

A Framework for Successful Inner-City Development

"There is no universal inner-city strategy, no universal recipe for inner-city development. Individual solutions adapted to local needs and opportunities are needed for each city and municipality to make city centres and other centres resilient for the future". (Bundesministerium des Inneren, für Bau und Heimat (BMI) 2021, p. 3).

Research activities under the title "Designing city centres as places of sustainable consumption" (SONa) are concerned with the question of what role sustainable consumption cultures and opportunities can have in the transformation of city centres in Germany. The challenge here lies in the distinctive and unique character of each city, making it clear that despite the prevalence of chain stores on central shopping streets, there are no one-size-fits-all solutions, as highlighted in the earlier quote.

This factsheet delves into local factors that merit consideration within the context of city centre transformations and shares insights gained from practitioners' past experiences, shedding light on the conditions necessary for successful inner-city development.

The translation of the factsheets was initiated by the project "NiCE - from niche to centre" and is co-funded by the European Union (Interreg Central Europe). On the one hand, this makes it possible to make the collected findings accessible to an international audience. On the other hand, the findings also contribute to the work of NiCE.

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1 The relevance of local disparities

Chain stores first appeared in German city centres in the 1980s (cf. Bundesministerium für Verkehr, Bau und Stadtentwicklung 2011, p. 19; Deutscher Städtetag 2021, p. 3; Diringer et al. 2022, p. 26; Hangebruch 2012, p. 23 f.). Although they have shaped the retail landscape of many shopping streets, they have not fundamentally changed the **built form of spaces** in the process. If a shopping street is situated in an historic old-town area, its aesthetic often features narrowness, cobblestones, and heritage-listed buildings. Nevertheless, in numerous city centres and shopping districts, you'll find a mix of older and newer structures coexisting, alongside car-free zones and streets where car traffic persists. The latter is especially the case for shopping streets situated within neighbourhood centres. In addition, the structure of the city as a whole plays a significant role in the spatial distribution of goods and services: with increasing size, for example, decentralised shopping destinations often develop in neighbourhood centres, whereas small and medium-sized towns usually have a centralised array of goods and services situated mainly within the city centre.

Other **characteristics of the city as a whole** play a decisive role in the use of the city centre and the threat of shopping streets experiencing decline and becoming deserted. Factors such as the city's size, its location within urban or rural regions, and the connectivity provided by transport infrastructure across the entire catchment area can significantly impact visitor numbers. It's important to note that, in Europe, a trend towards densification has been observed since at least the 2010s: Especially metropolitan regions and large cities, but increasingly also medium-sized cities, show a positive migration balance.¹ Inner-city use is influenced by various factors, including basic population trends, demographics, and municipal finances and staffing. Studies also show that online shopping offers seem to be of particular interest to people who do not live in an urban centre, but in the surrounding countryside (cf. Zaharia & Hackstetter 2017, p. 64). This means that that e-commerce competition can be especially fierce for brick and mortar retailers located in towns and cities that previously attracted many visitors from surrounding rural areas.

Significant local disparities can stem from the **existing mix of functions** within the city centre and its primary shopping districts. Considerations include the role played by tourism, the presence of hotels and restaurants, the extent of residential use, the availability of office space, and the prominence of the manufacturing and crafts sector². Municipalities which, as business locations, have a "high proportion of the regional labour market in the finance and insurance sectors", for example, are often "more strongly characterised by office uses" (Bundesministerium des Inneren, für Bau und Heimat 2021, p. 10).

Some urban scholars go so far as to assert that cities possess an inherent logic that permeates all their structures and practices, creating a distinct urban habitus (cf. Berking & Löw 2008). The German Advisory Council on Global Change ("Wissenschaftlicher Beirat der Bundesregierung

¹ Cortinovis et al (2022) have analysed the development of over 300 cities in Europe, including 60 cities in Germany with a population size of at least 50,000 inhabitants. They showed that between 2012 and 2018 the trend towards reurbanisation was particularly strong in Germany, especially in terms of densification. Analyses of growth and shrinkage in German cities corroborate these findings. Between 2014 and 2019, growth was measured in over 55 % of all municipalities. Around 80 % of the central and just under 50 % of the peripheral municipalities recorded growth. (Bundesinstitut für Bau-, Stadt- und Raumforschung 2021).

² Diringer et al. (2022, 21ff.) describe a wealth of possible functions of the city centre that can play a formative role for its users as well as for its shape.

Globale Umweltveränderungen”, WBGU) also emphasises in its main report on the transformative power of cities (2016, p. 4):

“Every city must find its own way to a sustainable future. This ‘idiosyncrasy’ is not only of great importance for the creation of urban quality of life and identity, but is also an indispensable resource in the sense of the development of city-specific creativity and innovation potentials.”

Moreover, due to the socio-cultural and spatial diversity of cities and urban societies, there exists no universal solution that fits all; rather a plurality of urban transformation paths coexists. Local factors are therefore relevant not only in understanding the initial state of city centres but also in designing interventions and measures to counteract the looming spectre of decline and deserted shopping streets. On one hand, measures and interventions tend to yield more promising results when tailored to specific local contexts. For example, discounted and temporary uses of existing commercial vacancies can only be organised when it is possible to talk to the owners about such uses. On the other hand, local characteristics can play a decisive role in the execution of these measures: factors such as budget constraints and political commitment influence how municipalities approach property owners, impacting the confidence with which they undertake such initiatives.

2 Interview findings

2.1 Political commitment and intra-municipal cooperation

Most of the interviewees viewed a fundamental commitment from **political decision-makers** and subsequently from the administration as central to success (INT01, INT02, INT03, INT04, INT07). Only when the profound political debates have already been concluded can an uninterrupted implementation of adopted measures take place (INT01, INT02). When this commitment and an understanding of inner-city development project dynamics are also present at higher levels, this facilitates local implementation, not least through appropriately designed funding conditions (INT05, INT07).

In addition to political commitment, **intra-communal cooperation** is equally important. Streamlined administrative pathways, achieved through processes like interdepartmental exchange forums or centralizing inner-city projects within the organizational framework, carry immense significance. Given the multitude of administrative units, municipal entities, and public utilities involved in inner-city redesign and revitalization, such measures are indispensable (INT01, INT 02, INT03, INT04, INT05, INT07). A large number of administrative units and municipal companies or municipal utilities would have to be involved in the redesign and conversion of the inner cities (INT01, INT 02, INT03, INT04, INT05, INT07).

The interviews also hint at the potential influence of interpersonal relationships, both between local politics and administration and within the local administration itself, in shaping outcomes (INT01, INT02).

2.2 Flexible funding conditions

In many cases, municipalities have taken advantage of funds from subsidies for the **urban development** of their city centres in parallel or prior to the initiation of specific inner-city development projects (INT01, INT 02, INT 03, INT04). These funds were described as relevant prerequisites for improved inner-city dynamics because they cover issues that go beyond the scope of this working paper and allow for an integrated development approach. Here, for example, the attractiveness of city centres as residential neighbourhoods should be mentioned (INT03, INT06). However, it's important to note that urban development or revitalisation alone does not guarantee a reversal of the "trading down" effect.

For projects that are more oriented towards monitoring, support, assistance and networking, it became clear that **flexible funding conditions** which are also aligned with the desired dynamic development in inner cities in the short term are important. Currently, only a few funding programs accommodate this flexibility. One example is the acquisition of multi-purpose furniture, which, according to interviewees, is not possible in all funding programmes. Nonetheless, municipalities seeking to provide retail spaces for pop-up shops can nurture innovative ideas by offering support such as furniture rentals and other equipment and design elements (INT01, INT03). Often, implementation costs exceed initial estimates, prompting a consideration of fundraising or sponsorship opportunities from the private sector (INT01, INT04).

2.3 Identification and engagement of stakeholders

The identification and engagement of all relevant stakeholders is considered an essential factor for the success of interventions and projects in urban spaces. This insight is reiterated in our case studies. The **real estate sector**, i.e. the owners of inner-city properties and in some cases also estate agents for commercial properties, were named as particularly relevant stakeholders

(INT01, INT02, INT03, INT04, INT06). In Hanau, formal instruments such as pre-emption statutes facilitate engagement with these stakeholders, while in other cases, alternative approaches are required to gain their cooperation. In one instance, it was noted that property owners were challenging or impossible to reach (INT07). It was presumed that short-term (and, in some cases, longer-term) use might be less attractive to them due to potential limitations on tax deductions for vacant properties.

Furthermore, **local retail** and its organised representatives, including associations, clubs, chambers of commerce, and industry bodies, play a central role across all projects (INT01, INT02, INT03, INT04, INT06, INT07).

The third stakeholder category is **urban society** (INT01, INT02, INT03, INT04, INT07), which encompasses individual residents as well as organised civil society groups. Some projects have involved residents in concept development through citizen workshops, while others have employed survey formats. In all projects, it is evident that citizen participation can be decisive for the acceptance of implementations. Engaging residents enables the identification and consideration of their needs and demands (INT04, INT06). In certain interviews, it was explicitly emphasised that concepts and strategies for inner-city development should involve residents, as this approach can help prevent major conflicts during the implementation phase (INT01, INT03, INT04). Another interview stressed the importance of resolving political conflicts during strategy and concept development, thus ensuring the necessary *political commitment* for subsequent implementation (INT02).

In all interviews, it was reported that persuading and communicating with the aforementioned stakeholders can be particularly time-consuming and demanding. Therefore, sufficient **personnel capacities** for coordination and management (INT01, INT02, INT03, INT05) and **effective communication** of activities are crucial for success. Regular exchanges through formats such as roundtable discussions, initiative groups, or steering committees can facilitate communication with relevant stakeholders (INT04). For the so-called "general population", communication must be approached in a different way.

Communication with the broader urban community should not solely revolve around major milestones but should seek to create tangibility on a small scale or at intermediate stages (INT01). While not explicitly mentioned in all interviews, the emphasis on the tangible aspects of inner-city development is implicit in many instances when interviewees highlight the success of events and markets (INT02) or the relevance of digital offerings and audiovisual media (INT03, INT05). The latter, in particular, enables continuous engagement with the changing urban landscape (INT04). Another effective integration approach involves creating temporary spaces where people can gather informally to exchange ideas. Additionally, these prototypes serve as a direct means to assess the specific needs of target groups for community spaces (INT06). It's noteworthy that in one interview, an effective communication scheme beyond the city limits was described as a unique selling point. (INT02). This can be a compelling argument for attracting businesses, especially in medium-sized centres that serve as regional supply hubs.

In the majority of the case studies examined, the municipality, or a subsidiary, played a central role in project management and design. As such, local government and local politics have not yet been discussed as stakeholders. However, these two groups automatically assume central stakeholder roles in projects not controlled by the municipality.

2.4 The role of digitalisation

Except for the Wuppertal Online City project, digitalisation plays a minor role in the cases under consideration. It became evident that many retailers lack the necessary resources (e.g. time) (INT06), posing a hurdle to establishing and using online portals. Nevertheless, the Wuppertal Online City project has demonstrated that established shops can be "digitalised" with appropriate support. However, it is assumed that consumers generally lack interest in digital offerings from brick and mortar stores (INT07), which undoubtedly presents an additional challenge.

Even if e-commerce is not explicitly used as a sales channel, this does not mean that the practical examples (and shops) are not present online. Especially interactive offers, such as events and joint campaigns, are already advertised on websites and social media. This reflects a trend towards creating unique experiences in retail and underscores the pivotal role of shared encounters and hands-on engagement, which are increasingly being integrated into the digital space to support sales, both directly and indirectly (INT03).

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Imprint**Publisher**

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Completion: July 2023

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