



A ULI Advisory Services Panel Report

# Budapest, Hungary

November 2013



**Urban Land  
Institute**

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## About ULI

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ULI – the Urban Land Institute – is a non-profit research and education organisation supported by its members. Founded in Chicago in 1936, the Institute now has over 30,000 members in 95 countries worldwide, representing the entire spectrum of land use and real estate development disciplines and working in private enterprise and public service. In Europe, we have around 2,000 members supported by a regional office in London and a small team based in Frankfurt.

ULI brings together leaders with a common commitment to improving professional standards, seeking the best use of land and following excellent practices.

We are a think tank, providing advice and best practices in a neutral setting – valuable for practical learning, involving public officials and engaging urban leaders who may not have a real estate background. By engaging experts from various disciplines we can arrive at advanced answers to problems which would be difficult to achieve independently.

ULI shares knowledge through discussion forums, research, publications and electronic media. All these activities are aimed at providing information that is practical, down to earth and useful so that on-the-ground changes can be made. By building and sustaining a diverse network of local experts, we are able to address the challenges facing Europe's cities.



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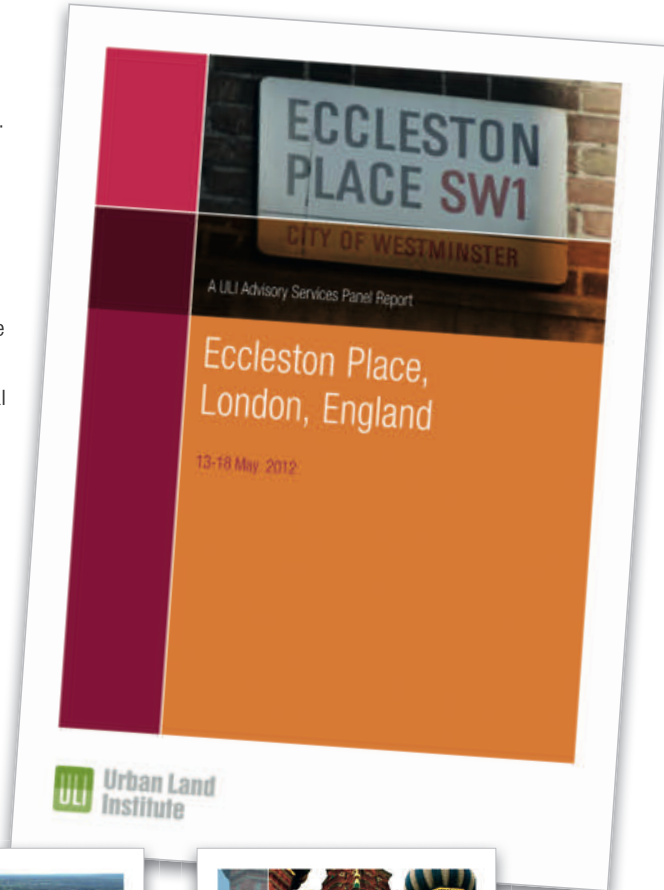
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# About ULI Advisory Services

ULI advisory service panels provide strategic advice to sponsors on land use and real estate development issues. Panels link developers, public agencies, and other sponsors to the knowledge and experience of ULI and its membership.

Established in 1947, this programme has completed over 600 panels in 47 states, 12 countries, and 4 continents. Sponsors praise panels for their comprehensive, pragmatic approach to solving land use challenges. ULI's Advisory Services programme brings together experienced real estate and land use professionals who volunteer their time unpaid to develop innovative solutions for complex land use and real estate development projects, programmes, and policies.

International advisory services teams help sponsors find creative, practical solutions for issues such as city centre redevelopment, land management, development potential, growth management, community revitalisation, brownfield redevelopment, military base reuse, workforce and affordable housing, and asset management. Local governments, private developers, community development corporations, and many other public, private, and nonprofit organisations sponsor advisory services assignments.



## Acknowledgements

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Thanks must also go to the generous supporters who made this event possible, including:

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- Graphisoft.
- Zoboki-Demeter & Associates Architects.

The Panel was particularly grateful to Nora Demeter for her efforts in preparing extensive briefing materials and assisted in 'localising' information, enabling panellists to more deeply understand the city and the key issues the city faces.

We are grateful to Sandor Finta, the Chief Architect at the Municipality of Budapest, for his contribution to the event along with numerous other contributors and moderators who helped give a fascinating insight to the city and the challenges and opportunities it has today. Without their assistance and support, the Panel would not have been able to do its work.

Thanks also goes to the business leaders, experts, commentators and officials who volunteered their time to attend and present their ideas, vision and concerns. Botond Bognár deserves special mention for introducing ULI to Budapest and his ongoing support of the collaboration.

The Panel hopes that their recommendations and comments will provide new ideas and clearer direction in the future, and will assist in developing a stronger and more integrated city centre.



*Budapest Music Centre, Danube.*

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*Cover Image: View of Budapest and the river Danube from the Citadella, Hungary*

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## Executive Summary

Budapest is a major city in Europe, the 7th largest city on the continent, and a former imperial capital. It is a city with a huge array of natural, cultural, and historical resources based around its core asset, the river Danube. Budapest should be a leading city in Central Europe and influential in matters that affect the future of the world. Without a competitive Budapest, Hungary cannot succeed.

A ULI Panel visited the city for 2 days in June 2013 to review its progress and to make recommendations for action.

The ULI panel found that:

- i. Despite the undertaking of many interesting cultural projects, there is no overall medium term programme for Budapest's development that attracts support from national and local levels, and leverages public and private resources.
- ii. Relative to the other Central European capital cities, Budapest is performing poorly and in many cases is not even participating in the competition for talent, investment, jobs, and profile. Success in areas such as culture and tourism are not being leveraged fully so as to build the longer term success of the city. There is a genuine risk that a cycle of decline will set in within Budapest which will be difficult to undo in less than several decades.
- iii. The city government staff is knowledgeable and aspirational, but they lack a medium term programme which could provide co-ordination to otherwise multiple and diffuse efforts. There appears to be no properly articulated and coordinated city development function in the city.
- iv. There is a deep sense of uncertainty amongst the civic and private sectors in the city as to how to act in the city's medium term interest in the absence of a coordinating vision or plan.
- v. There is potential for the nascent [Budapest 2030](#) document to become the basis for the required vision and plan. There is also scope for the [Danube Strategy](#) and the [World Aquatics Championships 2021](#) to provide the catalysts for a series of strategically aligned urban redevelopment efforts.

The ULI Panel's recommendations are direct and simple:

- i. Budapest needs to take its own future seriously and mount a programme of medium term city development now if it is to avoid a long cycle of decline. It must learn to compete, innovate, and co-ordinate if it is to succeed.
- ii. The city should begin by creating a medium term strategic vision, building upon [Budapest 2030](#), to create a city development system where planning, land use, property, architecture, infrastructure and capital investment are co-ordinated around a shared plan.
- iii. The [Danube Strategy](#) offers an important catalyst and source of resources for Budapest, and the riverside districts within the city are prime locations for urban redevelopment. Now that the [World Aquatics Championships 2021](#) have been secured, there is an excellent 8 year window in which to deliver a major waterfront redevelopment process.
- iv. The city government must provide a coordinating vision and city development system for all the partners to work with. In some districts, private sector leaders may be able to create joint venture partnerships and boards that lead the redevelopment effort (in the same style as the recent [Futureal development](#)).



# 1. ULI Panel

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A short (2 day) ULI Advisory Service panel was convened in Budapest, Hungary on June 17 and June 18 2013. The ULI panel attended by invitation of the City of Budapest, and

were hosted by the Mayor of Budapest with active support from ULI Members in the urban design and architecture community in the city. The members of the ULI panel were:



**Joe Montgomery**  
Chief Executive  
ULI Europe



**Professor Greg Clark**  
Senior Fellow  
ULI Europe



**Paolo Verri**  
Director  
Comitato Matera 2019



**Dr. Eugen Antolovsky**  
Director of Europa Forum  
Vienna, Austria



**Clare Game**  
Head of Councils & Governance  
ULI Europe

The key questions that the panel were asked to address were:

## i. The vision and opportunity

What is the potential for Budapest over the next 10 years of urban development? What would be the consequences of failing to optimise the opportunities and potential? How can a shared vision for the next 10 years be built between different stakeholders? What is the best role of the Danube, as a catalyst for the urban development of Budapest?

## ii. Collaboration and partnership

What should be the optimal and distinctive roles of the public and private sectors in the urban development process, and what partnership and co-ordination will be necessary to realise opportunities? How can a development strategy be defined for the Danube, wherein the collaborative mission of the stakeholders can be defined? What other tools are required?

## iii. Identity and brand

What should be the positioning and identity of Budapest in its urban development programme and how can this be promoted through multiple projects and initiatives? How can Budapest's identity be strengthened by using the developments along the Danube as a key tool?

This short report covers the main deliberations of the two day ULI Advisory panel and highlights the recommendations of the panel.

## 2. Overview of Budapest

Budapest is a city of significant size and importance - it is Europe's seventh most populous city and the largest in Eastern Europe. It is located in the central Hungary region, which consists of the city of Budapest (one third of the size of Greater London) and surrounding Pest County.

Between 1873 - when it was named Hungary's capital - and 1940, Budapest was one of Central Europe's premier cultural capitals. Fuelled by three decades of rapid industrial growth and mass rural in-migration, Budapest's cultural vitality became comparable to that of Vienna and Prague. Most of the city's iconic architecture was created at this time. The city also became the hub of a star-shaped national transport infrastructure where most motorways and railway lines meet. Ferihegy Airport opened in 1950 and functioned as the country's only international airport for decades.

Although Budapest had grown to a city of two million people by the 1930's, development began to slow, as Hungary became geopolitically isolated and economic growth stalled.

The city's suburbs nevertheless expanded considerably as rural migrants sought to access the economic benefits in the capital. Politically, the city became divided between a right-leaning central city and left-leaning suburbs.

After the turmoil and destruction of World War II, many of Budapest's most prominent investors and its urban intelligentsia had emigrated. A new socialist constitution imposed restrictions on commercial activity. While many formerly wealthy groups were deported to rural areas, pro-poor state-led industrialisation was promoted as the main tool for urban modernisation. Budapest became a city for the working class. A new phase of population growth occurred, meeting industrial workforce needs but creating serious housing strains that were mostly resolved by the construction of large high-rise estates on the periphery of the city. Between 1950 and 1970, the central city suffered from a lack of investment and government vision, resulting in widespread physical decay.<sup>1</sup>

*Budapest and  
surrounding Pest  
County within  
Hungary*



A new phase of post-industrial development began in the 1970's, as factory employment began to decline and new opportunities in trade and tourism sectors emerged. Under the liberalising New Economic Mechanism, state, cooperative and private small-scale economic activity were put on an equal footing, allowing more opportunities for entrepreneurialism, cultural expression and western style consumption. State constructors withdrew almost completely from the housing market.

EU accession in 2007 and the growth of budget airlines have reduced the city's perceived distance from the heart of Europe, and also increased the quality control of Budapest's project management. A series of official and unofficial development plans and proposals (e.g. The European Capital of Culture bid 2010, 2004 Budapest Tourism Development Strategy, 2002 Statement Concerning the Future of Budapest (Védegylet) have all tried to harness the city's potential as the most Eastern metropolis of the EU and Hungary's only



*View of Budapest and the river Danube from the Citadella, Hungary*

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Budapest's transition since Hungary's independence from central planning and repositioning as a free market economy, and later an EU member state, has been momentous, but has yielded only mixed outcomes.

The city initially witnessed an enormous surge of private sector activity, and new opportunities for cultural positioning became possible. Almost all housing stock became privately owned: the share of municipal rental apartments fell 50% in 1990 to around 10%. This caused concern around the lack of rented housing and social housing.

urban destination with deep networks of cultural institutions, infrastructure and economic services. To reflect the new urban focus, the suburbanisation of Budapest slowed and indeed has been in reverse since 2007.

Since 2007 there have important investments in the city's infrastructure but urban development has so far lacked a long-term guiding vision and has not been implemented through an integrated programme.

## 3. A Challenge to Find a New Path to Success

### 3.1 Budapest Today

In 2013 Budapest finds itself in an environment which poses several important challenges, but also offers opportunities.

Despite the city's rich endowment of culture and creative assets and urban design, the recent Global and European economic challenges have exposed the city's lack of competitiveness and demonstrated that it has limited access to new growth sectors and capital. The city has not kept pace with other central European rivals and there is no obvious source of future growth in the absence of a new, dedicated and proactive strategy. The city has a variety of well-articulated visions and propositions about its future, but these do not yet appear to have been translated into co-ordinated programmes of economic and spatial development. It is not clear whether Budapest City Hall has the machinery in place to become a developmental city that charts and promotes its own development.

Conversely, Budapest also finds itself at a key moment in the development of several drivers that, if brought together, could form the key elements of a new strategic framework for the city's development. These include:

- The new focus of the EU and World Bank on the Danube as a strategic level for intervention.
- The growth of the urban agenda within Europe and the provision of urban investment capital within the EU budgets.
- The renewed focus on culture and the creative industries in urban development.
- The growth of the Budapest population.

### A Window of Opportunity...

Taken together these facts point to 'a window of opportunity' for Budapest to develop a proactive plan for the next development cycle which will help it to realise both physical redevelopment and environmental/economic goals. The City of Budapest is responding to these drivers as we illustrate below. The challenge now is to translate these opportunities into a medium term programme of well-managed development.

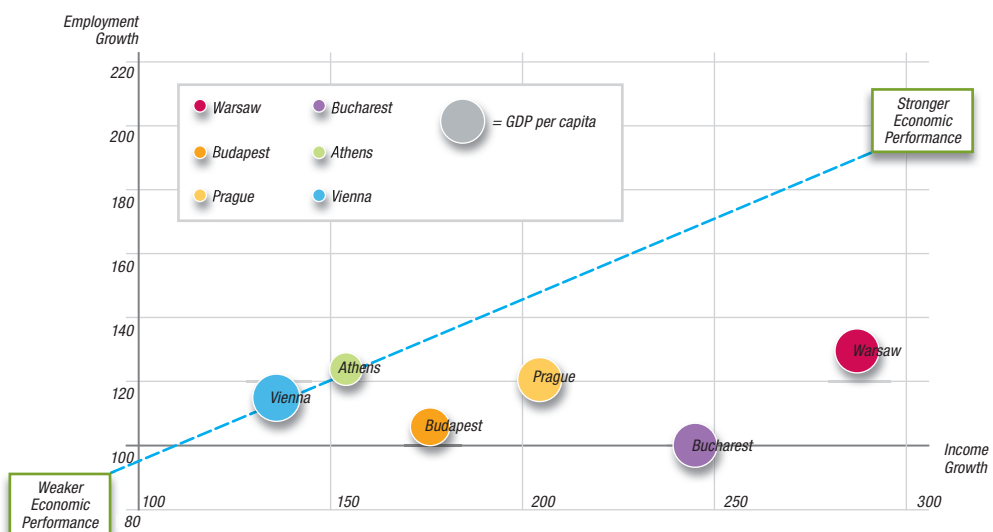
### 3.2 Budapest's Big Challenge... ...But is there Enough Reason to Act?

Budapest's comparative performance confirms that the city is one of a handful of important cities in the Central and Eastern European region, but it has not yet actively leveraged its assets effectively.

It had respectable income growth to 2011 that outperformed Vienna and Athens (albeit from a lower base) but it now lags considerably behind that of a host of other former Eastern Bloc capitals including Prague, Warsaw and Bucharest. Employment growth in the city is even less auspicious at less than 10% cumulatively between 1993 and 2011. This is bettered by all of its major Central and Eastern European rivals with the exception of Bucharest (see Figure 1).

Several of Budapest's performance shortcomings are linked to a severe infrastructure deficit. The shortfall is being addressed by a series of major transport and stadia projects. While lagging behind major European competitors, particularly in telecommunications and congestion, there are signs that these significant projects are catalysing improvement.

Figure 1: Budapest's employment and income growth between 1993 and 2011, compared to a basket of other cities (1993=100)<sup>2</sup>



We can observe the lag in Budapest's performance across a broad set of general comparison studies.

	Comprehensive City Performance		
	EIU/Citi Group Hotspots	CASS Global Urban Competitiveness Project	UN State of the World's Cities 'City Prosperity Index'
Last updated	February 2012	April 2011	July 2012
# of Cities Assessed	120	500	69
1. Vienna	25	29	1
2. Berlin	31	66	-
3. Prague	46	153	23
4. Warsaw	53	150	19
5. Budapest	55	132	21
6. Bucharest	76	214	29
7. Sofia	-	264	-

Reviewing these benchmark studies we can observe that:

- **Vienna is clearly the strongest all-round city in the region**, with world-class provision in a number of areas. Berlin is a clear second.
- **Prague, Warsaw and Budapest are very evenly matched** when evaluated across all measures. None of the three has definitively pulled away into third place in the region.
- **Bucharest and Sofia** are a significant distance behind.

We can also observe that Budapest is not well placed amongst this comparison group on economic and financial dynamism, or on business and investor friendliness.

	Economic and Financial Dynamism						Business and Investor Friendliness	
	EIU Hotspots - Physical Capital	Mercer - Top Cities for Infrastructure	UN State of the World's Cities Infrastructure Index	2thinknow Consulting Innovation Cities Global Index	Buck Consultants European Tech Cities Index	EIU/Citi Group Hotspots 'Human Capital'	QS Best Student Cities	AON People Risk Index
Last updated	Sep - 11	Feb - 12	Mar - 13	Jul - 12	Nov - 12	Jan - 13	Nov - 12	Sep - 11
# of Cities Assessed	-	120	79	69	300	100	25	36
1. Warsaw	37	39	63	19	96	36	-	5
2. Vienna	39	53	20	2	204	-	-	33
3. Prague	50	54	61	15	248	17	-	10
4. Berlin	56	87	-	-	176	-	23	15
5. Bucharest	75	46	-	31	34	44	15	4
6. Budapest	64	69	78	22	197	28	-	14
7. Sofia	98	-	-	-	223	50	-	-

- **Warsaw has been the most dynamic CEE economy in the last two years**, with the fastest growth and the largest concentration of global firms, thanks to a very strong business climate.
- **Berlin and Vienna are beginning to attract more foreign investment** but have not absolutely succeeded in becoming dominant gateways for international companies.
- **Budapest is lagging in terms of its growth and investment performance**, as Bucharest has become a more attractive and affordable option. The Hungarian capital is the second strongest outsourcing centre but lags in terms of productivity, financial services and foreign investment.

We can also compare the same group of cities on infrastructure, technology, and talent.

	Infrastructure			Research, Innovation & Technology		Talent		
	EIU Hotspots - Physical Capital	Mercer - Top Cities for Infrastructure	UN State of the World's Cities Infrastructure Index'	2thinknow Consulting Innovation Cities Global Index	Buck Consultants European Tech Cities Index	EIU/Citi Group Hotspots 'Human Capital'	QS Best Student Cities	AON People Risk Index
Last updated	Feb - 12	Dec - 12	Jul - 12	Feb - 13	Aug - 12	Feb - 12	Feb - 12	-
# of Cities Assessed	120	50	69	133	31	120	50	131
1. Vienna	2	16	9	3	29	30	5	38
2. Berlin	20	29	-	13	4	34	8	41
3. Prague	36	-	20	55	22	65	-	51
4. Warsaw	49	-	21	-	-	97	-	57
5. Budapest	55	-	21	58	20	79	-	67
6. Bucharest	80	-	25	-	-	102	-	102
7. Sofia	-	-	-	-	-	-	-	106

- **Vienna is the dominant city for basic infrastructure, sector innovation and educated workers**. Even Berlin is some distance behind, despite signs of leadership in niche technology sectors.
- **Prague has moved ahead of Warsaw and Budapest for transport and telecommunications infrastructure**, and has a marginally superior talent base, but there are worthwhile opportunities to overtake the Czech capital in terms of research and innovation.
- **Bucharest and Sofia are not competitive in the higher value-added sectors** due to a shortage of experienced talent.

Quality of life and environment show a similar pattern and picture.

- **Vienna offers world-class quality of life** and is clearly ahead of Berlin in terms of basic services and crime.
- **Budapest currently performs more strongly for quality of life and environmental measures** than in business dimensions. The city typically outperforms Prague and Warsaw, including for healthcare, education and environmental governance.
- **Bucharest and Sofia lack the mass coverage of services or GDP per capita** that other capitals in the region enjoy.

	Quality of Life				Environment			Culture and Diversity
	UN State of the World's Cities 'Quality of Life Index'	EIU Liveability Ranking	UBS Prices and Earnings, Annual Income Net	Mercer Quality of Living Survey	EIU/Citi Group Hotspots 'Environment and Natural Hazards'	UN State of the World's Cities 'Environment Index'	Siemens/ EIU European Green City Index	EIU/Citi Group Hotspots, 'Social and Cultural Character'
Last updated	Jul - 12	Aug - 12	Sep - 12	Dec - 12	Feb - 12	Sep - 11	Dec - 09	Feb - 12
# of Cities Assessed	69	140	72	50	120	69	30	120
1. Vienna	13	2	20	1	8	13	4	11
2. Berlin	-	22	10	16	7	-	8	5
3. Budapest	17	55	63	-	1	17	17	22
4. Warsaw	21	71	58	-	43	21	16	51
5. Prague	34	60	49	-	32	15	24	16
6. Bucharest	35	84	62	-	108	38	28	70
7. Sofia	-	88	64	-	-	-	29	-

In relation to city governance, brand, image and influence there are also clear challenges for Budapest.

	Brand, Image and Influence			Governance and Smartness	
	Euromonitor Top City Destination Rankings 2013	EIU/Citi Group Hotspots, 'Global Appeal'	Citi Reptrak Top Line Report	EIU/Citi Group Hotspots, 'Institutional Effectiveness'	Boyd Cohen - Top 10 Smart Cities on the Planet
Last updated	-	Feb - 12	Sep - 12	Feb - 12	Jan - 12
# of Cities Assessed	-	120	100	120	10
1. Vienna	31	10	2	39	1
2. Berlin	30	14	23	35	7
3. Prague	29	34	25	56	-
4. Budapest	25	49	49	65	-
5. Warsaw	36	54	65	57	-
6. Bucharest	56	74	-	54	-
7. Sofia	96	-	-	-	-

- **Vienna's real assets and its cultural and political institutions translate into the strongest brand in the region**, and the Austrian capital is making the fastest steps towards city smartness and resilience.
- **Prague is ahead of Budapest in terms of international appeal**, despite the fact it does not attract more foreign visitors. The Czech city is also marginally more effective in terms of city management.
- **Warsaw has a surprisingly weak tourist and visitor brand**, despite its economic success, and its institutional framework has yet to adapt to respond fully to its new roles and needs.

*Hungarian Parliament, Budapest**© Istvan Takacs*

From this brief review of comparative data we can make some overall observations. Budapest has major assets and has some good examples of progress, but overall the city's comparative position is not getting better. Indeed, other cities in the region including Vienna, Warsaw, and Prague have mounted successful programmes of redevelopment, reform, and reinvestment over the past 10 years and these have now translated into improvements in both their economic and employment outcomes.

Why has Budapest not mounted a similarly effective programme of urban redevelopment, governance and strategic coordination, and/or economic reform? This is a question that is beyond the scope of our report. The question we seek to answer is whether Budapest could now utilise the momentum in the Danube and EU programmes to begin a new cycle of redevelopment that would lead to enhanced economic productivity, cultural enrichment, and sustained investment.

We believe that this is possible if everyone seizes the moment. Budapest does not need to be in a cycle of permanent decline.

## 4. Policy and Governance of Budapest Today

Overcoming the underperformance of Budapest relative to other Central European cities will require a combination of governance improvements and sustained development efforts.

The post-Soviet era in Hungary has seen the repeated restructuring of the country's political organisation and development priorities:

- Devolution of powers aimed at the expansion of smaller settlements (1990-1994);
- Re-centralisation (1994-1998);
- Continuing re-centralisation with rural development emphasis (1998-2002); and
- Decentralisation with emphasis on Budapest and large cities (2002 - present day).<sup>3</sup>

Within this framework, the 1990's saw several significant transformations for Budapest:

- A rise in autonomy for the 23 district municipalities and the city tier, after decades of centralism, brought about by the 1990 Local Government Act and the 1991 Act on Capital Self-Government;
- Population growth and rapid suburbanisation, as the middle and working classes sought to move out to benefit from cheaper costs and a better environment; and
- A gradual decline in central government subsidies, requiring local governments in Budapest to be more innovative and entrepreneurial in their attraction and generation of capital.

**Despite a programme of decentralisation since 2002, Hungary operates a relatively centralised system of government.** Hungary's recent deference to the EU on matters of developmental strategy, as a condition firstly of the country's admission to the EU and subsequently of its economic bailout, has added to the centralised character of policy making.

**There is no formal hierarchy between the city tier and the district tier of government.** Districts are as powerful as the city in many respects: they have continued to receive central government revenues and could leverage their increasingly attractive property portfolio for commercial development. The city government has seen its share of overall revenue decline since the early 1990s and the initial privatisation of land and infrastructure. This situation has produced fragmentation and a lack of communication between different government bodies.

The city tier provides services that the district units within the city are unable to provide (predominantly public transport and infrastructure) but has historically wielded little power, especially financially. Although the city district authorities are adept at providing localised solutions and seizing local opportunities that present themselves, the overall impact on city-wide development is not always positive.



*Mayor of Budapest  
István Tarlós*

**There is no metropolitan institutional body in Budapest,** although the Budapest Metropolitan Area has been a formal entity since 1991. The city government has not advocated a metropolitan body because of the risk it would divert competencies and resources from the city-level. Equally the districts and outer suburbs have been protective of their independence and are deeply resistant to centralism, not least because of the memories of the 1970s and 1980s. Partly because of this governance deficit, there was no detailed and complex assessment made for Budapest between the mid 1980s and 2011.

**Voluntary cooperation between local governments has rarely been effective.** The absence of co-ordination and vision has resulted in a lack of consideration of the interests of the whole metropolitan area when approving individual projects. The Budapest Suburban Development Council, established in 1997 as an institutional framework to include all stakeholders, had no financial powers and failed to define the relationship between the city and surrounding Pest County. It was abolished in 2000 and its minimal powers transferred to the wider regional level. The lack of metropolitan co-ordination leads to problems such as:

- Poorly integrated transport provision divided between city and the suburbs, and with few links between trains and buses. This leads to costly duplication;
- Arguments and delays about how shared infrastructure systems are to be upgraded and maintained; and

- Competition between suburban governments that results in over-construction, the loss of greenfield sites, and challenges around re-use of brownfield zones.

**Budapest has also suffered from persistent tension between the city and national governments.**

Central government has sought to play off the left-leaning city government against the more conservative suburban districts and surrounding areas of Pest County. At times, especially before 2004, it has withdrawn a number of national subsidies, as well as imposing tax-raising restrictions, which stalled infrastructure investment in the city. Funding of Budapest's transport company (the BKV, whose annual operating budget exceeds €600m), does not currently have a sustainable long-term plan, and emergency loans and mobilisation of liquid assets were sought in 2012 because of the freezing of central government funds. There has been intense political debate for many years about how the redistribution of tax income is to be allocated between city and district governments. Mayor István Tarlós has been critical of the construction of Budapest's 4th metro line, arguing the money could have been better spent on housing renovation or other public transport upgrades.

**Budapest's investor friendliness is largely shaped by policies at the national level.** Since 2011, the Hungarian Trade and Investment Agency has been the primary body working to attract investment to the capital.

The Agency combines SME trade development and investment promotion. It advertises the city's well-qualified and relatively cheap labour pool (wages are more than 10% lower than in Poland and Czech Republic), strong logistics platform, improving tax system and growing record of cooperation between universities and R&D companies.<sup>4</sup>

**Budapest does have the advantage that the wider Central Hungarian Region (CHR) incorporates the whole agglomeration**, including surrounding Pest County, which is not the case in other Eastern European capitals. An example of how this larger strategic unit has been leveraged to Budapest's advantage is its role in the New Hungary Development Plan. The Plan, a six year strategy to promote internationally competitive clusters in high-value industry sectors which bring together research institutions and corporates, is set to attract €2.6bn of investment. In the CHR the Budapest Innopolis Pole Programme was created to coordinate the creation of innovation clusters in the ICT, healthcare and clean-tech sectors. The long-term success of these clusters remains to be seen but initial analysis appears positive to the extent that some firms are surviving organically without public assistance.<sup>5</sup>

Western Railway Station,  
Budapest

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## 5. The Present Opportunity: Budapest 2030 and the Danube Strategy

To address the challenge in the governance and policy framework and to bring forward purposeful urban redevelopment, the city of Budapest is developing two important strands of work that we believe have substantial merit and need to be supported, reinforced, and prioritised. First, the city is developing a 2030 Vision that could lead to a 2030 strategic plan. Second, the city is developing clear ideas about the redevelopment of the Danube waterfront and adjacent zones within the city.

Taken together, these two emerging initiatives offer the potential to help trigger a positive cycle of development for Budapest.

### 5.1 Budapest 2030



On 24 April 2013, the City Council of Budapest approved a long-term urban strategy vision for Budapest entitled Budapest 2030. It gives an overall structure and methodology as to how Budapest should be appraising its long-term urban development.

**In preparation for the medium-term strategic**

**outlook of the EU Danube strategy, Budapest has prepared the 'Budapest 2030 Long-Term Urban Development Concept'.**

The concept is a response to almost 30 years without a complex assessment and vision for Budapest and a current lack of resources for spending on urban development. It takes on board a wide range of data and research on urban patterns and the ageing character of the city's demography. It also seeks to clarify Budapest's relation with the wider urban region, which has suffered from a lack of concerted and coordinated planning.

**Budapest 2030 builds on other higher level plans in operation**, including the Urban Development Concept for Budapest, National Spatial Development Concept, Budapest Urban Structure Plan, Urban Development Strategy for Budapest and the Spatial Development Plan for the Budapest Agglomeration. The document acknowledges that the city centre is the cultural heart of the country and is the driving force of the city's international attractiveness. It also clarifies which set of nodes outside the centre will be prioritised in the region, how space will be used and how density and green

space will be balanced. A strong commitment to harmonising the natural and built environments is included, given the uneven distribution of green space, especially on the Pest side of the city.

Budapest 2030's vision is ultimately to become the leading city in the Central and Eastern European region, a centre of innovation and culture, at the cutting edge of the knowledge and creative economy. The city aims to be a genuine and active participant in the global division of labour. The main characteristics of the vision are that:

- Budapest is a compact and liveable city ensuring adequate housing, jobs and all-round environment;
- The frameworks of innovation enable creativity, knowledge and research through high-level education and training;
- The city becomes a genuine home of culture and the arts, with a clear sense of origin and identity; and
- Budapest is a primary meeting place for East and West, open and welcoming.

**Budapest 2030 sees the achievement of this vision as dependent on effective spatial development**, characterised by a diverse housing stock, flexible workplaces, genuine commitment to environmental sustainability and a coexistence between past and future. It has characterised five sub-regional zones within the city:

- Inner zone - the dense historic quarters.
- Transition zone - the most diverse part of the inner city with many brown field areas.
- Suburban zone - low population density, a ring of adjoining settlements.
- Mountain zone - where the wealthiest social groups live.
- Danube zone - made up of 3 types of environment, with development currently over-focused on the central city riverside.

The transition zone and Danube zone are the two main areas of focus in Budapest 2030. The circular railway ring and the Hungária ring will provide the key connections between individual target regions in these areas.

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**Budapest 2030 identifies four major challenges to success:**

- i. Territorial competition and cooperation across the EU network.
- ii. Handling climate change with a sustainable economy.
- iii. Overcoming short supply of economic and development resources.
- iv. Persistent low employment, combined with an ageing society.

Three guiding principles are put forward to respond to these challenges. Firstly, **liveability** becomes a basic expectation as part of putting the citizen first. Secondly, **sustainability** means non-wasteful development that does not compromise future generations. Thirdly, **equal opportunities** refers to fair access to economic and social resources. **Overall, 17 possible objectives have been created to give substance to the 2030 vision.**

- i. **Proactive urban development** - where the municipality takes an assertive coordinating and facilitating role in terms of institutional and infrastructural development.
- ii. **Government partnership** - much improved cooperation of all governmental (regional, national, municipal, economic and non-governmental) actors around coordinating spatial development.
- iii. **A coherent Budapest** - with an all-round view of the city's functionality that takes into account: each district's specialisms, where sectors should be located, and how the city and region engage.
- iv. **Strengthening international visibility** - become more active in the exchange of culture, talent, innovation, goods, capital, and know-how, by positioning the city as a centre for overseas decision-making.
- v. **Bringing about a healthy environmental condition** - liveability investments that improve the city's collective health, psychic and mental condition.
- vi. **Climate protection and efficient energy use** - reduce the emission of greenhouse gases in line with international expectations.
- vii. **Development of a unique city character** - more rigorous preservation of natural landscape as well as built heritage as a means to improve its image with tourists and investors.
- viii. **A city living together with the Danube** - renewing brown field sites for touristic and business purposes, as well as developing large unused areas along the river.
- ix. **Efficient and balanced urban structure** - compact and efficient urbanism, characterised by mixed use development, public transport, pedestrians and bicycle traffic.
- x. **Target brown field areas** - restructuring and reuse of these areas is a prerequisite for sustainable development and compactness goals.
- xi. **Intelligent mobility** - reduce car dependency through the planned transformation of the urban structure, which consciously influences transport habits.
- xii. **Knowledge-, skills and green-based economic development** - develop export-oriented economic sectors by improving productivity (efficiency, competitiveness).
- xiii. **Self-sustaining urban management system** - become more economically self-governing so as to manage liveability and investment-friendliness goals. One tool is the utilisation of available (real) property.
- xiv. **Conservation and development of cultural diversity** - accentuate the multi-faceted culture, history and social composition of the city.
- xv. **Optimising human services** - cultivate the identity of residents within the city by developing special policies supporting various generations and people in different life situations.
- xvi. **Flexible housing structure adapted to need** - more varied composition of housing stock, dwelling sizes, location, and market and non-market offerings.
- xvii. **Welcoming society** - encourage more in-migration by highlighting the positive effect of diversity and reducing discrimination.



Budapest 2030 recognises that not all spatial developments are achievable by 2030, but that a number of key trends can be well underway by then. Primarily it aims to curb unjustified sprawl, move towards a mixed-use approach, have a more sophisticated approach to density and transport management, develop best practice in redeveloping brownfield areas, begin the comprehensive regeneration of troubled estates, show signs of competitiveness within research sectors, and re-establish the city's relationship with the Danube.

Budapest 2030 provides the vision to attract potential tenders for major riverside projects, where the real estate market is expected to be very dynamic. It represents a new sense of opportunity for the city and is the best and most ambitious statement of the city's future. It is not yet clear, however, how the plans and the individual sub-projects will be carried out, and according to which legal and financial frameworks. The coordination of strategies and project financing may depend on a local development agency operating in tandem with experts from the private sector.

It is a recommendation of the ULI panel that the Budapest 2030 Vision be developed into a comprehensive and widely owned strategic plan for the city and act as the coordinating document for the next decade of development.



## 5.2 The Potential of Danube-led Urban Redevelopment in Budapest

Within the context of Budapest 2030, the City of Budapest has also endorsed a study wherein the Danube will be the guiding spine for major development. This document identifies the city's view of the role of the Danube, and the targeted strategic areas.

Budapest's development is given particular focus by the EU Danube Strategy. The Danube region has been declared the second 'macro-region' in Europe, and received substantial regional policy funds between 2007 and 2013 to support cohesion through projects focussed on connectivity, jobs, the environment, security and governance.

Budapest is benefiting from projects to upgrade the Paris-Budapest Magistrale, improve shipping capability and extend cycle routes to the Black Sea. The projects are considered important to the city's capacity to create jobs over the next decade. The city has been proactive in developing partnerships with Ulm, Vienna and Bratislava to support shared agendas around the Danube Strategy.<sup>6</sup> The European Investment Bank has helped set up the Budapest Danube Contact Point to help execute transnational investment projects in the areas of transport, energy, environment and water management.

In the new redevelopment vision, the Danube is seen by Budapest as a potential trans-European market and transport corridor, linking the city to the London-Istanbul axis, and also the axis from Moscow to Trieste. The new strategy focuses in particular on harmonizing the Danube and city visions, as evidenced by the goal "A city living together with the Danube."

Currently the Danube's potential is nowhere near to being fulfilled in Budapest, with access to watersides difficult because of poor design. The main axis of future urban development is along riverside areas beyond the city centre, where there are currently many brownfield sites. One emphasis is on semi-rural waterfronts becoming community spaces for tourists, recreation, culture and in some cases business. A 'humanisation' of the riverside is intended, through new architecture and more opportunities to navigate the river.

In 2013 the city government accepted the Development Study and Utilisation Concept for the Danube Areas of Budapest. These explore medium and short-term development opportunities along the riverside for the first time, in line with the next EU funding cycle. Three levels of development have been recommended:

- Top sites that possess multiplier development effects, including areas around Danube bridges.
- Flexible brownfield sites, including Lágymányos, Csepel Island riverside, Hajógyári Island, Angyalföld and Újpest riverside.

- Expanding underdeveloped sites, including Alhéviz, Felhéviz, Hajógyári Island, certain parts of Angyalföld and Újpest riverside, Ráckeve/Soroksár Danube Branch (RSD).

**The priority development areas are where the metropolitan municipality can play a catalysing or coordinating role.**

The municipality is keen to play this role in order to achieve three targets: balanced urban development, maximisation of development opportunities, and revitalising distressed areas. Priority has been given to brownfield sites without newly built or protected areas, because these are areas where new development is possible, not rendered too expensive or politically unfeasible, and is in line with the long-term settlement pattern. Greenfield areas earmarked for development by the Metropolitan Regulation Framework Plan and the Settlement Structure Plan have also been considered, especially where there are already strong public transport connections.

**There are eight sites earmarked for strategic development along the Danube.** The river banks of outer Budapest are to accommodate sport, recreation and aquatic tourism. In the city centre, Buda Castle's heritage and cultural status will be a key target, while in New-Buda (Újbuda) infrastructure for education, science and innovation will be created. The eight main areas of development can be seen in Figure 2.

### Target Areas Along the Danube

1. **North Budapest** (sports, recreation, water sports tourism, natural assets).
2. **Islands** (More built-up development and all-round functionality along Buda and Pest riversides and on islands).
3. **Buda Castle** (focus on heritage, tradition, culture, bank promenade upgrade).
4. **New-Buda (Újbuda)** (Education, science, innovation and green economy focus).
5. **Soroksári Street - North Csepel** (Mixed-use development, new urban park).
6. **South Buda** (logistics centre, with commitment to sport and nature).
7. **Csepel** (inland transport and logistics hub).
8. **Ráckeve** (Recreation, water sports, green space and natural river sides).

### 5.3 Summary of Opportunity

The beginning of a new cycle in Budapest's development requires a strong organising plan that can be used to drive partnership and collaboration within the city (both inside and outside the city government) and between Budapest, the national Government of Hungary and the EU institutions. The 2030 Vision is a good basis for developing such a plan. This plan should also be used to build up the development capability of Budapest, both inside and outside City Hall.

The Danube Strategy provides a clear basis for selecting key development sites and for providing co-investment for urban development initiatives that can enhance liveability and economic development. The identification of the eight key sites is an important first step and should now be used to drive the urban redevelopment planning.



## 6. ULI Panel Analysis and Recommendations

This section sets out our recommendations from the 2 day visit to Budapest. We begin first with some consolidated answers to the three questions we were asked and then move onto detailed propositions.

### 6.1 The Panel Questions.

i. **The vision and opportunity.** What is the potential for Budapest over the next 10 years of urban development? What would be the consequences of failing to optimise the opportunities and potential? How can a shared vision for the next 10 years be built between different stakeholders? What is the best role of the Danube, as a catalyst for the urban development of Budapest?



The potential for Budapest is substantial over the next 10-20 years but it will only be realised if it is recognised that Budapest is underperforming now relative to comparator cities, and the reasons for that underperformance are addressed.

The right combination of external drivers and opportunities are in place to help Budapest succeed. The consequences of failing to optimise the opportunities and potential in the current moment would be a prolonged and painful cycle of decline which would result in the loss of population, jobs, resources, and opportunities.

A new vision can be developed and shared between the stakeholders and the Budapest City Government is already initiating such a process, but it is not yet complete or widely shared. The key danger is the possibility that the City of Budapest itself does not organise around a single prioritising plan, and instead operates with multiple agendas that create confusion and fail to mobilise resources internally and externally.

The Danube is undoubtedly the key catalyst for Budapest's redevelopment and it contains a substantial portion of the DNA of the city. It is a good organising story for the redevelopment process because it commands internal and external recognition. However, it is the ability to link the Danube to wider agendas through the redevelopment projects that is most important. These key agendas include competitiveness, liveability, culture, and sustainability. The Danube can be a catalyst for all of these agendas and must not be seen as an alternative to them.

ii. **Collaboration and partnership.** What should be the optimal and distinctive roles of the public and private sectors in the urban development process, and what partnership and coordination will be necessary to realise opportunities? How can a development strategy be defined for the Danube, wherein the collaborative mission of the stakeholders can be defined? What other tools are required?

The roles of the public sector and the private are multiple. The key overall task for both parties is to organise the redevelopment effort so that it is well planned, transparent, coherent and cohesive and wins medium term support from citizens and the media. This requires a strong sense of purpose and the ability to build an inclusive coalition that commands the trust and respect of citizens. This should be a joint project of both sectors.

The public sector in Budapest includes the City of Budapest, the districts within the city, the counties, and the national government. Each of them must play an active role in the redevelopment effort and their actions should be coordinated in ways which mean they are part of one overall effort. It is especially important that the redevelopment effort takes on a bipartisan or multi-party character and that it is supported by parties that may be in power in the future as well as those that are in power now.



The key role at this point is for the City of Budapest to develop a shared Budapest 2030 Vision and Strategic Plan and to bring forward a detailed proposition about the Danube development programme. To do this effectively the City of Budapest will need to establish much stronger prioritisation and internal coordination of this development agenda. It will also need to establish a Budapest Development Board or Agency that can combine land and property, planning, infrastructure, investment and project management into one development capability/apparatus. At the same time it will need to develop a clear programme for the economic and cultural development of Budapest and for brand building and promotion of the city.

The City of Budapest must also create a partnership with the districts in order to enable them to participate meaningfully in the design of the redevelopment programme, and to develop their roles in helping to implement key projects.

The national government should recognise the importance of the success of the capital city to the overall success of Hungary and should consider how it can best support the effort for strategic repositioning and urban redevelopment of Budapest.



This will likely involve providing:

- Coordination measures that ensure that all departments of national government make an optimal contribution to the strategic planning and re-development effort.
- Strong policy support so that national government inputs can be sequenced and integrated together.
- Integration of nationally owned land and property into the redevelopment process.
- Allocation of sufficient financial resources.



For the private sector there are a number of important tasks that need to be attended to. First amongst these is the need to provide some coherent additional leadership to the redevelopment effort by offering a well organised, far-sighted, benevolent, and ambitious leadership platform for private interests. For the city to succeed it needs active business leaders that support and promote it rather than those that simply look to profit from it. Budapest currently has a large number of different private sector leadership groups, each with different agendas and each seeking to influence public sector decision making. It is a hallmark of successful cities that they have ambitious and well-organised business leadership groups and such a coalition needs to be formed in Budapest.

Such a broadly based coalition can play several key roles in taking forward the agenda for a new cycle of city development by:

- Helping to define an economic development and job creation agenda for the city.
- Helping to build a clearer brand and identity for the city and to promote the city internationally.



In addition to this key leadership role, private sector firms across different sectors have important expertise and assets to bring to the table for the strategic planning and redevelopment processes. This will include individual firms from sectors such as media, built environment, design, finance, law, and many others.

**iii. Identity and brand.** What should be the positioning and identity of Budapest in its urban development programme and how can this be promoted through multiple projects and initiatives? How can Budapest's identity be strengthened by using the developments along the Danube as a key tool?

Budapest is a city with a great past, but no defined and promoted ideas about its future.

As a consequence the world has no real idea about what Budapest wants to be, the role it wants to play, or the contribution it seeks to make. Budapest does not invite investment, partnership, or collaboration from the outside world except in the realms of tourism and culture. If Budapest does not project strong and clear ideas about its future and offers a promise of what working with and in the city will be like, it cannot win any of the competitions that it needs to win, and it will continue to decline relative to its peers.

Therefore a key part of the Budapest 2030 process must be to define an identity and promote a brand partnership for Budapest (see appendix 3 and 4).

Budapest has a significant DNA that is well understood by many leaders within the city. It is a Danubian City, a city of culture and creativity, a place of social diversity that has been enriched by peoples from different origins, it faces both West and East. It is city of hot spas, springs, and wells, and it is the capital city of a proud nation.



Budapest has great gifts for the world from music, spas, universities and street life through to quirky humour, surreal under currents, and a sense of morbid existentialism!

Budapest's many gifts and assets offer much which can be utilised to tell the story of the future of the city and to motivate and inspire the next development cycle. Chief amongst these are Water, Music, Knowledge, and Location.

To develop ideas about Budapest's DNA and character into a brand proposition that can influence both strategic vision and urban design is a task that will take some collaborative effort within the city. To do this Budapest needs to create a brand partnership that can immediately begin the creative work to uncover the DNA of the city and to define the identity of the city in the future.

If this is done well then the strategic planning process (Budapest 2030) and the urban redevelopment process along the Danube can be branding projects that will help to build the identity of Budapest, and also make the adoption of a refined identity more achievable for others across the city.

## 6.2 Recommendations.

Our first request is that this report is considered carefully. Our overall message is that Budapest is slipping behind its contemporaries and may be at risk of passing into a painful cycle of decline from which there will be no easy path of return.



The chief explanation as to why Budapest is slipping behind is its failure to mount a coherent programme of city development and urban regeneration. It is not an absence of assets or opportunities, but a failure over the past 20 years to build its future in a coherent way. There is no reason why Budapest cannot succeed if it becomes more proactive and effective on its own behalf.

The recommendations are as follows:

#### i. Public Leadership

The Mayor of Budapest, along with the leaders of the districts and the City Council should agree to form a medium term partnership for the development of the city, and agree that they will initiate together a new development cycle.

The actions required to arrest Budapest's decline will take 10 years to reach maturity and it is essential that the effort is sustained and supported by different parties and different spheres of government.



#### ii. Business Leadership

At the same time Budapest needs a much more coherent business leadership that is able to promote the city and contribute ambitious ideas and know-how to city development. Therefore a business coalition is also required to support the initiation of a new development cycle.

#### iii. 2030 Vision and Strategic Plan

The initial Budapest 2030 Vision should now be developed through a participative process to become a medium-term strategic plan for the city and it should act as a 'coordinating plan' for the new development cycle.

#### iv. Danube Urban Redevelopment

The initial proposals about the redevelopment of eight locations in the Danube waterfront areas should be fully developed and be aligned with the forthcoming World Aquatics Championships 2021.

#### v. Development Board of the City

The City of Budapest should create an internal 'Development Board' through the integration of the city architect, planning, property, infrastructure and capital investment functions into a coherent and well-led development function for the whole city. This board will need to acquire planning and implementation

capability for major redevelopment and become able to position itself as a high performing city development bureau.

The board should begin with the spatial and strategic development of the city and should put in place arrangements for economic growth and job creation quickly thereafter.

In certain districts the city authorities should consider licensing coalitions of private sector land owners to act together in joint venture and form a development partnership for the district. The city authorities would provide support and an enabling approach with planning and investment, but would enable businesses to lead if they generate proposals that citizens support.

#### vi. Brand Partnership and International Promotion

The city should also initiate a public-private brand partnership to work on building the identity and brand of Budapest and should ask this brand partnership to coordinate international promotion arrangements.

#### vii. National Government

National government should consider how it can best support city-led development in Budapest and the costs or consequences of Budapest failing to mount a successful city development programme. In particular it will be very helpful if National Government can appoint a high level coordinator to work across ministries to ensure that they support the development programme.

#### viii. Engage Citizens

The city development programme will only succeed if citizens are actively engaged. Citizens need to be engaged in the plan-making discussions and debates, but they also need to be inspired by short-term measures that improve liveability and generate excitement about the future of the city and its redevelopment process.



## 7. Agenda of the ULI Advisory Service Panel

### Appendix 1

#### Agenda of the ULI Advisory Service Panel.

#### BUDAPEST and the DANUBE

#### Urban Land Institute (ULI) Urban Strategy Panel and Workshop, June 17-18, 2013

##### Conference leader:

Municipality of Budapest, Urban Development Division

- Sándor Finta Head of Division, Chief Architect of Budapest

##### Guests and experts:

Urban Land Institute (ULI)

- Joe Montgomery, ULI Europe, Chief Executive.
- Prof Greg Clark, Senior Fellow, ULI.
- Paolo Verri, Director, Comitato Matera 2019.
- Dr. Eugen Antolovsky, Director of EuropeForum, Vienna, Austria.

##### Organizer and coordinator of the conference:

Capital of the Danube Association (DFE)

##### Venue:

Budapest Music Center (BMC), District IX, Mátyás utca 8

##### Sponsors of the event:

- Urban Land Institute (ULI).
- Ingatlanfejlesztői Kerekasztal Egyesület (IKE) (Real Estate Development Round-Table Association).
- Budapest Music Center (BMC).
- Gábor Fúto - ULI Member.
- Graphisoft.
- Zoboki-Demeter & Associates Architects.
- Speakers and Roundtable participants.

## ULI Panel Program, 17-18 June, 2013

<b>June 17, 2013</b>	<b>BMC Main Auditorium</b>	<b>10:45-11:15</b>	<b>Coffee Break and Informal Discussion</b>
<b>9:00-9:10</b>	<b>Conference Opening</b> István Tarlós, Mayor of the City of Budapest	<b>11:15-11:45</b>	<b>Urban Development Study for the Danube Areas of Budapest</b> Sándor Finta, Chief Architect of Budapest, Municipality of Budapest, Urban Planning Dept
<b>9:10-9:15</b>	<b>Introduction, ULI Welcome</b> Nóra Demeter, DLA, Architect, Zoboki-Demeter & Associates Architects	<b>11:45-13:00</b>	<b>Panel Discussion of the Major Urban Planning Issues with the ULI Experts</b> Sándor Finta, Chief Architect of Budapest Krisztina Liskay, Managing Director, Urban-Lis Kft István András, Urban Planner, BFVT Kft. László Árpád Molnár, Transportation Engineer, Representative of the Chamber of Engineers Greg Clark, Paolo Verri, Eugen Antolovsky, ULI Panel members Panel discussion leader: Gábor Zoboki, DLA, habil, Architect, Zoboki-Demeter and Associates
<b>9:15-9:45</b>	<b>Presentation of the Urban Land Institute (ULI) and the Mission of the Budapest Panel, Panel Member Introduction</b> Greg Clark, Senior Fellow, ULI Europe Paolo Verri, Urban Centre, Turin, Italy Dr. Eugen Antolovsky, Director of EuropeForum, Vienna, Austria	<b>13:00-14:00</b>	<b>Lunch Break and Informal Discussion</b>
<b>9:45-10:10</b>	<b>Budapest 2030</b> Sándor Finta, Chief Architect of Budapest, Municipality of Budapest, Urban Planning Department	<b>14:00-14:25</b>	<b>Role of Budapest within the overall Danube Region Strategy</b> Balázs Medgyesy, Government Commissioner responsible for Federal activities related to the EU Strategy for the Danube region
<b>10:00-10:15</b>	<b>Discussion with ULI Panel Members</b> ULI Panel to ask questions regarding the long-term urban strategy concept		
<b>10:15-10:45</b>	<b>Budapest: Culture and Urban Tradition</b> András Török, Managing Director, Summa Atrium Nonprofit Kft		



14.25-14.40	<b>Discussion with ULI Panel Members</b> ULI Panel to ask questions regarding the Danube Strategy	June 18, 2013	BMC Rooftop Auditorium
14.40-15:30	<b>Private Development Opportunities along the Danube - Round Table Discussion</b> Adrienn Lovro, General Director, Ablon Group Gergely Árendás, Deputy CEO, Wing Zrt Tibor Tatár, General Director, Futureal Development Zrt János Kocsány, General Director, Graphisoft Park György Gresó, Development Advisor, Trigranit Zrt Moderator: Peter Illy, Developer, Capital of the Danube Association	8:30-10:00	ULI Panel Members Walk to BMC, along Danube
15:30-16:30	<b>Discussion of the Major Planning and Development Issues with the ULI Panel Members</b> Adrienn Lovro, Gergely Árendás, Tibor Tatár, János Kocsány, György Gresó - Developers and Greg Clark, Paolo Verri, Eugen Antolovsky Discussion moderated by: Péter Illy and Gábor Zoboki, Danube Urban Association (DFE)	10:00-10:25	<b>Methodology of Developing Urban Projects along the Danube</b> Gábor Zoboki, DLA, habil, Architect, Zoboki-Demeter & Associates Architects, DFE
17:00-18:00	<b>ULI Reception</b> Sponsored by the Ingatlanfejlesztői Kerekasztal Egyesület (IFK) (Real Estate-Development Round-Table Assoc.)	10.25-10.40	Discussion with ULI Panel Members
		10.40-11.20	<b>Cultural Vision of Budapest - Round Table Discussion</b> Melinda Benkő Phd, Urban Planner, Head of the Urban Planning Department, Technical University Erika Deák, Owner, Deák Erika Galéria Károly Gerendai, Managing Director, Sziget Kft László Göz, Director, Budapest Music Center Moderator: Alinda Veisz, Journalist
		11.20-11.40	Discussion with ULI Panel Members
		11:40-12:20	Coffee Break
		12:20-12:45	<b>The Forgotten Zone</b> Dezső Eklér, Architect
		12.45-13.00	Discussion with ULI Panel Members
		13:00-13:25	<b>Property Development with the Public Sector</b> László Mihályfi, Director of General Property, Hungarian National Asset Management, Inc.
		13.25-14.40	Discussion with ULI Panel Members
		14:40-15.00	Closure with ULI Panel Members
		15:00-18:00	<b>Lunch Break and Workshop - Summary of Two Day Event and Panel Closing Thoughts.</b> Participants: Greg Clark, Paolo Verri, Eugen Antolovsky, Sándor Finta, István András, Krisztina Liszkay, László Mihályfi, Ernő Takács, Péter Illy, Gábor Zoboki, Nora Demeter

## Appendix 2

**Budapest in City Index Performance**

## Overview

Business - Finance	Knowledge Economy	Image / Brand	Quality of Life
✓	✓	○	✓
Environment & Sustainability	Culture & Diversity	Real Estate / Infrastructure	Destination Power
○	—	○	✓

The city has so far failed to establish a mature and attractive financial services sector. Although the city remains the engine room of the Hungarian economy - its service sector accounts for over 80% of the country's value added<sup>7</sup> - links to international corporate business networks are not fully developed. While relatively low wages and cheap office space have made Budapest a reasonably competitive outsourcing centre, the relative lack of linguistic capability and high rates of taxation have combined to prevent Budapest establishing itself as a major outsourcing hub. As such, the city has not yet carved a clear international role for itself, either as a competitive business centre in its own right, or as a low-cost outsourcing and back office centre supporting neighbouring economies.

Recent emphasis on developing the city's high-tech economy, with particular focus on information technology and high tech sectors, is having some impact. Indexes acknowledge Budapest's innovative and young workforce and developed high-knowledge industries - in particular in the health, ICT and clean-tech sectors. Tourism remains a successful element of the city's profile and a core sector for the city's economy. Budapest ranks well on a global level though more could be done by the city to leverage its heritage and culture and continue to improve further in this criterion.

**Business and Finance**

Firms / Connectivity	Finance	FDI
✓	✗	○

Budapest's business performance in recent benchmark studies paints a reasonably consistent picture.

In comparison to other major Central and Eastern European centres such as Prague, Bratislava, Moscow, St Petersburg and Warsaw, Budapest's performance is competitive.

But when viewed against a wider basket of European cities, Budapest's performance is more modest.

Over the past decade Budapest has faced considerable competition from emerging cities in Eastern Europe and the rest of the world. In 2000, the major measure of international business services firm presence evaluated Budapest as the 45<sup>th</sup> best connected city in the world, on a par with Copenhagen and ahead of Hamburg. By 2010, the city had slipped to 63<sup>rd</sup>, and had fallen one category (Beta+ to Beta). Not only had the Hungarian capital been overtaken by large emerging centres such as Bangalore and Santiago, but also by adaptive cities closer to home such as Berlin and Tel Aviv.<sup>8</sup>

This lack of a dynamic financial services sector explains the relatively slow pace of attracting international services companies. The *Global Financial Centres Index 13*, which specifically examines cities as finance centres, rates Budapest 78<sup>th</sup> of 79 global cities and its profile that of a 'local specialist' - in a category with Reykjavik and Panama City. This is in stark contrast to the performance of neighbouring Vienna which, has for some time has been the leading financial hub and capital gateway for Central and Eastern Europe - including major operations in Hungary, and which is a global top 20 finance hub.<sup>9</sup> Budapest's shortfalls are corroborated by the Xinhua-Dow Jones study which ranks the city last of 45 cities, behind Johannesburg and Lisbon. Meanwhile Citi's Global Hot Spots index places Budapest a modest 55<sup>th</sup> of 120 global cities, penalising it for a lack of financial clout and maturity.<sup>10</sup>

Budapest has also not been as attractive an outsourcing destination in recent years due to rising wages, a stagnant economy and turbulent politics. But Tholons still rate Budapest as the world's 28<sup>th</sup> strongest outsourcing destination and the 4<sup>th</sup> best in Europe after Dublin, Krakow and Prague. I.T. continues to dominate the Hungarian outsourcing market - with over 50 centres, and attracts the most interest from foreign developers.

A fairly unattractive business environment is also responsible for mixed results in attracting firms and talent. Cushman & Wakefield's European Cities Monitor commends Budapest for its relatively low business costs, in particular the good value of rented office space, but ranks it poorly overall compared to its continental peers, at 29<sup>th</sup>, alongside Leeds and Glasgow and well behind its entry position in the inaugural edition of the index in 1990.<sup>11</sup> Poor access to markets and customers, combined with weak international air and rail links, are key factors in Budapest's long-term sluggishness. Cushman and

Wakefield also highlight that the erratic policy making of the national government in Hungary has contributed to the recent decline in Budapest's scores.

Hungary attracted an estimated \$95bn of FDI in 2012<sup>12</sup> and while Budapest's share of this foreign investment is high, there are clear opportunities to improve investor-friendliness. The city was the 14<sup>th</sup> most successful in the world at attracting greenfield investment projects in 2009, but has subsequently slipped out of the top 20. FDI's European Cities of the Future ranks Budapest as a top 10 city in Eastern Europe, albeit behind Brno and St Petersburg, as well as more established financial players including Prague and Moscow.<sup>13</sup> Of the European cities surveyed in the European Cities Monitor, Budapest ranks as the third least well connected.<sup>14</sup>

### Knowledge Economy

R & D	Qualified Workforce	HE institutions
✓	○	○

Since 2006, in particular, Budapest has made a concerted effort to establish itself as a hub for high-tech and knowledge-based industry, with the ICT sector playing the most dynamic transformative role.<sup>15</sup> In certain metrics this improvement is recognised but the prevailing results from recent indexes suggest Budapest status is some way from competing with the world's leading cities in this criterion.

*2thinknow.com's Innovation Cities Top 100 Index 2011: City Rankings* rates Budapest in the world's top 50 innovative cities and in the second tier of innovation hubs, ahead of a number of notable global cities including Dubai, Beijing and San Diego. Similarly positive results are posted in *Buck Consultants' Tech City Index* which rates Budapest as Europe's 5<sup>th</sup> best city for technological talent.



Yet the overall picture is less positive. The Tech City Index<sup>16</sup> ranks Budapest second bottom of the 32 cities surveyed overall in its study while the *European Cities Monitor* ranks Budapest particularly poorly for the linguistic ability of the city's workforce.<sup>17</sup> This perceived lack of internationalism within the Budapest workforce is also highlighted in *Aon Hewitt's People Risk Index* where Budapest ranks poorly among European cities at 67<sup>th</sup>, globally, on a par with Rio de Janeiro and Mumbai.<sup>18</sup>

The city's educational provision remains strong nationally but relatively obscure on a global level. While achieving maximum marks for education on *The Economist Intelligence Unit's liveability survey*, none of Budapest's higher educational establishments feature inside the world's top 500 institutions according to QS' World University Ranking 2012<sup>19</sup> which suggests, at the very least, that Budapest's universities lack international recognition.

### Quality of Life

Livability	Entertainment	Health & Security
✓	—	○

Despite its scenic situation on the banks of the Danube, its iconic baths and famous architecture, Budapest's rankings for quality of life are not stellar. Budapest is ranked 4<sup>th</sup> bottom in the *European Cities Monitor* with only Moscow, Bucharest and Athens ranked worse for quality of life for employees.<sup>20</sup> Net prices including rent are exactly half those of New York (50.3%), which makes the city cheaper than Ljubljana (55%) but marginally more expensive than Prague (48%), Warsaw (48%) and Bratislava (47%). However costs are relatively speaking even higher in Budapest because net wages are only 18% those of New York, significantly behind Vilnius (21%), Warsaw (22%), Prague (25%) and Tallinn (28%).<sup>21</sup>

The Economist Intelligence Unit's liveability survey places Budapest down in 55<sup>th</sup> position overall though scoring particularly well in the healthcare and stability criteria. The city sits in esteemed company in the lower mid-table of that index, between London and New York. Mercer's *Quality of Living Survey*, broadly concurs with that analysis, rating Budapest at a modest 73<sup>rd</sup>. Although lagging behind many mid-ranking cities in Western Europe, only Prague of the Eastern European cities is ranked higher.<sup>22</sup>

## Culture and Diversity

Culture	Diversity
✓	✗

City benchmark results are mixed in this category. Budapest's cultural performance is mostly viewed positively: the city's architecture, heritage and artistic credentials are, in particular, considered competitive on a global level. Citi's *Global Hot Spots Index*, though rating Budapest unflatteringly overall, recognises the city in the social and cultural category - ranking very respectably at 22<sup>nd</sup> overall in the world - on a par with Stockholm and San Francisco and ahead of Tokyo and Rome. Local resident satisfaction with cultural facilities is fairly high, in the top 30 of 75 European cities as measured by EU surveys, on a par with Warsaw and Prague.<sup>23</sup>



Budapest is not an especially diverse city but indicators of integration are positive. On the one hand only 2% of the Hungarian labour market is foreign, with a large proportion of that number low-skilled agricultural and industrial labour from neighbouring Romania.<sup>24</sup> The lack of linguistic diversity and openness are highlighted as specific weaknesses. European Cities Monitor rates Budapest in the bottom five of cities surveyed, behind Lisbon, Bratislava and a host of second tier British cities. On the other hand, local residents are fairly positive about foreigner integration; an EU cities survey found Budapest citizens were the 14<sup>th</sup> most affirmative about integration, well ahead of Bucharest (25<sup>th</sup>), Krakow (32<sup>nd</sup>) and Prague (33<sup>rd</sup>). Support for the presence of foreigners, while less high, was still moderately widespread at 71%, compared to Warsaw (77%), Sofia (66%) and Prague (60%).<sup>25</sup>

## Environment and Sustainability

CO <sub>2</sub>	Pollution	Land-use / Green Space	Waste / Water
○	○	✓	✓

Budapest's environmental credentials are satisfactory, especially given damage that occurred in the 1945-1989 period. Siemens' *Green City Index* ranks Budapest modestly at 17<sup>th</sup> of the 30 European cities surveyed but a respectable 3<sup>rd</sup> among the continent's low-income centres, owing largely to the city's structural shift away from heavy industry in the post-communist era. Similarly, a 75<sup>th</sup> place of 220 cities in Mercer's Eco-City Index indicates the city's core infrastructure is moderately well equipped for environmental resilience, well ahead of Warsaw and Milan.

Although well behind Western European neighbours, notably nearby Vienna, Budapest's waste management, land use planning, water consumption and transport efficiency are all above average. Air quality remains a concern due to vehicle traffic, despite rapid deindustrialisation, while gas heating and a slow take-up on renewables means the city is one of the most energy-intensive in Europe. Commitment to environmental governance is strong, though, and includes signing up to the Covenant of Mayors and the implementation of other EU-level environmental initiatives. That said, local resident confidence in the city's fight against climate change is low, in the bottom 15 of over 70 European cities, some way behind Krakow and Vienna.<sup>26</sup>

## Real Estate/Infrastructure

Real Estate	Transport	Infrastructure
○	○	○

Budapest's overall performance in the infrastructure stakes is more comparable to developing cities than to geographical near-neighbours in Central and Western Europe. Budapest posts the lowest infrastructure score in the top 55 of the EIU *Liveability Index* behind both Prague and Warsaw while in a more specific metric, the *European Cities Monitor* ranks Budapest second last of the 36 European cities surveyed in terms of its telecommunications infrastructure. The city's transport credentials are also relatively poor.

The *European Cities Monitor* rates Budapest a slightly improved 24<sup>th</sup> of the 36 cities, reflecting a stark infrastructure deficit. It reflects the fact that Budapest's public transport network has not been significantly upgraded since the 1980's, that only one Danube bridge has recently been built within the city, and that boat and cycling services have not been properly developed.

Strides are being made by the city to rectify this. Budapest's major new transport project is the fourth metro line, which is structurally complete, at an initial cost of about €1.5bn (Ft 452bn). In addition a new road toll is set to come into existence in 2016, as a pre-condition of EU support the toll will require considerable parking facilities. The Budapest City Council is preparing a number of large projects, dependent on EU funding up to 2020.

The city's other priority projects include the modernisation of Metro lines 1 and 3, new tram purchases, the extension of Budapest's sewage system, a north-south suburban rapid rail line to downtown Astoria metro station, Chain Bridge, and upgrades to public utility networks.<sup>27</sup> Many of these projects depend on central government devolving local trade taxes to the city. Renovation of the Puskás Stadium is ongoing in 2013, with an estimated cost of €400m (Ft 100-110 billion).



Budapest's real estate investment prospects have been deteriorating since 2007 and are now among the bottom five in Europe as assessed by ULI respondents.<sup>28</sup> The political decisions of the national centre-right government have unsettled local and international investors, notably the moves to adjust the independence of the central bank and judiciary. An uncertain macroeconomic situation has deterred risk-averse capital sources, although prime retail centres continue to experience strong occupancy levels and footfall due to a young and aspirational population.

## Image, Brand, and Destination

Number of Visitors	Accommodation, shopping & hotels
✓	—

*Euromonitor's Top 100 Cities Destinations* ranks Budapest in a strong 25<sup>th</sup> position globally ahead of a number of major European hubs including Berlin, Amsterdam and Vienna. The city's baths, architecture, unique blend of Magyar, Austro-Hungarian and Ottoman heritage and a scenic position straddling the Danube provide the modern city with a platform with which to project its credentials. They contribute to the city ranking an impressive 11<sup>th</sup> globally for hosting rotating international conferences, ahead of Seoul, Prague and Buenos Aires. This is the highest position Budapest achieves in any global ranking, but the fact that it does represent a slip from 6<sup>th</sup> place in 2008 suggests that there are challenges for the city in maintaining its reputation for hosting business and scientific events.

The tourist industry provides a valuable dimension to the city's economy and continues to be the decisive contributor to the city's overall image. Citi's *Global Hot Spots* index ranks the city a respectable 36<sup>th</sup> overall for its global appeal. But Budapest's positive image as a tourist location does not appear to have been successfully transferred into a compelling tourist or business brand.

Saffron's European City Brand Barometer rated Budapest outside the top 40 of 72 European cities, behind Leipzig, Wrocław and Bucharest, even though its assets are the 25<sup>th</sup> strongest in Europe. As such, Budapest is clearly failing to utilise its assets fully. While the *European Cities Monitor* notes that Budapest is doing a respectable job of self-promotion (8<sup>th</sup> position), this is down four places on the previous year and behind regional rivals Prague, Moscow and Warsaw.

## Appendix 3

### City Identity, Reputation, and Branding: The Seven Habits of Successful Cities

Greg Clark

*There is now a truly global conversation on regions, cities, identity, reputation and branding. We know that cities have reputations and identities that they want to protect and enhance, but does this mean that city branding will work? And is city branding a different activity from product or company branding?*

Building a lasting city identity and reputation is one of the profound, but also often mysterious, goals that city leaders face. If we can build a city identity that is attractive, or powerful, or commands affection and wonder, or a sense of belonging, confidence, or trust, that identity will help us to solve many of the other challenges that cities face. A positive identity can give us the 'benefit of the doubt' when choices are made, it can maintain outside interest in our city even when we go through rough times, it can compel people to help us even without evidence of their own likely return, and it makes investors and firms reluctant to leave us even when the competition is fierce. A city identity helps people to know our essence; the soul of the city, and to become a friend, not just a customer.

Twenty five years ago we thought that cities needed brands largely in order to attract tourists. But now, in 2013 we realise that much more of the content of what makes up a city is both mobile, and is contested through international competition. For example, these days it is not just tourists, but also students, researchers, innovators, investors, entrepreneurs, knowledge workers, institutions, sports and business events, film shoots, festivals, summits, technology facilities and a host of other activities that are mobile. Cities do compete to win or retain such activities. It is not enough for a city to have a brand that attracts tourists, cities must have an identity that reaches across different markets and customers and tell a unifying story about the value the city can add to the activity that is looking for a home. We cannot tell one story to the students and another to the business people, for example, because the students may become business people, and the business people sometimes also study. We need an organising story across many markets, not just a sales campaign within one of them.

Looking at the competition to host Olympics Games and World Cups is very instructive. Increasingly we hear that:

'the city with the best technical bid was not the winner'. The untold rule is that the technical bid is only part of the process. The identity and story presented by the bidding cities are also a major part of the communication. At the heart of this is always how effective the cities are in aligning their own identity with the identity of the event itself. The cities that win demonstrate and communicate shared values, aspirations, concerns, and priorities with the event organisers, not just through technical submissions, but also through personality.

London won the Olympics for 2012 without the best technical bid. Barcelona did not make a strong case to be Capital Secretariat of the Mediterranean Union but was given the role anyway, despite a strong bid from Marseilles. Once Brazil bid for the FIFA 2014 World Cup, the others realised they could not win. Some places simply have such strong identities that they have a head start in competitions of this kind.

Having a clear identity means that a city can align its identity with the identity of others and create a powerful sense of alliance, compatibility, and shared destiny. So, without a clear identity is hard to win the contests for mobile activities.

This does not just go for hosting global events. Exporting a city's business products, attracting inter-governmental funding, and becoming the location for a film shoot or summit are also subject to the basic and primary law of relationship building, and the emotional communication that goes with it. A city identity can also be a collaboration mechanism for the many stakeholders in a city that want to show what the city can do as well. Without a common city identity there is only the individual stories of each separate organisation or each individual, and this is too diffuse to communicate with confidence. Cities need one song even if they have many voices.

So what do the successful cities do to find and to communicate their identity. What are the habits of success that make cities winners in the personality war that happens between cities, often unnoticed? Steven Covey's wonderful book[i] taught us that here are always seven laws of success, and here they are:

#### 1. Prioritise City Identity and Reputation

Almost obviously, cities must prioritise this kind of thinking, and way of communicating and relating with the rest of the world. Deciding to build an identity and a reputation is an important step that moves cities away from simply providing

services and infrastructures into the realm of 'winning friends and influencing people'. This is difficult to do because media, political opposition, and citizens are sometimes sceptical about the value of city identity. City mayors face 'trial by headlines' if they spend too much on a logo, a strap line, or hosting an expensive event. But prioritisation of this way of working also means doing things the right way and doing them well. It requires deep thinking, analysis, and wisdom. There are good ways and bad ways to do it and you must know the difference. The bad ways are an expensive waste.

Singapore and Abu Dhabi have invested decisively in building globally appealing identities that have won them extensive popular interest and support, because their identities are based on deep self knowledge and a rigorous assessment of what the world wants now and will seek in the future.

## 2. Know our City Deeply

The first task for a city leader is to know our city, to know ourselves. This means connecting past, present and future and understanding the origins of the city, the journey it is on, the people who have made it, the decisions that were taken, the values and vision that led the city in the past, and the role the city has played, and can play, in the lives of the people who live here, or visit. The unique story of the city must be clear and be well told.

Many cities have more than one story; cities have the ability to simultaneously be different things, they can offer great 'alternatives' in unique combinations. They can accept and integrate ambiguity. Consider Jerusalem or Istanbul.

It is essential to be honest and robust, to see history fully, and to know the unique characteristics of our city. We must celebrate the city in order to see what lies behind the history. We have to know and articulate the DNA of the city.

Cape Town hosted the 2010 FIFA World Cup along with other South African Cities. Despite a history of colonisation and racial strife, Cape Town emerged as a distinctive and diverse city with great spirit and purpose, and an extraordinarily diverse population and appeal, well placed to leap forwards in the next 20 years.

## 3. Know Other Cities Very Well

Knowing ourselves also means knowing others very well, and being willing to be humble; to see that others are better

than us in some respects and we have to learn. Unless we deeply understand the strengths of other, it is hard to see our weaknesses. City leaders often say that reading the many city rankings and indexes is partly about seeing how their city is doing compared to others, but also, importantly, it is about seeing which other cities are making progress and doing well, so that we can learn from them.

Knowing and understanding the strengths of other cities is key, but it is also essential to know what mobile investors and talents want. What does the demand side really tell us? What do they need, how can we communicate our offer? For many cities the failure to understand their offer from the informed perspective of understanding global demand is the big weakness: they cannot see themselves 'from the outside in' because they do not know what 'the outside' is thinking.

Our Swiss Cities have learned a great deal about what makes a successful location for advanced industries by studying what others are doing. Look at the work that Basel has done to understand what are the ingredients for successful pharmaceutical locations and we see an example of the science of understanding both the global demand, and the global best practice.

## 4. Build a Family for the City

A city is a dispersed network of different organisations that make up its governance and its stakeholders. The city government is one of these, but does not have a monopoly over resources or assets, and it must therefore be a good leader of the others. The city government must build a family of organisations where each have their own identity but are a part of the collective identity that is the family. This is not easy, key organisations and stakeholders are also part of other families (like global firms, national or regional governments, sectoral institutions, etc). They have other loyalties too. They use different 'surnames' and cannot see themselves as members of the city's family too easily. But they must be 'adopted' and this often means that the city must also become part of their other families too, making a contribution to success of that family into the bargain.

Amsterdam and Berlin have built 'partners clubs' to manage their identity and brand. Amsterdam Partner and Berlin Partner own and manage the 'I Amsterdam' and 'Be Berlin' identities on behalf of a large family of followers. These organisations co-opt 'partners' into their city identity family and share resources with them.

## 5. Make the City's Promise Personal

Once a clear identity emerges and is crystallised, and we know what the outside world is looking for, it is essential to make it personal for people we want to attract, or retain, in the city. Institutions and companies and events are led by people. This means knowing what part the city can play in their success or wellbeing and showing how effectively we can add value to them. Our city might be a place of opportunity, a melting pot, a junction box, or an open city with freedom of thought, or it might have deep entrepreneurial spirit, or a place of invention, a sanctuary or haven, a seat of learning. It may be many of these things. The city's personality comes to life when we describe what it can offer to others in ways that are meaningful to them. How it can be a friend to them? How can the city help them fulfil their potential or aspirations?

Barcelona's initiative 'Do it in Barcelona!' is not just a way to attract entrepreneurs, it is way to suggest that Barcelona provides a special platform for entrepreneurial success.

## 6. Renew the City and Align the Experience with the Identity

The fabric of cities can get worn or depleted. People grow tired of tourists, or the road and rail networks become over used, or the service goes bad. This is normal, and to be expected. But once we have city identity, we have also made a promise that our city will be the way we say it is. It is essential therefore to consistently upgrade, renew, and refresh the experience that people have of our city. Identity and reputation will help us get the extra good will we need for a while, but in the end the experience of city must be aligned with our story. We need the whole family to help us do that.

We must therefore solve problems rigorously as they arise and get to the point where we prevent problems from emerging because we know we are protecting our identity from corrosion or sabotage. Maintaining a good climate, having open access, and good infrastructure will all require consistent attention. We cannot just focus on promoting the assets, we must keep the climate good.

When New York fixed its crime problem in the 1990's, it was renewing its identity as a great city for people and entrepreneurs, and it has not looked back since.

## 7. Build the Identity of the Next Generation of the City with Integrity and Consistency

Building a city identity is a long-term game. The rewards come in the longer term but they build up over time. So city leaders must be recognised for the 'lap they have run' and not be encouraged to try to win the gold medal before the race is over. 'Quick wins' must never be taken at the expense of long-term gains. Because a city identity builds up over time, it is a legacy that is given to the next generations, and city leaders should be judged, not by whether they got immediate return, but by whether the identity and reputation improved under their leadership. City leaders can rest assured that their part in history is secure if they move the city forwards.

Turin has had two great leaders since it fought back against the industrial crisis in the early 1990's. Both Valentino Castellani and Sergio Chiamparino have built the city identity and renewed its offer, and those who follow will do the same. Turin is on a long-term road to recovery that will take several business cycles to complete. So it is too with emerging cities. Sao Paulo can be the most important city in the Southern hemisphere, but it is not there yet, so patience will be required.

Overall, we know that city identity can be an essential asset for city builders, and it is not possible to succeed if we ignore it. But getting there requires great skill and a willingness to work hard at it consistently.

One big challenge that cities face comes from the dominant role of national governments. In the last century Nation States offered an important identity for making choices between competing alternative locations for mobile activity. In this century, we know that cities and metropolitan regions offer the competitive platform that nations need, and yet some confusion between national identities and city identities abounds. Is Hong Kong a Chinese city or not? How English is London? Is Milan part of Italy, or a reaction against it? Will Mumbai or Delhi be India's great business city? These ambiguities have to be finessed so that National Governments can help to build and promote city identity, and reinforce the promise that they make, and the dividend they provide to the country as a whole. Aligning national and city identities is a key challenge for our next decade.

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A city identity is not enough to succeed on its own, but it is an essential ingredient. Cities must also have ambitious and capable citizens, good services, a healthy system of governance, efficient infrastructure and resource management and a good climate for investment. These things have to be brought together with wise strategy and a strong base of support.

Cities have to manage change, adjust to dynamic trends, and shape the future. But without city identity this both much harder to do, and the outcome is less effective. The key point is this, identity does not just help us to **sell** our city, it is also critical to **shaping and building** our city, providing for city leaders the magnet that can combine people and institutions together in a common identity and purpose. What we call city leadership is a more pressing imperative than most of us are willing to say. Only by narrating the deep story of how the cities can be the leaders of the 21<sup>st</sup> Century, as they were in centuries past, can we discover their future role in leading nations and citizens to the next frontier.

## Appendix 4

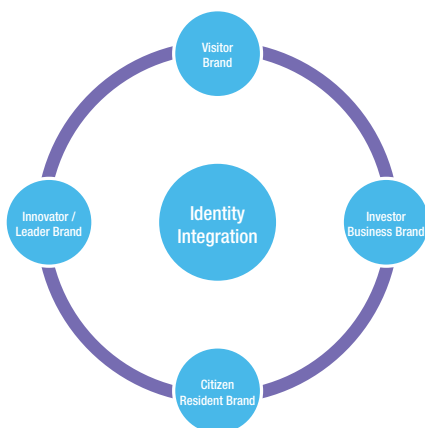
### Ten Tips for City Branding... ...Building the City Brand

A focus on city branding should be underpinned by some common understandings:

#### i. Branding is Not Just About Tourism

Much more of the content of city economies is now contested through international competition. It is easy to get stuck with a strong Tourism brand, and not develop the other dimensions of the place brand.

#### The New Mobility... ...Not Just Tourism



#### ii. The 4 Dimensions of a Place Brand

City brands cut across different markets and segments and most cities need to pay attention to 4 different dimensions of branding:

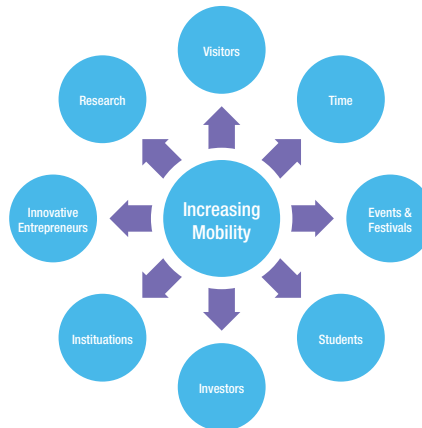
Visitor/Consumer Brand

Business/Investor Brand

Citizen/Resident Brand

Innovation/Leader brand.

## Identity, Vision and Metro Brands



Many cities fail by not considering all 4 realms of branding, and the interactions between them.

#### iii. Visual Identity is Not the Key Focus. The DNA of the Place is the Key to the Future

City branding is not simply about logs, slogans, or sales campaigns. It is always about discovering, distilling, and organizing around the DNA of the place, and using that to shape opportunities and tell the story of the future.

#### iv. Cities need Brand Families and Brand Partnerships

Most territorial brands must be orchestrated as brand families that are lead and managed by brand partnerships. These brand families will include:

- Different dimensions of place branding (Visitor, Investor, Citizen, Innovation).
- Different locations within the region that have distinctive identities and offers.

These partnerships must distil the brand and also organise the story telling for the different dimensions and for the different places.

#### v. It takes Time, Patience, and Consistent Efforts

It is a long-term endeavour to tell a shared story about a city in order to generate identity, reputation, and a sense of purpose.

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#### **vi. Place Branding is about Co-ordination Between Organisations**

City branding is a coordination mechanism between different agents and actors in a city, orchestrated through a brand partnership. It gives them a common story to tell. It must be orchestrated by a partnership because it must be adopted and delivered by a partnership.

#### **vii. Partnerships are Led by the Partners**

It should be led by a partnership that includes city government but not be dominated by city government. It must involve all those who hold some of the DNA of the city and also be capable of being sustainable and continuous through different political cycles. It must not be the project of one political party.

#### **viii. A Common Story with Multiple Applications**

It should develop common story across different sectors such as tourism, education, investment conventions, and life style.

#### **ix. To Retain as well as to Attract. It is About the Quality Within the City**

It should support activities and people that need to stay in the city as well as attracting new ones. It should offer a value proposition about the city/region.

#### **x. Citizens must be Confident in the Brand**

It must engage residents and win their confidence. This principally happens through the citizen/resident brand.



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## 9. About the Author

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**Professor Greg Clark**

Senior Fellow,  
ULI Europe

Greg Clark is Senior Fellow, ULI Europe. He combines this role with being a global adviser on urban development through roles that include the following: chairman of the OECD Development Agencies and Investment Strategies Forum; Global Fellow, Metropolitan Program, Brookings Institution; adviser on metropolitan strategies for the World Bank; chairman of the London Stansted Cambridge Consortium; member of the London Enterprise Partnership; chairman of British BIDs; member of the advisory board of the Oxford Future of Cities Programme; and visiting professor, city leadership, Cass Business School, City of London. Previously, he was a commissioner on the West End Commission (2012–2013) and a member of the Promote London Council (2010).

From 1988 to 2006, Clark held a variety of posts including: lead adviser on city and regional development, Office of the Deputy Prime Minister, U.K. Government; executive director of strategy and communications, London Development Agency; managing director, economic development, at

Greater London Enterprise; chief executive of the London Enterprise Agency; and international programs director at the London Docklands Development Corporation.

Selected as a Harkness Fellow in 1995, Clark reviewed 12 North American cities/regions from a base as a fellow at Columbia University in New York City. As chairman of the European Urban Development Forum from 1996 to 2000, he oversaw reviews of 24 European cities/regions. Since 1998, Clark has undertaken OECD and World Bank reviews in more than 50 cities around the world. He has directed comparative studies and assessments of London and New York, British and Spanish cities, U.K. and Canadian cities, and U.K. and Chinese cities. Clark has been a strategy adviser to more than 20 cities on five continents and has led international city networks and projects on economic strategy, city leadership, openness and migration, urban investment, long-term strategic planning, and city branding.

Clark has led and moderated more than 100 conferences and strategic events for the following entities: ULI (the World Cities Summit, the World Mayors' Forum, the Asia Pacific Cities Summit, and EuroCities), the OECD, the World Bank, the Financial Times, the EIB, MIPIM, LSE, the Brookings Institution, and the EU Council.

Trained as an economist, a political scientist, and a facilitator, Clark was educated at Cambridge University, Columbia University, and the London School of Economics.



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