URBEVIVA

Issue 3

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Development and pilot implementation of economic analysis methods of central urban areas – part 1

INTRODUCTION

This document is the final report of Component 3 of the Urbe-Viva Project. The Project's final goal is to "Develop a common operative model to be tested in the partner towns in order to implement integrated re-qualification policies of urban areas through the use of a unique management body". The Objectives of Component 3 of the Project are:
- The elaboration of economic method to analyse and study the central urban areas where it is possible to operate with policies, interventions, programmes and projects about urban retail regeneration;
- Implementation of the method of analysis in two urban central areas of each partner town.

In the next sections, we will present the first part of the report, the second part will be published in newsletter 4.

IMPORTANCE OF COMMERCIAL ANALYSIS

Over the last three decades, small cities across Europe have experienced a continued economic leakage from downtown areas to outlying suburban locations. Once the centres for community and economic activity, downtowns have suffered the loss of retail and other business activities to sites in shopping centres and commercial strips. Downtowns continue to suffer economic hardship brought on by fierce retail competition from large discount stores, and regional shopping centres.
Many small city downtowns face high vacancy rates and a poor mix of retail tenants. However, it is generally accepted that downtown areas play a unique role within each city and its region and that, in many respects, the quality of life available to all residents of the city and the region is determined by the success, vibrancy and economic health of the downtown. For a detailed analysis of the role of downtown areas in determining the quality of life in each city

as well as in the corresponding region, see Gratz and Minz (1998), Healey (1997) and Ihlanfeldt (1995).

Consequently, the effort to revitalize central urban areas is expected to produce multiple benefits not only for the residents of these areas but for the residents of the whole city as well. The key economic activities in most downtown areas across Europe appear to be light retail and services. Hence, in order to ensure that the revitalization of such areas is viable, any planned interventions or policies must focus on these commercial activities, that constitute the core of the downtown economy.

The objective of the proposed methodology is to offer tools for the analysis of these activities and for determining areas with promising business potential that will positively affect the quality of life in the city and the region.

ANALYSIS OF THE METHODOLOGY

The methodology for analyzing central urban areas was finalized in cooperation with the partners. An initial draft was circulated to all partners who were encouraged to make comments and suggestions. Given the time restrictions and the budget limitations, this initial methodology was modified to ensure that it could be implemented within the specified time limits. The methodology applied to analyze urban areas and for selecting candidate areas that may be revitalized and re-qualified is based on quantitative as well as qualitative factors. The objective of this methodology is to provide decision makers with models for analyzing central urban areas and for identifying trade areas with business potential. These trade areas will be focal in the effort to re-qualify and revitalize urban areas.

The methodology is implemented in four phases:
- Phase 1: Determining the Economic Base of the Region
- Phase 2: Monitoring of Appropriate Indicators
- Phase 3: Assessment of Qualitative Factors
- Phase 4: Identification of Areas with Business Potential
Each of these four phases is briefly described below:

PHASE 1: DETERMINING THE ECONOMIC BASE OF THE REGION

Identifying basic sectors
Each local study group starts by assessing the economic base of the region and by identifying sectors that are basic as opposed to non-basic ones. Clearly, regions with significant basic sectors can be thought of as offering opportunities for future growth In order to assess the extend of the basic sector in each region, the local study group can employ the following methods[1,2,3]:

• A survey of the local producers can be carried out in order to monitor how much of their production is sold to firms, households or customers in the region as opposed to outside.

• It can be assumed that certain sectors of each regional economy are part of the basic sector since most of their production is exported whereas other sectors constitute the non-basic

sector since most of their production is purchased internally. Typically, it can be assumed that most large-scale agriculture, mining, manufacturing, and certain services (packaged software, for example) are basic; and that most construction, retail/wholesale services, and state-local government are non-basic.

• The local study group can identify the sectors that produce a lot more than the region is likely to use internally, and call their output basic (export oriented). The last method is based on the use of Location Quotients, which is a way of expressing how specialized a region is in a certain sector.

Forecasting the Economic Base

Once the local study group has identified which sectors are basic, the output and employment of these sectors can be predicted as follows:

• The announcements of expansions or contractions in key sectors can provide indications regarding future developments. However, these announcements provide only partial coverage.

• Local business executives in those sectors can be surveyed in order to learn their projections for growth or decline.

• National projections for the output in each sector that is part of our region's economic base can also be used. It can be assumed that the region will maintain its current share of forecast national output by sector.

• The trends in the region's share of national output by sector can also be studied. These trends can be used to forecast the future growth within the region.

PHASE 2: MONITORING OF APPROPRIATE INDICATORS

Each partner conducts surveys to measure and monitor indicators concerning the following aspects:

• **Social and demographic factors of the areas in question.**
Appropriate indicators include:
- € Total Population
- € Distribution of the population by gender, age, density, employment
- € Number of births and deaths (absolute number and rate)
- € Number of foreign immigrants

• **Uses of land**
Identify the different functions of land (public institutions, equipment, offices, retail businesses, leisure, culture, restaurant, hotels, housing, etc). A high level of diversity in the uses of land represents a high level of commercial vitality in the area.

• **Current retail outlets and services by category**
The data base of the retail businesses of the zone is obtained through a survey of the premises within the urban areas in question.
The classification in categories is carried out on the basis of several criteria. The main emphasis in the classification process is given on the use of these outlets by the consumers.

• **Associationism**

The level of associationism indicates the local businesses' negotiation power and constitutes a key factor of the commercial revitalisation because the unity of the retailers' efforts enables them to undertake larger scale projects or actions. Associationism is measured through various indicators, such as:

- € Number of businesses which belong to an association by type of activity and type of association
- € General valuation of the different associations and by type of activity
- € Representation in the institutions
- € Consultancy over subsidies/supports
- € Training support
- € Legal and fiscal consultancy
- € Collaboration agreements, etc

• Urban Environment (parking facilities, level of noise, intensity of traffic and pedestrian flux, etc)

The evaluation of the urban environment and the actions that are required to improve it is essential to estimate the perceptions of the entrepreneurs who have invested or are planning to invest within the urban area under consideration.

• Environmental Quality (level of pollution, etc)

The evaluation of the natural environment is another important factor that may affect seriously the efforts to revitalize urban areas. The quality of the natural environment can be assessed through the following indicators:

- € Atmospheric and acoustic pollution
- € Contamination by residues
- € Weight of rubbish per resident /Composition of the rubbish
- € Environmental impacts
- € Condition of the green areas in the city
- € Maintenance of the facades
- € Street furniture
- € Cleanliness of streets

• Mobility and accessibility

Mobility and accessibility refer to the ease with which people can access the urban area in question and the level of service they expect to receive. A number of indicators are suggested which reflect the supply and demand of parking spaces, the extension of pedestrian zones, etc.

- € Supply, demand and use of parking spaces
- € Pedestrian Zones:
- € Number and characteristic of the roads
- € Educational / health / cultural / sports establishments
- € Green areas

• Historical and Cultural Heritage

Areas with a strong historical and cultural heritage are obviously prime candidates for revitalization. Promoting these aspects could be one of the main strategies for re-qualifying such areas.

• **Local Particular Initiatives**
The last aspect concerns occasional initiatives such as the organization of thematic markets (wine, food, books, etc) that often attract visitors from other areas.

PHASE 3: A