

## Economic Crisis and the Shrinking Greek Cities

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### Abstract

*Urban shrinkage* is a multidimensional phenomenon encompassing regions, cities, and parts of cities or metropolitan areas that are experiencing *a dramatic decline in their economic, demographical and social bases*. The causes of this urban decline are many and complex: suburbanization, economic shifts from traditional industrial-based economies to post-industrial new urban economies; economic restructuring from state economies to market economies; economic crisis due to forces of globalization. Under the conditions of the current economic crisis in Eurozone, and especially in Greece, there are strong indicators that Greek cities have started becoming another group of shrinking cities. This presentation investigates (a) *the driving forces of urban shrinkage in Greece*, and (b) *strategies of urban regeneration* that may be developed and applied in shrinking Greek cities. The case studies are Larissa and Volos, medium-sized cities located in central Greece.

### 1. Introduction. The phenomenon of urban shrinkage in Europe and worldwide.

*Urban shrinkage* is a multidimensional phenomenon encompassing regions, cities, and parts of cities or metropolitan areas that are experiencing *a dramatic decline in their economic and social bases* [see Pallagst and Wiechmann, 2005; Palagst 2007; Palagst 2008; Palagst et. al 2009]. The causes of this urban decline are many and complex, though one common denominator is that each “shrinking city” has been significantly impacted by the forces of globalization [Palagst 2007a].

The Shrinking Cities International Research Network (SCIRN) defines a shrinking city as “a densely populated urban area with a minimum population of 10,000 residents that has faced population losses in large parts for more than two years and is undergoing economic transformations with some symptoms of a structural crisis” [see <http://www.shrinkingcities.eu/>].

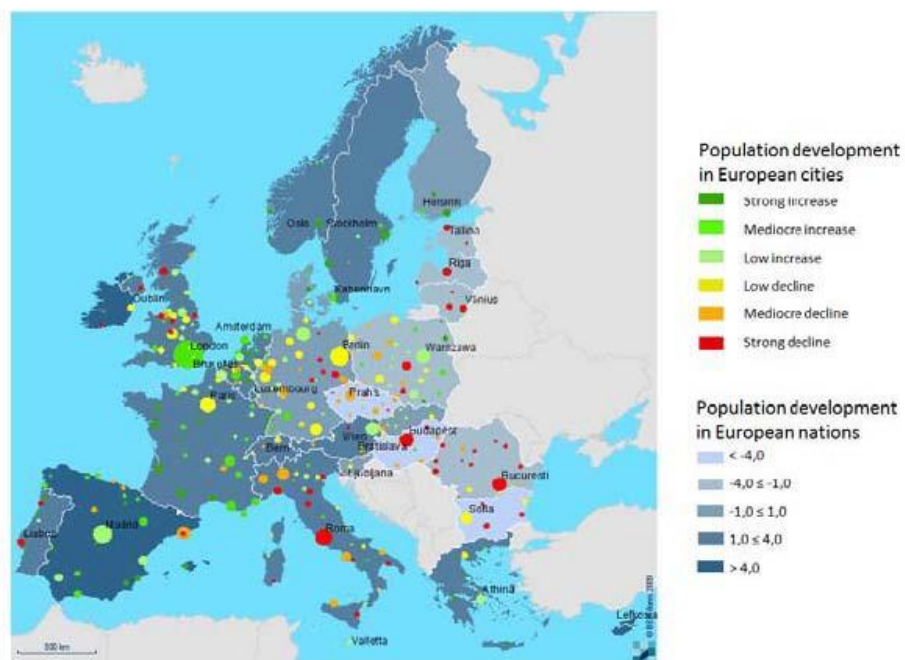
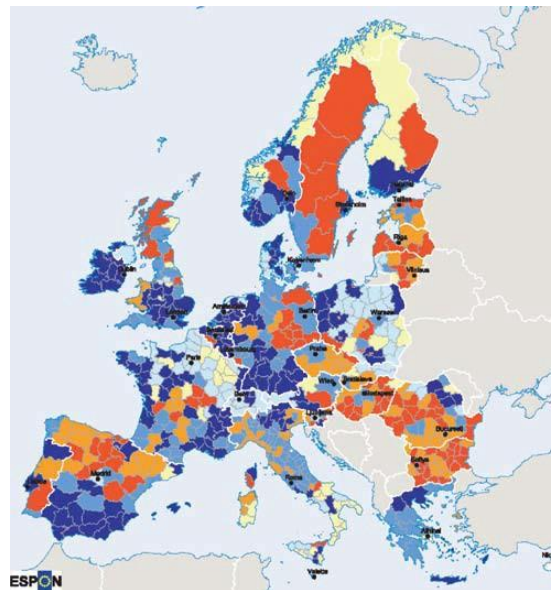
Five main causes of urban shrinkage may be distinguished [see Palagst et. al 2009]:

- Suburbanization leading to the depression of the city centres and inner city areas – i.e., flight of people and jobs from the inner city areas towards urban periphery and exurban space – as for example, in the North American cities.
- Economic transformations - e.g. a shift from traditional industrial-based economy towards new urban economies and high-technology productive sectors as in the case of northwest European cities
- Economic restructuring – e.g. a shift from state economy to market economy as in the former socialist countries of Eastern Europe.
- Economic crisis due to forces of globalisation and other structural reasons – e.g. the recent economic crisis in Island, as well as within Eurozone, in Greece, Ireland, and Portugal.
- Demographics as well economic and political immigrant settlement-patterns – e.g., low fertility rates of inhabitants; a trend of economic immigrants from Africa, Asia, the Balkans to settle in large cities of European regions with mature economy.

Urban shrinkage in Europe is not a new phenomenon. It has taken place in cities and regions many times in urban history. For instance, in the 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> centuries AD following the collapse of the Roman Empire; during the Middle Ages as a result of plagues, especially the black death in the 14<sup>th</sup> century AD; during the Industrial Revolutions and the entailing agricultural crises in the 19<sup>th</sup> century that created larger agglomerations on the one hand, and shrinking cities or regions on the other hand. [see Mumford 1984, Morris 1984]; and during the 2<sup>nd</sup> world war. Most of the shrunk European cities were never completely abandoned and usually resettled.

In the last two decades or so, most European countries face increasingly aging populations and internal migrations from underdeveloped regions to more competitive locations (see map in Fig 1). Urban shrinkage in Europe is one way or another associated to low birth rates and forced by global economic conditions while the locales of urban shrinkage are mainly the post-socialist countries (especially Latvia, Bulgaria, Romania, Hungary, Slovakia, and the eastern part of Germany), the northern countries (especially Finland and Sweden), and Southern European countries (in particular, Italy and Spain). [Balagst 2008, Wolff 2010]

As presented by Wiechmann (2008), out of 220 large and medium-sized European cities, 57 % lost population in the period from 1996 to 2001. Included in this list are, amongst others, 22 German cities, 19 Italian cities, 11 British cities, and 5 Spanish cities. In the central and eastern European countries, 53 out of a total of 67 cities shrank. [see map in Fig 2]. As argued by Wiechmann (2008), this urban shrinkage in Europe was not predominantly caused by suburbanization. Out of 98 larger urban zones included in the database, 54% still shrink. In Germany, population decrease in the eastern regions is strongly related to out-migration due to economic restructuring following the unification of the country. In other post-socialist countries such as Slovakia, Romania, and Bulgaria, internal economic migration favoured asymmetrically large cities and capitals creating shrinking peripheral small cities. Low birth rates in both northern countries, such as Finland and Sweden, Germany, as well as in southern countries such as Italy and Spain have also created urban shrinkage (Wiechmann 2008).



**Fig.1 Europe- Change in population 1996-1999** [data source: Espon, EU].

**Map index:**

**a. Population Increase**

dark blue colour: positive migratory balance and positive natural balance; mid blue colour: positive migratory balance and negative natural balance; light blue colour: negative migratory balance and positive natural balance

**b. Population decrease**

Yellow colour: negative migratory balance and positive natural balance; Orange colour: positive migratory balance and negative natural balance; Red colour: negative migratory balance and negative natural balance

**Fig.2 Population development of European cities 2001-04**

[Source: Wolff, M 0]

**Map Index:**

**a.** Blue colours indicate population decrease

**b.** Green, yellow and red colours indicate population increase.

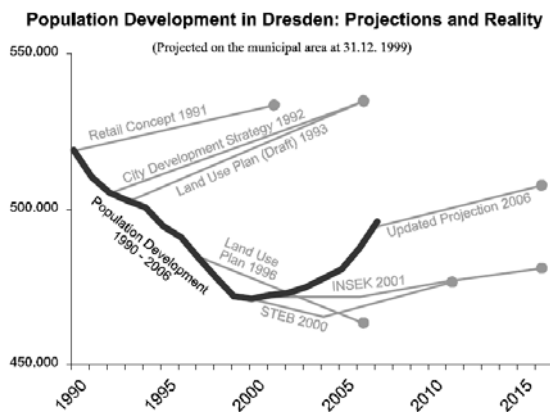
## 2.1 Urban Shrinkage as a consequence of political changes and economic restructuring. The case of Post-Socialist European countries.

### 2.1.1 Eastern Germany

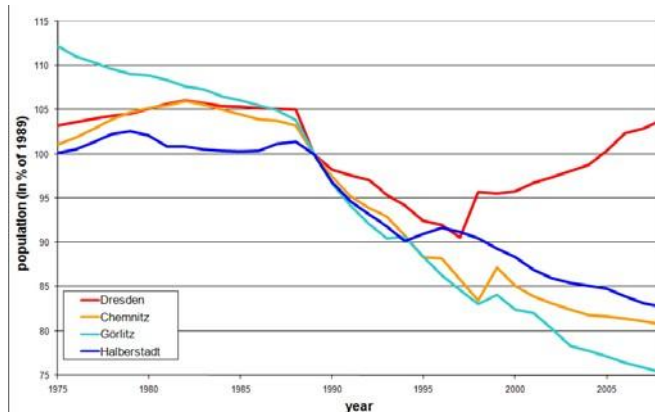
Only in year 1990 the former GDR was left by almost 400,000 citizens. Between 1990 and 2005 almost 1.5 million people (8%) left the area of former GDR. (Lotscher, 2005, Ciesla 2007). The regions of Thuringia, Leipzig and Dresden are typical and somehow contradicting cases of urban shrinkage.

Thuringia is a geographically central region of Eastern Germany. Between the fall of the Berlin wall (1989) and 2004, it had lost about 330,000 people from its population, that is, about 12.2 percent (see Genske & Ruff 2006). This is due to the migration of people in search of work mainly to the former West Germany. In addition, the birth rate has been declining while the average age has been increasing continuously. According to the latest prognoses, another 217,000 people will leave the Bundesland within the next 15 years, that is, another 8.1 percent of the total population. From 1989 to 2020, within 30 years, Thuringia may lose about 20% of its population. Up to 2050 it will have lost 35 percent (see Genske & Ruff 2006). Looking at the impacts on the built environment of cities, a major consequence of the population decrease is the amount of land lying derelict. It is estimated that Thuringia has about 12,000 hectares of derelict sites (Juckenack & Wittmann 2006), and this number increases.

In *Leipzig*, the population density dramatically decreased from 3.5 inh./m<sup>2</sup> in 1990 to 1.6 inh./m<sup>2</sup> in 2008. Economic resurgence of the city after 1998 and a new wave of re-urbanization allowed net migration to increase and turned the balance of population to slightly positive (see Dagmar et al 2010).



**Fig.3 Population Development in Dresden:** reality and projections Source of Diagramme: Siedentop / Wiechmann 2007: 58]



**Fig.4 Population development in the East German cities Dresden, Chemnitz, Görlitz and Halberstadt since 1975.** (source: Nipper, Schulz and Wiratanaya 2009) .

*The city of Dresden* - located in the southern part of the former East Germany - has undergone a “system shock” and shrinkage following the German reunification. But in contrast to the case of Thuringia, Dresden seems to be quickly recovering. The abrupt collapse of the East German economic and social order led to escalating unemployment rates, accompanied by a dynamic out-migration to the western parts of Germany and a dramatic drop in birth rates. In the first half of the 1990s, Dresden faced residential decrease in particular in its historic neighbourhoods around the baroque centre, where the housing policies of the GDR had left behind very bad housing conditions (Wiechmann 2009). However, according to Wiechmann (2009), a major turning point in confronting the shrinkage of Dresden was the year 2000 (see Fig.3), when encouraged by national government funding programs, most East German municipalities established urban restructuring strategies. In the case of Dresden, the federal program ‘*City Restructuring East*’ had an eight-

year budget of 2.7 billion Euros; it was intended to stabilize the housing market by tearing down abandoned or underused buildings and improving more stable housing quarters. As a prerequisite for absorbing funds of this program, municipalities had to prepare and specify integrated development concepts for their territories. The idea was that local strategies of urban restructuring should contribute in adapting the city to the consequences of urban shrinkage and should offer favourable conditions for new development opportunities. The program had successful results; and in contrast to other cities in Eastern Germany, such as Chemnitz, Görlitz and Halberstadt, Dresden started showing a significant population development as shown in Fig.4 (see red line).

### 2.1.2 Poland

Over the years 1995-2009, a substantial population drop was recorded in 12 out of the 39 Polish cities - mostly industrial and with more than 100,000 inhabitants. Five cities, former mining centres, lost more than 10% of their residents. Among them, Wałbrzych was that with the highest population loss (Stryjakiewicz et al, 2011). Apart from the population loss, other manifestations of urban shrinkage have been the high unemployment rates, industrial decline, and degradation of the built environment. According to Stryjakiewicz et al. (2011), urban shrinkage was rooted in certain results of the Polish post-socialist transformation: a) the spatial polarisation of development and as a consequence, the concentration of the population in particular metropolitan areas - mostly with diversified economic profiles, b) the economic collapse and the depopulation of other peripheral cities and areas – mostly with monofunctional economic base. In order to address urban shrinkage in Polish cities, selected policies were focused on the use of EU initiatives and programs supporting urban development and regeneration, and in particular promoting a) the renewal of degraded housing quarters, b) the renewal and re-use of post-industrial and post-military areas in cities, c) the revitalisation of elements of the cultural heritage intended for tourism, d) the development/redevelopment of office space for small and medium-sized enterprises, IT services e) the construction and expansion of university facilities, and f) investments on renewable energy sources (Parysek, 2005). Implementing EU programs in the period 2004-07, 178 projects were carried out in 113 Polish cities with a total funding of 95,5 million € whereas in the period 2007-13, the funding has so far reached 1.436,8 million € (Stryjakiewicz et al. (2011).

### 2.1.3 Slovak Republic

*Bratislava* underwent substantial changes in its demographic profile after 1989 and the political and economic changes. As documented by Bleha and Bucek (2010), the demographic shift was the outcome of different factors simultaneously acting together: Among them, the most important has been the start of a new type of suburbanization and out-migration; many rural settlements located in the hinterland were sharply gaining from migration outflows from Bratislava since more and more luxurious housing projects and exurban commercial centres were developed in the periphery of Bratislava. The second important factor has been fertility rates. Due to the end of the social benefits system as experienced under the communist regime, the total fertility rate has since 1989 been declining quickly and dramatically to reach a value below one child per one woman; and the number of newly born children has been decreasing every year. Yet another factor has been de-industrialisation and the entailing out-migration. By 2005, stabilisation and a positive turn in the trend of shrinkage was observed due to regeneration processes in inner city areas (Bleha and Bucek 2010).

## 2.2. Urban shrinkage as an outcome of de-industrialisation, suburbanization and urban sprawl. The case of North-American and Northwest-European cities.

Many modern cities throughout the world are facing population decline at an unprecedented scale. Over the past 50 years, 370 cities throughout the world with population of more than 100,000 have reported a decline in population of at least 10 percent (Oswalt and Rienets, 2007). In the Northwest-European, North-American, the story of urban shrinkage is strongly associated to de-industrialisation and suburbanisation.

### *North-American cities*

In the United States, the second half of the 20<sup>th</sup> century brought devastating consequences for the older industrial cities, like Detroit, Cleveland and others. Alongside the movement of population from the Northeast and Midwest to the South and West, an equally pronounced shift from city to suburb took place, triggered by mass automobile ownership and widespread access to affordable mortgages for new suburban homes. Between 1950 and 1970, the signs of collapse were already visible in a number of older cities. In that decade Detroit lost 280,000 people, Milwaukee 130,000, and St. Louis over 100,000. Between 1960 and 1980, Detroit lost nearly half a million people, while Cleveland, Philadelphia and St. Louis each lost roughly 300,000 (see Rybczynski and Linneman 1999; Mallach 2010; Hollander, 2010; Stansel 2011). As these cities' population has shrunk, lack of demand for their land and buildings has created a new urban landscape dominated by vacant lots and abandoned buildings. Meanwhile, their remaining population has become poorer, with many residents lacking the skills, labour force attachment, or mobility to compete in the regional or national labour market (see Mallach 2010). On a parallel line, Leadbeater (2007) documents urban shrinkage for the Canadian cities.

Since the 80's, the concept of urban regeneration of inner city areas, all approaches developed in this period, and all regeneration projects implemented, may be regarded as responses to the urban shrinkage phenomenon. While some North-American cities began to rebound in the 90's with population and economic growth, others—including large cities like Detroit, Cleveland, and St. Louis as well as many smaller cities and towns—did not, and have continued to shrink<sup>1</sup>.

As argued by Mallach and Brachman (2010), the state must adopt a different way of thinking and a different vision of its shrinking cities' future. The following seven basic visions and strategies should be implemented in any action plan for improving a shrinking city:

1. The city contains significant assets for future rebuilding.
2. The city will not regain their peak population.
3. The city has a surplus of housing.
4. The city has far more vacant land than can be absorbed by redevelopment.
5. Impoverishment threatens the viability of the city more than population loss.
6. Local resources are severely limited.
7. The fate of the city and its metropolitan area are inextricably inter-connected.

Similarly, Pallagst (2007b) presents four strategies to address urban shrinkage: (a) accept that the shrinking city is a smaller city, (b) define its role under the premises of a new economy, (c) improve the city's image and quality of life, (d) call for action with an achievable and action-oriented plan.

#### *Northwest-European cities*

In some ways similar to American large cities like Detroit, Pittsburgh, and Cleveland, the phenomenon of urban shrinkage in Northwest-European cities in the last decades of the 20<sup>th</sup> century is closely associated to the effects of both de-industrialisation of old industrialized cities such as the typical examples of Glasgow, Liverpool and Manchester, St. Etienne, Gelsenkirchen, as well as suburbanisation and urban sprawl.

Although the urban shrinkage phenomenon is almost universal, it seems to take a variety of forms depending upon national, regional, and local contexts in Europe. In the case of French cities, Cunningham-Sabot and Fol (2007), distinguish three types of shrinking cities. The first type is related to de-industrialisation as in the

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<sup>1</sup> As presented by Pallagst (2007b), urban shrinkage in the United States in the period 2000-2004 is shown in the following population loss percentages: 1. Detroit (-5.1%), 2. Cincinnati (-5.1%), 3. New Orleans (-4.6%), 4. San Francisco (-4.3%), 5. Flint (-4.2%), 6. Birmingham (-3.9%), 7. Cleveland (-3.9%), 8. Evansville (-3.9%), 9. Pittsburgh (-3.9%), 10. Dayton (-3.5%), 11. St. Paul (-3.5%), 12. Boston (-3.4%), 13. Buffalo (-3.2%), 14. Rochester (-2.9%), 15. Washington (-2.9%), 16. Mobile (-2.9%), 17. Wichita Falls (-2.8%), 18. Philadelphia (-2.8%), 19. Sunnyvale (-2.8%), 20. Daly City (-2.8%).

declining industrial regions of Lorraine, Nord-Pas-de-Calais and Haute-Normandie. The second type of shrinking cities concerns small towns away from major road and railways infrastructures like those in the regions of Champagne-Ardennes, Midi-Pyrénées, Limousin, and Bourgogne - while the third type concerns city centres and inner city areas suffering from shrinkage due to suburbanisation and urban sprawl particularly observable in fast growing regions such as in the South of France (e.g. Marseille, Avignon, Toulon, Perpignan) (Cunningham-Sabot and Fol 2007). Among the British cities, the cases of Liverpool and Manchester are of extreme importance. As presented by Ferrari and Roberts (2004a and 2004b), both cities have undergone depopulation, declined inner city neighbourhoods, vacant land and derelict buildings since the economic crisis of the 70's and the entailed de-industrialisation. Despite efforts of urban regeneration in the last two decades, Liverpool continues to shrink in favour of other cities in the midlands exposing the net loss of 2,364 persons annually (Ferrari and Roberts 2004a) whereas Manchester's story is more of a success in terms of out-migration, unemployment rates and real estate prices (see Ferrari and Roberts 2004b).

### ***2.3 Urban shrinkage as a result of economic globalisation and international economic crisis. The case of peripheral European cities with vulnerable and weak economies.***

Since the '90s, urban shrinkage appears to also hit cities in the economic periphery of Europe such as cities located in South-east Europe, the Balkans and the Mediterranean (see for instance the case of Izmir in Oguz, et al 2010). This group of cities, characterised by relatively unstable and weak economies and spatial planning disadvantages due to rapid and unregulated economic and physical growth in the 2<sup>nd</sup> half of the 20<sup>th</sup> century, are in comparison to other groups of European cities more vulnerable to forces of economic globalisation and the recent international economic crisis (see Gospodini 2002). As Kantor (1987) had first stated as early as in 1987, and followed since then by many other researchers, cities in the post-industrial era have become 'captives' of a highly competitive economic environment in which traditional factors (e.g. geography, physical infrastructure) that once affected the location of new business to a specific place, matter less than ever. Due to the capacity of capital to switch locations, all cities - with the exception of 'global cities' (Sassen, 2001) having sufficient power to mastermind volatility of capital - have become interchangeable entities to be played off one against another, forced to compete from positions of comparative weakness for the capital investment (Kantor, 1987). This new condition has indeed strong negative effects in the development prospects of 'peripheral' European cities -in terms of both geography and economy - like the Greek cities (see Gospodini 2002).

### ***3. Globalisation and economic crisis. The case of the shrinking Greek cities.***

Since the early 90's, and the opening of the economy in the Balkan post-socialist countries, Greece has been the main investor in the form of both (a) *large Greek businesses* (e.g. banks, supermarkets, engineering and construction companies) expanding their network and interests and (b) *small to medium Greek enterprises (SMEs)* in textiles, clothing, footwear and furniture, relocating in these countries (mainly Bulgaria, FYROM, Turkey, Albania) due to the attractiveness of the relatively very low labour wages and taxation of enterprises (see for instance, Petrakos 2002, Labrianidis 2001, Labrianidis et al. 2003, Hatziprokopiou 2006, Labrianidis 2008, Ticos 2008). Besides, for the same reasons, multinational big firms (e.g. Goodyear, Nissan) started moving from Greece to these countries. As a result, Greek cities, and indeed those closer to the northern borders, have suffered from loss of thousands of jobs, high unemployment rates as well as vacant industrial, commercial and office buildings (see Triantafyllopoulos 2005) and population decrease in inner city areas. The decline of particular inner city areas and the centre of cities in both spatial and demographic terms has also been reinforced by *urban sprawl* and *suburbanisation* in the periphery of large cities - mainly of Athens and Thessaloniki (see Gospodini 2006; Gospodini and Beriatos 2006).

However, parallel to this situation and processes, the first wave of negative economic, social and spatial effects of globalisation forces on Greek cities has been partly counteracted by the following:

- (a) the rapid economic growth of Greece in terms of GDP in the 90's and the dawn of the new century, with a mean of 4.5% annually, that was creating new demand in the labour market.;

- (b) high public investments in large urban development/redevelopment schemes and transportation projects in Athens and other selected cities during the preparation period before hosting the 2004 Olympics (1998-2004) (see Beriatos and Gospodini 2004; Gospodini 2009) that also created thousands new jobs;
- (c) the immigration flows from the Balkan countries – mainly from Albania, Bulgaria and Romania but also from the former Soviet Union Republics – to the Greek cities, that have been providing on the one hand cheap labour force which fueled businesses to rise their turn over, and on the other hand, new incomers in the declined inner city areas and the city centre (see Kotzamanis et al 1998, Kotzamanis 2000a, Kotzamanis. 2000b)

A second wave of negative impacts which nowadays strikes the Greek cities, has been generated by the current international, European, and Greek economic crisis which started in 2008. The negative effects on the local urban economies, societies and space are widespread and clearly visible whereas indications for Greek cities to have entered a phase of shrinkage are strong:

More specifically, the closing down of small businesses (SMEs) appears to spread rapidly in all Greek cities. For instance, in Thessaloniki, according to data provided by the Chamber of Commerce and Industry, a total of 16,990 businesses have closed down during the last three years of economic crisis (see table in Fig. 5). In inner city areas, and yet in the city’s centre, a chain of vacant shops, offices and houses can be observed in the former lively commercial streets (see table in Fig 6).

Thessaloniki years	Registered new businesses	Closing businesses	Total balance
2009	5,125	4,924	+ 201
2010	4,858	6,712	- 1,854
2011	3,976	5,354	-1,378
total	13,959	16,990	- 3,031

**Fig. 5:** Thessaloniki. The balance of registered new businesses and closed businesses. [Data source: Chamber of Commerce and Industry].

Thessaloniki August 2011	Percentage of closed commercial shops
Tsimiski Str.	11%
Mitropoleos Str.	9%
Aghias Sofias Str.	8%
Egnatia Av.	19%
Venizelou Str.	18%
Vasilissis Olgas Av.	18.5%
city centre as a whole	20%

**Fig. 6.** Thessaloniki. The percentages of closed shops in the main commercial streets [Data source: *Agelioforos*, newspaper , 10-08-2011, <http://www.agelioforos.gr/default.asp?pid=7&ct=1&artid=106118> ].

As recorded in newspapers, the situation is similar in Athens and Attica (see table in Fig.7). In the city centre (CBD) about one third of the commercial shops have closed while in residential areas of Attica, the percentages of closed shops in the local centres vary from 17% to 28.1%. Moreover, riots against austerity measures in 2011 put in fire and ruined shops and entire buildings and thus, worsening the fiscal situation of commercial businesses. In Athens’ centre, large commercial avenues such as for instance Stadiou Str., the percentage of closed shops has risen to 42% in March 2012 (*Kathimerini* Newspaper, 08-03-2012).



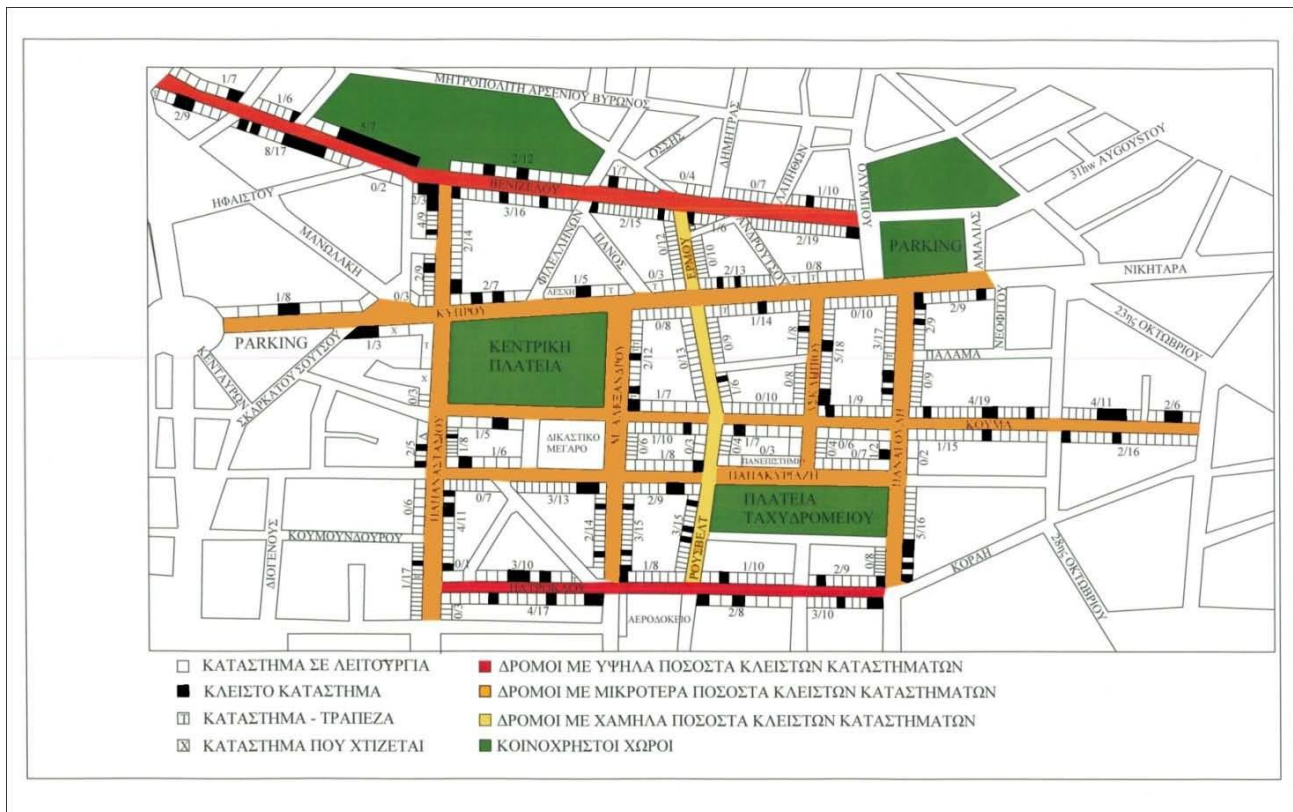
Areas in Athens & Attica	Percentages of closed commercial shops				
	August 2010	March 2011	August 2011	March 2012	Change rate March 2011/ March 2012
<b>Athens city centre</b>	18%	23%	24%	<b>30%</b>	+27%
<b>Kolonaki</b>	12%	19%	24%	<b>20%</b>	+6.0%
<b>Kallithea</b>	13%	17%	20%	<b>23%</b>	+35%
<b>Marrousi</b>	16%	17%	20%	<b>17%</b>	0%
<b>Nea Ionia</b>	15%	18%	21%	<b>28,1%</b>	+58%
<b>Chalandri</b>	17%	22%	21%	<b>20%</b>	-10%
<b>Pireaus</b>	11%	21%	27%	<b>28%</b>	+13%
<b>Kifissia</b>	12%	21%	24%	<b>24%</b>	+55%

**Fig.7:** Athens and Attica. Percentages of closed commercial shops.

[Data source: *Kathimerini* Newspaper, 08-03-2012, and <http://www.newsbomb.gr> ]

In middle-sized Greek cities, the emerging landscape of business shrinkage has similar characteristics. For instance, recent research<sup>2</sup> in the cities of Larisa and Volos has surveyed the closed commercial shops in the city centre (see maps in Figs. 8 and 9). In Larissa, the percentages vary from 4% in the best case (Ermou Str) to 42% in the worse case (Patroklou Str). In Volos, percentages vary from 10.3% in the best case (Venizelou Str) to 23.3% in the worse case (Analipseos Str). Regarding other middle-sized and small cities, the mean percentage of closed shops is 14.7% in the case of Kavala, 18.8% in the case of Kozani, 18% in Edessa, 12.4% in Veria, 15% Heraklion, and 20% in Tripoli (Data source: National Confederation of Hellenic Commerce <http://www.esee.gr> and <http://www.enet.gr> 09-08-2011).

<sup>2</sup> This research has been carried out by postgraduate students of the MSc Course in Urban and Regional Planning, University of Thessaly, under the supervision of Prof. Aspa Gospodini. These students are I. Yannakopoulou, V. Gota, Ch. Karoula, and P. Daflouka.



**Fig.8** The city centre of Larissa, Greece: Vacant shops and declined commercial streets in the heart of the city.

**Map Index:**

- a. vacant shops are marked in black.
- b. Streets in red colour indicate relatively high percentages of shop vacancies and strong decline
- c. Streets in orange colour indicate relatively moderate percentages of shop vacancies and moderate decline.
- d. Streets in yellow colour indicate relatively low percentages of shop vacancies and minor decline.

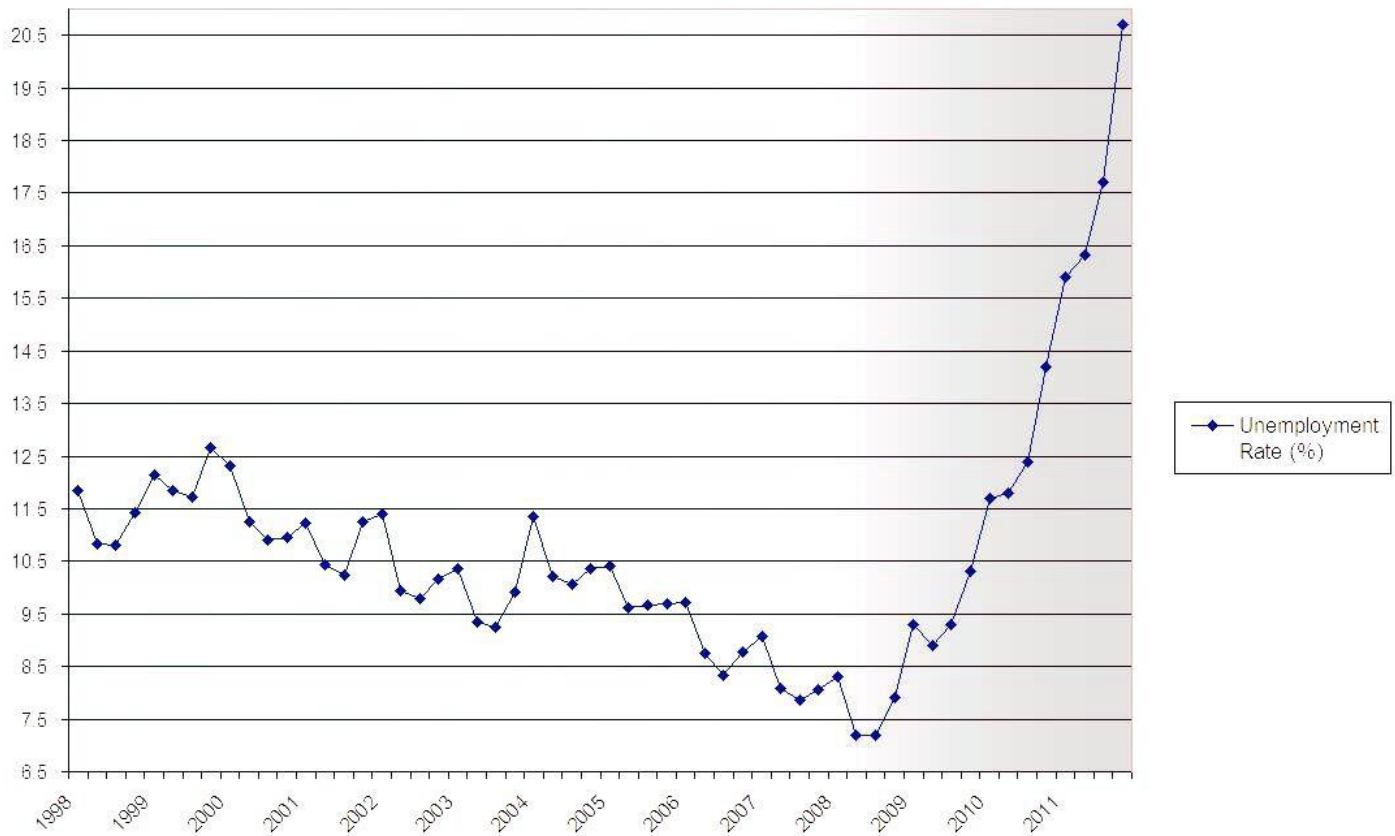


**Fig.9** The city centre of Volos, Greece: Vacant shops and declined commercial streets in the heart of the city.

**Map Index:**

- a. vacant shops are marked in black.
- b. Streets in red colour indicate relatively high percentages of shop vacancies and strong decline
- c. Streets in orange colour indicate moderate percentages of shop vacancies and moderate decline.
- d. Streets in yellow colour indicate relatively low percentages of shop vacancies and minor decline.

As a consequence of the massive closing of small businesses in the commercial and service sectors, unemployment has been radically increasing from 7% in 2008 to 21.5% in the first quarter of 2012, which corresponds to 1.033.507 unemployed people (see diagram in Fig. 10).



**Fig. 10.** Greece: Unemployment rates.  
[data source: Hellenic Statistical Authority ( [www.statistics.gr](http://www.statistics.gr) )].

Long term high unemployment rates have recently given rise to population decrease in large cities and middle-class inner city areas: Although detailed data of the *2011 sensus* in Greek cities is not yet available, a trend of population decrease is recorded in inner city areas and the city centres; and this is associated (see *To Vima*, Sunday newspaper, 05-02-2012, pp A34-A35) to the following:

- an out-migration towards agrarian small towns and villages in the hope of a less expensive living and possible advantages of the family real estate property,
- the move-out from middle-class neighbourhoods to less expensive residential areas in order to cut down living expenses and
- a significant out-migration of qualified young professionals to cities of mature economies – i.e., towards northwest Europe, U.S.A and Australia - in seek of a better carrier life.

Moreover, birth rates tend to decrease due to both the deteriorated fiscal situation of middle-class and low-class dwellings and the abolition of the social security/benefits system in Greece as part of the EU and IMF austerity measures program. An indication is that, according to the first data of the *2011 sensus*, population on national level has shrunk\_ between 2001 and 2011

from 10.96 to 10.78 million inhabitants<sup>3</sup>, despite the ongoing immigration flows from Balkan countries and Asia to Greece.

Yet another consequence of the population decrease and the closing of small businesses in inner city areas is the radical devaluation of real estate properties. According to real estate agencies, price comparisons between 2008 and 2012 show that the decrease of rents is about 20-30%, while the devaluation of real estate prices varies between 30% and 50%. Decrease is stronger in commercial shops and offices than in houses and flats; it is also stronger in the centre and inner city areas than in the periphery.

#### ***4. Conclusions: Urban Policies counteracting shrinkage in Greek cities.***

In counteracting urban shrinkage, best practices and special strategies in North American cities and European cities may offer a valuable guidance in the development of urban policies for Greek cities: In North-American cities, as Pallagst (2006) emphatically notes, urban shrinkage has been perceived as part of the discourse around suburban space versus the city centre; and as a general trend, planning against shrinkage has been focused on revitalizing city centre and inner city areas while using 'green' as a model for revitalization. Regarding post-socialist European cities, and especially successful paradigms like the city of Dresden, it is the local strategies of urban restructuring and the large interventions and that have adapted the city to the consequences of shrinkage and the offered quality of urban space and new development opportunities (Wiechmann 2009). Considering Northwest European cities, the key-strategy and catalyst is in most cases the development of clusters of 'creative industries' in connection with criteria of sustainable development. Among successful such cases, Glasgow is a typical one - now universally recognized as a "creative hub," and the creative industries are its fastest growing economic sectors (Aber 2007).

In the above framework, the shrinking Greek cities have to path their own way in developing urban policies to deal with shrinkage. However, on the ground of international experience, certain steps or directions in this process may be proposed:

1. Urban shrinkage has to be recorded, surveyed, understood and interpreted in each Greek city. In virtue of its dynamic character, urban shrinkage has to be recorded constantly by means of an **observatory** recording changes. The research objectives of the observatory will be the following:
  - to survey and document the shrinkage of Greek cities,
  - to improve the knowledge basis about the phenomenon of shrinking cities in Greece,
  - to provide a forum for the discussion of successful regeneration strategies in shrinking Greek cities,
  - to establish a frame of common action facing the multiple challenges around shrinking Greek cities.
2. The negative effects of the economic crisis and the urban shrinkage may be considered as a **challenge to remodel urban growth and restructure inner city areas** in Greek cities. More specifically,

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<sup>3</sup> data source: Hellenic Statistical Authority ( [www.statistics.gr](http://www.statistics.gr) ).

- The centre and the inner zone of Greek cities are characterised by high densities of buildings, lack of public open spaces and green spaces, and inefficiency of parking spaces. The current conditions of low real estate prices offer a chance to the local authorities to expropriate abandoned buildings for public purposes. More specifically, the expropriation and demolition of a vacant or underused building in a perimeter block of flats can provide the critical spatial link between the street system and the private open space inside the perimeter block. These open spaces are now fragmented private open spaces which are totally unused or underused. This policy may entail their transformation into semi-public common gardens or/and parking space. The 'greening' of inner city areas and the enhancement of the quality of urban space can stimulate gentrification in Greek cities.
- In cases of clusters of abandoned industrial/commercial blocks which are aggregated in a certain area, urban renewal and redevelopment should centrally be managed by local authorities on the basis of a master plan - and especially in line with new European operational initiatives for urban regeneration such as JESSICA which is now starting up in Greece (see Triantafyllopoulos 2009; Triantafyllopoulos and Alexandropoulou 2010). The central concern/theme of such master plans of urban renewal and redevelopment has to be the development of clusters of post-industrial flourishing urban economies, such as clusters of creative industries, clusters of high level financial services<sup>4</sup>, clusters of technology-intensive and knowledge-based enterprises and institutions<sup>5</sup> and clusters culture and leisure activities. These kinds of clusters may constitute the city's new epicentres which may help Greek cities to fuel their economy and recover from recession and shrinkage (see Gospodini 2006).

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<sup>4</sup> These include the headquarters of international banks and insurance companies, intermediate service agencies for new financial products, and others.

<sup>5</sup> These comprise medium-to-small sized enterprises (MSEs) of software design, Internet design and services, media, research, computer graphics and imaging, architectural design, industrial design, graphic design, fashion design, and others.

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