reducing the blight resulting from aborted projects. This was however not imposed as a condition to accession of the new member states of the European Union. Indeed land development and construction firms are often owned by members of the local government, or by the political parties.

REFERENCES.

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- Tasan-Kok, T. "Budapest, Istanbul and Warsaw: Institutional and Spatial Change" (Delft: Eburon Academic Publishers, 2004).

ILLUSTRATION 4

Dominant actors and their activities in Hungary, Poland and Turkey (Tasan-Kok, p.234)

Actors		Hungary	Poland	Turkey
Developers		International	International	Domestic (new actors)
Investors		International	International	Domestic (institutional or individual, growing interest among international companies)
Building companies		International (domestic companies slowly catching up)	Mixed (international companies slightly more than domestic ones)	Totally domestic
Retailers	Food	International	International	Domestic
	Non-food	International	International (domestic small retailers are remarkable)	Domestic
Mediators	Consultants	Mixed (international actors are slightly more dominant)	International (individual domestic actors and broker firms also exist)	Domestic (international actors have branches but work purely on domestic projects)
	Deal-makers	Formal-mixed (mostly consultancy companies and developers themselves)	Formal-mixed (mostly consultancy companies and developers themselves)	Informal (mostly building firms)
	Real estate brokers	Domestic-organized	Domestic-organized	Domestic-unorganized

ILLUSTRATION 5

New spatial patterns related to economic globalisation (Tasan-Kok, p.301)

	Institutional change	General outcome	Spatial change
Policy	Shift to governance model	Property development to generate income for urban governments	Development of prestigious projects to create an attractive image
	Autonomy of actors	Increasing number of actors participating in urban development	Large commercial complexes developed by public-private partnerships
Spatial control	Flexible spatial control	Opportunity-led urban development	Spatial fragmentation
	Initiative by private actors	Spatial planning organizations and urban administrations became permissive	Uncontrolled development: Scattered large-scale complexes mushrooming around the city
Economy	Financial deregulation	Increasing role of international capital in urban development	Appearance of internationally recognized designs in physical development
	Increasing complexity of property market	Increasing number of actors in property development	Appearance of large commercial property complexes developed, managed, and owned by international firms
	Increasing global financial activities	Increasing national and international arrangements	Appearance of headquarters of national and international companies related to financial services
		Increasing demand from banking and financial sector for requiring modern office space	Appearance of new office buildings (Class A and B, complete with high-tech infrastructure)
	Changing investment behavior	Urban property becomes an investment vehicle for domestic and international investors	Increase in retail complexes (shopping malls, hypermarkets, distribution centers, etc.)

ILLUSTRATION 6

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The ignored challenge

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