

VITAL CENTRES ONE OF THE TRADEMARKS OF BERLIN

Urban centres live on the variety of uses and on inviting public areas. Centres of culture, administration and politics, of services and gastronomy, likewise high-quality architecture and the testimonials erected to history all characterize the centres of our city.

Attractive first-class locations in the inner city such as the Friedrichstraße, Am Kurfürstendamm or Potsdamer Platz, profit to an increasing degree from the dynamic development of shopping tourism in Berlin. The fact that this view is shared by others is proven by the most recent UNESCO decision to award Berlin the title "City of Design".

Local urban centres also play an important role: neighbourhood associations organize social life there. In competition between the centres, structures made up of many small parts require twofold support – both economic and social. Tightly woven networks, vicinity and geographically interlinked functions are necessary in this respect.

"Local associations and new co-operative procedures are the success factors for the necessary adjustments, enhancements and improved image of Berlin."

These established structures of the city face considerable challenges. Customers, companies and project developers all strongly advocate the development of new large-scale structures in retail trade, also in Berlin. At the same time there is a clear shift and distinction in the shopping behaviour of customers – away from food shopping "on the corner" or by car towards shopping as an experience. Berlin has to offer the entire range in order to satisfy the demands of its citizens, of tourists from around the world and of numerous day visitors from Brandenburg and from the neighbouring regions of Poland.

There is broad societal agreement in Berlin as to how things are to be regulated, as to the planning objectives for retail trade development and the necessary strategies and instruments. To this end the city government of Berlin adopted the urban development plan on centres, containing targets and guidelines for the development of retail trade and centre structures, forming a central urban framework.

In the forefront stands Berlin's image as a creative shopping city – international, national and regional – and the strengthening of inner city centres as the foundation for varied and close-to-home supply structures.

For enterprises and urban planning politicians alike, a further decisive factor is that planning certainty can be ensured and that regulations on siting, permitted dimensions, permit procedures etc. are transparent and reliable for all parties involved. Reliability in politics also means that investment interests have to be consistent with the common objectives.

The preservation and development of the qualities within centres is primarily a management responsibility. Proprietors and users are called on especially to reverse the negative structural changes apparent on a number of inner-city shopping streets. Creative, locally-oriented ideas are called for – ranging from the palette of goods to architecture, design, comfort, cleanliness and safety – with the aim of leaving their mark on the entire location.

Vital centres are the trademark of Berlin. All those involved have to be willing to structure and develop the "Shopping City Berlin" jointly. In this sense the competition launched in 2005, "MittendIn Berlin!" [smack in the centre of Berlin], an initiative for city centres, aims to bring more life, more variety and more visions into the shopping streets and centres.

Local associations and new cooperative procedures are the success factors for the necessary adjustments, enhancements and improved image of Berlin. Apart from the proprietors, users, public government, chambers and associations, the local organizations, citizens' groups, creative artists etc. can also contribute to discerning and marketing the unique and distinctive elements of the city.

Ingeborg Junge-Reyer, Senator for Urban Development, Berlin

RETAIL TRADING AS THE POWERHOUSE OF URBAN DEVELOPMENT

What are the challenges facing our inner cities? In what directions should inner cities develop in the mid-term and long-term in order to ensure their attractiveness for the future?

The task of ensuring and designing the future of the inner city is far too comprehensive and complex to be left solely to politics. We are all responsible. Professional political advice from business, open co-operation between traders and the city or community and lively Public Private Partnership taking joint responsibility for our urban functional and living space are required.

The challenges multiply and are increasingly inter-dependent. We must therefore act now – not later! The pressure on space is increasing for businesses, weak consumption and changing demand are reducing the productivity of space on a sustained basis, concentration and selection lead unmistakably to structural distortion. Uncontrolled space expansion, decentralisation and shifting centralisation endanger the functionality of the inner cities and communities to a frightening extent.

Trading plays a central role in urban development – but is often underestimated. It is not only the supplier, but, because of its frequency effect and agglomeration effect, a – if not the – crystallisation of urban culture. We must, therefore, move from the current isolated to integrated planning of our cities and communities. City authorities should therefore follow a unified approach covering all centres and locations.

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Dr. Holger Schmitz, Ingeborg Junge-Reyer, Peter Horn (Süddeutsche Zeitung) and Prof. Dr. Dr. h.c. Erich Greipl at the panel discussion presented by Nörr Stiefenhofer Lutz on the subject of "VITAL CITIES – Strengthening the Inner Cities" at ExpoReal 2005 in Munich.



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The city needs trading more than trading needs the city. We must, therefore, move from project planning to preventative trading planning. Professional planning must be integrated. Administration and business must co-operate more so than hitherto. Solutions should be approached on the basis of comprehensive city and regional analyses. This presupposes an improved intercommunal flow of information.

We need a sensible distribution of work accepted by consumers between the primary network (inner city, local services) and the secondary network (periphery, industrial areas), a customer oriented service and trading culture which secures jobs and meaningful and co-ordinated space and centrality policies of the cities and communities.



Participants at the VITAL CITIES Forum in Potsdam on 19 October 2005

1. Regional co-ordination of Centralities

The decentralisation of the centrality is in full flow for decades. The growth of sales space, the international transfer of innovations concepts precisely in the discounting area, the restratification within the cities and agglomerations and changes in business structures also lead to a change in the hierarchical standards of the cities and centres, to shifting of weight and functions within the cities and to some extent to rejection of locations.

2. Preserving or restoring conceptual order

The values of local networks and the market significance of business forms are in a process of restratification for decades. The secondary trading network has doubled its market share, discounter dominated providers have trebled their market share. The polarisation between the network types on the one hand and the marketing concepts on the other hand will continue to make its mark. The functionality and sustainability of

the city trading locations depends on the balance between these poles and the conceptual order.

"Only by politically integrating all tasks of the relevant decision makers can meaningful urban models and concepts be worked out."

3. Useful and co-operative resolution of conflicts of interest

Many initiatives endeavour to reduce or resolve the obvious conflicts of aims and interests in regional and urban development. The EU project VITAL CITIES is exemplary in this regard. All measures more or less pursue the objective of ensuring the attractiveness, quality and acceptance of the inner city centres. This requires a constructive distribution of tasks between the primary and secondary trading network. In addition, intercommunal consultation is urgently in need of improvement. If we want to solve this structural problem, which is so significant for our quality of life, we need a meta rule system accepted by all sides and the associated institutions appropriate to solve the problems of egotism, legitimate conflicts of interest and problems of understanding and co-ordination, which have arisen in the existing disordered processes.

4. Organise integrated co-operation between all parties

It must be clear throughout all endeavours: only by politically integrating all tasks of the relevant decision makers and committed co-operation between all decisive areas, can meaningful urban models and concepts and sustainable solutions be worked out.

5. Create success factors for integrated urban development policies

To ensure the future of inner cities, the following conditions must be fulfilled:

- comprehensive and up-to-date city and regional analyses must be used
- city and regional planning must be integrated (i.e. inter-communal consultation and participation of trade, property interests and communities)
- city marketing and city management must be institutionalised with adequate involvement of all locations
- the information processes between the participants in urban planning must be professionally conducted
- strengthening of the projection of cities and city areas as the crystallisation of shopping and urban life.

6. Create the conditions for integration of modern trading locations

The requirements for the development of trading centres, i.e. inner city centres and trade centres of all kinds can be formulated by means of the ESSHAH rules – this acronym refers to the German terms. These describe the basic requirements for acceptance of a centre:

- (e)rreichbar accessible
- (s)auber clean
- (s)icher secure
- (h)ell bright
- (a)ttraktiv attractive
- (h)erzlich welcoming

Planners, developers and traders must provide these conditions in an open and targeted dialogue and – from the base up – implement concepts appropriate to the city, the consumers and to profitability.

7. Strengthen customer loyalty

Cities, centres, co-operation groups and businesses must understand that they can succeed in a strongly competitive market only by newly formulating their strategy. Trademark profile is vital not only for businesses but just as much for their urban and business centre locations, their urban architecture, functionality and physical appearance.

8. Accept challenges and determine the future of the regions and locations

The sustainability of our urban structures developed over centuries, the survival of urban core areas as living centres, the prosperity of trading and service businesses in these locations and the retention of innumerable jobs, are at stake in the overall development of trade and trading structures.

The future of our inner cities depends completely on ourselves:

- on our capacity to see into the complex mechanisms operating between space and trading structures
- the sensitivity for the explosiveness of the developments and their implications
- the systematic and professionalism in implementing ideas and concepts.

EVENT NOTE

12.5.2006 VITAL CITIES FINAL CONFERENCE

UNDER THE AUSPICES OF WOLFGANG TIEFENSEE
THE FEDERAL MINISTER FOR TRANSPORT, BUILDING AND URBAN DEVELOPMENT

ERICH KLAUSNER HAAL

IN THE OLD PART OF THE MINISTRY OF TRANSPORT, BUILDING AND URBAN DEVELOPMENT, BERLIN

RETAIL TRADE IN BUDAPEST

In the retail trade trends of Budapest the centralization looks to be dominant. In the last three years more than 2200 little shops were closed in Hungary; in Budapest in 2004 there are 359 less retail units than one year earlier.

Nowadays Hungarians do 20% of their shoppings in the newly opened hypermarkets and shopping centres. Most of these were greenfield developments, thus they occupy green areas, generate car traffic (and thus air pollution and noise), and have negative effects on the quality of life in a city.



Budapest downtown in the 30s.
Shops next to each other ...

So new approaches, initiatives are needed: Projects, which respect the urban traditions and meet the recent customer requirements. One of these initiatives could be the stronger co-operation among retail traders. Shopping street-type organisations are already functioning in Budapest (common marketing, security, events etc.), but the field of actions could be expanded in the future. On the other hand BIDs (Business Improvement Districts) should be established, which implies but that would need to get a new bill through. Another way of strengthening local retail trade



... and the same street recently

could be to make the area more easily accessible. Therefore public transport should be developed, bicycle infrastructure and walking tracks (including the issue of being barrier free), should be more attractive.

It is also advisable for the local governments to financially help the renovation of shops, restaurants and cafés. The design of shop windows and shop fronts have direct effects on the streetscape and townscape, and thus on the reputation of the area too.

The renewal of the city sub-centres (main streets, market places) can be also subject of us as citizens. The new centres aim not only to answer the demands of shoppers, but want open-air events and cultural festivals too.

Miklós Marton, Studio Metropolitana, Budapest
For further information:
www.vital-cities.net/subprojects/

TRADE AND CITY DEVELOPMENT OF PÉCS

VITAL CITIES aims to promote the exchange of experiences to strengthen polycentric urban systems. The partners of VITAL CITIES are jointly working on solutions applicable at the local level.

The city of Pécs in Hungary stands for a "good practice", how cities in Europe develop new strategies to strengthen the inner cities. The city of Pécs is the fifth largest city of Hungary, located in the south-west of the country. Pécs is famous for its picturesque old town.

The retail trade has been undergone dramatic changes in the last 15 years. The total volume of consumers' areas multiplied, the choice spectrum was significantly enriched and widened, but trade that had been traditionally characterising the inner city moved to the peripheries, especially to its southern and western areas. Therefore, the city management believed that the time had come to the refreshment and completion of the city's existing trade conception. The task did not seem to be easy because the interests of those concerned in trade development were radically different, in many cases even opposing the principles expressed by the city authority. It was necessary that the programme became one that aims at combining in a consensus the longterm interests of all parties involved. The document released in

late 1999, produced by the experts of the Faculty of Economics, University of Pécs was successful in integrating these intentions.

A fundamental objective was, in addition to the continuation of historic traditions determining the character of the city, to formulate a citizen-friendly programme which ensures clear-cut and transparent conditions for investors, but which avoids the negative side effects of the emerging processes. Public opinion was asked for at forums, by daily paper appeals and questionnaire surveys, by means of which direct information could be gathered about the experience and needs of the inhabitants. The theoretical and practical views of the future put forward by the university researchers prognosed the expectable processes, by means of which it became possible for the city to leave behind its former policy making that had been only a "follower of the events".

The retail trade conception for Pécs has implemented in recent years. There has been a dynamic trade-development in Pécs in 2000 to 2005: First of all "Pécs Árkád" opened its gates in the Southern part of the historic inner city. This well integrated shopping centre completely restructured the traffic of the inner city (110 shops, 800 parking lots, area of 30.000 m²). It partly drew

back the spending capacity from the shopping areas of the city outskirts, and it partly draws the attention of the purchasing power in the territory of the whole region. Based on the already attracted spending capacity in the Western trade-centre of the city (where Metro, Praktiker and Tesco can be found), Elektroworld has appeared and Kika has already been constructed. By these actions the formulation of the complex shopping area has finished in the Western part of the city. As a result of conscious city developments ambitions, a second Tesco was opened in December 2005 in the Eastern city district, which was de-emphasized while formulating the main trade development concepts.

By the opening of this shopping centre, the trade structure of Pécs is shaped completely, ensuring balanced and high-standard supplies covering the entire area of the city. Nowadays there are 2950 retail shops and 800 hotels and restaurants established in Pécs: Pécs has become one of the most vivid service centres of Hungary.

Dr. Antal Aubert,
senior university lecturer, University of Pécs
Tibor Gonda,
Vice-mayor of the City of Pécs (Hungary)



CURTIS — COMPREHENSIVE URBAN RETAIL TRADE IMPROVEMENT STRATEGY

VITAL CITIES is oriented to the European model of a "compact city" (city of short distances). One of the elements of such a city is that the extension of the settlement areas has to be minimized within the context of prudent site and settlement policies. However, this can only be achieved if, at the same time, the site possibilities for trade and business within the cities are improved. The growth of shopping centres in green spaces and the resulting expansion of space is a European phenomenon which speeds up the urban sprawl.

At the present time commerce is searching for new concepts and forms of sale in order to better accommodate the needs of customers. The following tendencies are emerging in this respect:

Market Polarization

The hybrid behaviour of consumers, who would like to buy high-quality products for certain areas of life while searching for cheap products in other areas, leads to a polarization of markets into "commerce for supply purposes" and "commerce as an experience", while the middle segment is disappearing. In the segment "commerce as an experience", some segments of retail trade are becoming part of the leisure industry, impartial experience and enjoyment constituting the main elements. This means for the retail trade that a buying experience has to be conjured up through the corresponding environment and spectacular presentation of goods.

Discounters in Commerce for Supply Purposes

The polarization discussed above increases the market share of discounters. This no longer affects the area of food products alone, but increasingly also affects the non-food range of goods such as, for example, consumer electronic products.

Internationalization and Centralization

The current development in retail trade is characterized by a marked trend towards internationalization. In central and eastern Europe especially, one may expect substantial growth dynamics during the next few years. The market share of internationally engaged groups of companies will thereby increase and the expansion of shopping centres will continue.

"Since the trends in the development of retail trade are increasingly of a pan-European nature, there also has to be a European approach to steering the planning of these processes."

It is not the responsibility of politics to interfere with these trends. However, the question does arise as to where the above-mentioned structural change in retail trade with its new forms of business can be implemented in an acceptable manner with regard to both regional and urban planning. The answer to this question affects, for example, the existence and development of existing residential structures, the development of city centres and local urban centres, the process of sub-urbanization and the urban sprawl encroaching on the landscape, as well as the separation of functions such as residence, work, leisure and supplies.

Since the trends in the development of retail trade are increasingly of a pan-European nature, there also has to be a European approach to steering the planning of these processes. Therefore, the "Comprehensive Urban Retail Improvement Strategy" (CURTIS) is an integral part of VITAL CITIES, collating the results of all activities of the project. For example, the survey of the legal framework of VITAL CITIES countries has shown that the

municipalities play an instrumental role in ensuring that retail trade settlements are consistent with planning requirements. Based on the existing planning law especially in central and eastern Europe, it is not possible to steer matters on a supra-municipal basis. In view of this background, it does not appear promising to implement new instruments at the national or regional level. The existing national laws are basically not able to ensure an acceptable development of retail trade, albeit to different degrees. Yet the experience gained in VITAL CITIES shows that the municipalities and the retail traders as well as the business associations themselves have a veritable interest in retail trade settlements consistent with urban planning.

The regulation of retail trade projects in line with the aim of the compact city can be furthered by an obligation to draw up binding inter-municipal retail trade concepts. Through corresponding legal requirements, an obligation should be imposed on the municipalities to draw up such concepts together with non-governmental organizations such as the Chambers of Commerce and retail trade associations. This process should be accompanied and supervised at the regional level in order to ensure that a binding inter-municipal retail trade concept exists before the planning and grant of permits for a large-scale retail trade project takes place.

For a number of VITAL CITIES countries, such an addition to the existing national legal framework amounts to a shift in responsibility for the regulation of large-scale retail trade projects towards the regional and municipal level. This necessary process will definitely strengthen municipal self-administration and intensify inter-municipal cooperation as well leading to more intense involvement of the remaining parties, especially retail trade, in urban development.

Dr. Holger Schmitz, Nörr Stiefenhofer Lutz



VITAL CITIES Forum in Danzig on 10 June 2005: Alexander Otto, chairman of the board of ECE Projektmanagement



VITAL CITIES Forum in Potsdam on 19 October 2005: Jann Jakobs, Lord Mayor of the State Capital Potsdam



VITAL CITIES Forum in Prague on 9 December 2005: A view of the audience



DEVELOPMENT OF TRADE NETWORKS IN THE CZECH REPUBLIC

On December 9th 2005, at the request of the organizers, the President of the Association of Trade and Tourism of the Czech Republic (CCCT), Helena Pískovská, delivered a welcoming speech at the 3rd Retail Trade Forum, held in Prague. From Ms. Pískovská's speech, we have selected the following major ideas and information:

I consider it a fortunate coincidence that the 3rd Retail Trade Forum is taking place this year and in Prague – at a time when our Confederation commemorates the 15th anniversary of its establishment and has approved at its general meeting a new strategy of activities, a strategy attuned to current social and economic trends.



VITAL CITIES Forum in Danzig on 10 June 2005:
Helena Pískovská, President of the Association of Trade and Tourism of the Czech Republic

The CCCT's strategic ambition for the years 2005 to 2007 is to be

- the highest-level representative of the interests of businessmen in the areas of trade and tourism
- the initiator of improvements in business conditions, greater reliability in business relations and better treatment of consumers

- an active member of European business associations and a guarantor of balanced integrational and national interests in trade and tourism
- the sector representative with regard to social dialogue in trade and tourism.

As part of its activities, CCCT also looks after the development of trade networks. CCCT has always maintained and promoted liberal views with regard to governmental influence over and optimization of the development of such networks and has called for a high degree of decentralization in this area from the point of view of urban planning and the powers and responsibilities of local and state urban planning authorities, while supporting justified requirements for infrastructure-related and technical conditions in connection with any new trade facilities. Such rules have also been agreed between CCCT, the Ministry of Industry and Trade and the Ministry for Regional Development.

"The market share of large firms, especially multinationals, continues to increase."

The trade sector enjoys a solid position in the Czech Republic in terms of its economic importance and this is reflected in statistical information and other criteria. Trade consequently accounts for 14 to 15% of the GDP.

"Trade will continue to develop in line with current trends in this area."

In addition to the main economic statistics, the favorable development of trade and tourism also follows from changes in other important aspects connected with life-style, the environment, urbanization and the growing wealth of households. Another prominent factor is the development of the organizational architecture of trade, which is characterized by a continuing, albeit slower-paced, concentration of business activities, noticeably helped along by foreign capital and, more recently, by certain large mergers between retail chains. The market share of large firms, especially multinationals, continues to increase. Nevertheless, it is still possible for domestic firms to be successful, especially those conducting business on the basis of cooperative arrangements.

How do we see the further development of trade in the Czech Republic? We believe that trade, especially the retail sector, will continue to develop in line with current trends in this area, i.e., with the participation of both large firms, primarily chains, and smaller and medium-sized companies, primarily on the basis of cooperative and franchising arrangements, and that this sector will continue to improve the quality of its goods and services and to expand its networks.

"In the most recent period, the growth of new large-scale retail facilities has slowed somewhat due to the large base of existing retail space."

According to the most recent data published by the Czech Statistical Office, the approx. 10.2 million consumers in the Czech Republic have available to them more than 140 000 retail stores – an increase of 40 000 stores over 1998, the year in which the last retail census was performed in the Czech Republic. On the basis of such data, it can be estimated that currently for each person in the Czech Republic there is 1.1 to 1.2 m² of retail space. In this regard, the country is now approaching its neighbours in terms of per capita retail space. Although in the most recent period, the growth of new large-scale retail facilities has slowed somewhat due to the large base of existing retail space, even this year there will be new hypermarkets opened as well as more of the increasingly popular discount stores. Recently we have also seen a lot of new shopping centers, shopping arcades and shopping malls opened in major cities, some with large anchor tenants (hypermarkets) and dozens of smaller stores and facilities offering various goods and services, including food courts, restaurants, entertainment etc. The leader in this trend is of course Prague, with its high purchasing power.

Helena Pískovská, President of the Association of Trade and Tourism of the Czech Republic



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