

## **The Central European Cities between Shooting and Shrinking Towards a Strategy of Inward Urban Growth (Munich Case Study)**

### **1. Introduction: The end of urban growth**

It is an old meaning of architects and planners, that the economic development always gives rise to an additional space demand and new building projects. Outstanding architecture, new high tech parks, museums and conference centres are very often understood as symbols of economic progress („Guggenheim-Bilbao Effect“). Frei Otto, the creator of the Munich Olympic Stadium ceiling and great observer of nature, told us that the human being probably has a „building-gene“: He plans and builds because it is his nature. In comparison to this the *real* „space demand for the creative economy“ is often disregarded.

Usually we ignore the fact that the majority of Central European metropolis with 1-2 million inhabitants like Munich, Vienna, Budapest and Prague - different from Asian mega cities - are going through a very unstable stage between growing and shrinking, between short-term shooting and long-term consolidation just for the last 30 years.

In Munich the end of the post war economic miracle coincided with the „Olympic boom“ in 1972. The 70<sup>s</sup> and 80<sup>s</sup> were determined by various short-term ups and downs due to the oil crisis. In 1990 the German unification and the opening of the Eastern frontiers introduced a wonderful, rather unexpected „Unification boom“. The new self-esteem of Berlin, Vienna, Prague or Budapest can be seen again and again in their city marketing brochures.

Nevertheless, since the mid of the 90<sup>s</sup> the political transformation and the economic globalization overlapped Munich's, Vienna's, Budapest's development much stronger than expected. The visible landmarks are the side by side of new urban developments like the Vienna Donau City and the old or new unoccupied industrial parks; even more dramatic the coexistence of high and low wages, of high qualifications and high unemployment.

The urban development in Munich and in other Central European Metropolis looks like a „stereoscopic picture“: depending on the time and range of vision it looks like a growing or shrinking process. What are the pre-conditions of this unstable development? Who are the winners and who the losers? And do we have the right instruments to realize and to steer the urban processes?

### **2. Four pre-conditions for urban shooting and shrinking processes**

Two conditions are well known by experts, while the 3<sup>rd</sup> and 4<sup>th</sup> condition is perhaps less known:

#### **2.1 Low natural demographic growth**

Since the 70<sup>s</sup> the development of many Central European cities is a result of the long-term decreasing births rates. The young generation looks for more individualistic self-fulfilment, for professional careers and a stronger consumer mentality. The traditional way of life creating families and educating children is not the main stream. Actually the decrease of birth in Germany is still covered by the increase of elder age groups (>60 years). For the next decades our statistical offices preview a constant decrease of German residents (between minus 0.5-1.0% p.a.).

#### **2.2 Regional and interregional Migration**

As far as we got a positive demographic trend during the last decades, it was the effect of interregional migrations: during the 60<sup>s</sup> and 70<sup>s</sup> by recruiting foreign workers from the south

(„Gastarbeiter“), since the late 80<sup>s</sup> and early 90<sup>s</sup> by receiving varying migration waves from the Eastern countries after the opening of the iron curtain, the war on the Balkan Peninsula or the EU-Enlargement. The effects of migrations are sometimes higher than the balance of births & deaths but very unstable (between -1% and +1% p.a.)

The fact is that the restrictive migration policy today in the “old” EU-countries, who consider migration to be rather a risk than an opportunity, enforces the re-migration to the eastern countries. But the growing number of foreigners in Munich (2001-2004 up to 23% of total population), Vienna (up to 16%), Barcelona (up to 15%) shows, that the political regulations are not constant. As soon as the difficult labour market permits it, the migration may take a greater leap forward and push the urban demographic and economic development.

### **2.3 High increase of economic productivity**

The most important pre-condition of a positive urban development would be a combination of positive economic and positive labour market development. Exactly this historical link - between economy and labour market - has been broken: The process of globalization disintegrates the modern business development and the local employment. The spatial gaps between labour-intensive and knowledge-intensive labour are growing. In order to be competitive, the companies reorganize their value-adding-chains and their organizational structure, by using the technical progress (IT-techniques) – inclusive outsourcing to Eastern Europe or south Eastern Asia.

When the company's processes have been managed economically successfully, the productivity increases while the supply of workplaces and -spaces decreases. My studies of company's developments come to the conclusion that the work places and the total space demand specially in modern (!) industries will be shrinking between -1% and -5% p.a. during the next 5 years, in office locations something less, in production facilities something more. The space adaptation follows the operational business within a „time-lag“ of 5 years, in case of „productivity-jams“ even more time.

### **2.4 Liberalisation and economisation of urban development**

The city governments are not in a powerful financial position to parry or to steer the changes of urban space demand. Consequently, since the mid of the 90<sup>s</sup> most of the Central European metropolis got into a new stage of liberalization: They reverted their public roles of total service providers into setting main frames of urban policies, planning rights and building permissions or improving public infrastructures like public transportation, public spaces and public services as far as they could.

On the other hand more and more private players come along as self-confident drivers of urban developments: as real estate developers or investors, since 2000 as open and closed Real Estate Funds too. The percentage of public and private investors for *own* space demand is shrinking. Project developments become a function of financial investments, asset administration and real estate management.

Positive for the cities are the intensive investigations for not- or poorly-occupied sites, the accelerated renewal of attractive locations as well as the acquisition and the involvement of foreign direct investments. Critical are the sometimes speculative, jumping and inconsistent planning processes, the rise in costs and (rental) prices and the neglect of economically non-performing city quarters.

There are lots of experiences from successful and from never-ending planning processes (Munich Alter Hof, Fünf Höfe, Lenbachgärten, Arnulfpark, Parkstadt Schwabing, Riem, Freiham). Elderly witnesses would also remember the experiences of renewing the historical city quarters in Munich during the 70s, inclusive the pros and cons with its social effects. These stories would go beyond the scope of this paper.

Our planning discussion concentrates upon the future: „What urban strategies can be developed that will have a sustainable impact on our cities as nodes of creativity and economy?“ (Invitation to the 41<sup>st</sup> ISoCaRP-World Congress 2005). There are three basic issues to be discussed:

### **3. Towards a Strategy of Inward Urban Growth (Munich case)**

#### **3.1 Towards an Inward Urban Strategy**

Most of our Central European cities like Munich have a great historical heritage: the lively and high attractive urban centre. So it's natural to take up and support the people's (and investors') trends back to the city centre that has the best infrastructure and lowest risks for investors. An opposite strategy (towards the urban periphery) would waste the public finances and destroy more and more our natural resources. It would miss the unique opportunity to vitalize central quarters, to rebuild attractive apartments and to create new public space for urban life.

City centres like Munich's "Innenstadt" includes more than the historical centre; there are various commercial, residential and university quarters as well as former military and railway areas within a 4-5 km radius, mostly built till the beginning of the 19th century and worth to be pushed ahead. Our vision is the development of central quarters without destroying the existing urban patterns, especially not the historical heritage. The question to be answered is the definition of "size & density". What is an acceptable height in that historical environment? What the measures of building density without neglecting the quality of space? What is the impact on the already high land prices? What the cultural and social benefits? Munich's population voted for strong limits. Size & density has become a political decision.

#### **3.2 The mix of urban functions**

The other historical heritage is the mixture of urban functions. To maintain and to reinforce the combination of commercial, residential and cultural functions is the most natural challenge to the planners. Munich has just excellent business clusters: the Electro-/Electronic-/IT-Industry, the Finance/Insurance sector, the Automotive and Bio/Life clusters, including the Universities, the R&D-Institutes, the international fair and the tourism sector; Munich's Airport, Metro System and Oktoberfest are some of the best in world. But even after many years of practical experiences in industries I would be cautious to preview which business will be the most important "node". The markets of global industries and the organizational responses by the management are more flexible than some academic consultants believe.

I think that it is more important to call the planners' attention to *deficits*: We have a lack of social and educational facilities, of crèches, kindergarten and after-school care centres, of low budget houses and apartments. Under market conditions the mix of culture and business, of big and small firms, of public and private institutions is always in danger.

To the new urban developments the City of Munich has passed a rough space division: 1/3 of land must be used for residential, 1/3 for commercial functions and 1/3 as green areas. These are gross-grained key figures to reserve open supply for future demands. In addition there are obligations, to dedicate 25-30% of building space to residential purposes, partly free financed, partly public subsidized for low and medium income families ("Munich Model"). In some high attractive historical locations developers plan even up to 50% building spaces for apartments - certainly not for all income groups. The fine-grained mixture of functions depends really on the location and its environment, on the expected performance of the investment and last but not least on the cooperation of the planning partners.

### **3.3 Transparent and efficient planning processes**

Today „creativity“ does not mean to „invent new projects“ but to organize the processes in a transparent and efficient way. The most important step is the pre-staging: the analysis of the functional, economic and strategic key data of both sides: from the private driver's interest as well as from the city's interest. I admit that it is a ridge walk between the financial and the public objectives. But the urban planner is asked to link both: to know the investment strategy and the financial key figures under changing market conditions as well as the long-term social and economical (value adding or destroying) effects.

Today the highest risks for public and private partners are the *super-sized* developments and *unclear* responsibilities. The question is how to divide big developments? Who are the partners during the first, second and third stage and who is responsible for the success? Who pays for interrupted planning processes and for lost planning costs? The planning process must prevent an EXIT-Strategy on all stages – may be for big industrial, residential or public infrastructure projects. Sometimes it is better to stop the process and to wait for better ideas instead of hoping for later subsidiaries from EU- or national budgets. That valid not only in extremely shrinking regions (e.g. in Eastern Germany) but also in balanced (sometimes shooting & shrinking) cities like Munich.

These basics have not so much to do with architectural und urban designs. The time for excited design has gone, even in a relatively rich and attractive city as Munich. Functional, financial and strategic qualities are on demand – including the option, to stop the human “building-gene” and to realize the real space demand. Cautious and fine-grained urban developments are typical „European planning products“; we should cultivate this “strategy of inward urban growth” with courage and consciousness.