Rehabilitated GDR-era housing near the university campus in Dresden (Steve Rugare)
Strategic Flexibility beyond Growth and Shrinkage
Lessons from Dresden, Germany

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Visit www.cudc.kent.edu/shrink for a slide show on Dresden and some of its neighborhoods.

from Cities Growing Smaller
published by Kent State University's Cleveland Urban Design Collaborative
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Introduction

At the beginning of the 21st century, the shrinking cities phenomenon is widespread over Europe. Dealing with the results of demographic, economic and physical contraction processes and planning for the future of considerably smaller but nevertheless livable cities is one of the most challenging tasks for urban Europe in the forthcoming years.

This article highlights the example of Dresden in Eastern Germany, where the breakdown of the state-directed economy caused economic decline, industrial regression, and high unemployment rates. Due to out-migration and decreasing birth rates, the city lost 60,000 of its 500,000 residents within one decade (1989-1999). As a consequence, there were housing and office vacancies, as well as infrastructure oversupplies. Yet the administrative system was still directed towards growth objectives throughout the 1990s.

Only after 2000 did this situation change dramatically. The new strategic plan for Dresden (2001) is no longer growth oriented. Instead, it focuses on a model of the compact “European city,” with an attractive urban centre, reduced land consumption, and a stable population. However, in another unexpected turn of events, within the last seven years the city has experienced unexpected growth of 25,000 residents. Surprisingly, processes of suburbanization have reversed into processes of reurbanization. Today in Dresden, areas of shrinkage and decline are in close proximity to prospering and wealthy communities. The strategic challenge is to deal with this patchwork while accepting that the future remains unpredictable. Hence, strategic flexibility becomes more important than the strategy itself.

Shrinking Cities in Europe

Most European countries now face an increasingly aging populations and internal migrations from underdeveloped to more competitive locations. According to the urban audit—a European database for comparative analysis of EU cities—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. This urban shrinkage in Europe was not predominantly caused by suburbanization. Out of 98 larger urban zones (a functional urban region mainly based on commuter connections) included in the database, 54% still shrank.
In addition to the suburban loss, economic decline in structurally weak, old industrialized cities (typical examples are Glasgow, Bilbao, St. Etienne and Essen) has led to problematic development paths, in some ways similar to those in American metropolises like Detroit, Pittsburgh, and Cleveland. This is particularly the case in Central and Eastern Europe, where the combination of post-socialist and post-fordist transformation processes led to exceptionally severe shrinkage phenomena, compounded by out-migration and natural population losses.

Certainly, urban shrinkage as such is not a new phenomenon. However, one of the most challenging tasks for Europe’s cities in the forthcoming years is to deal with the results of demographic contraction processes—often linked with economic and physical contraction processes—and to design the restructuring of shrinking urban regions. On a pan-European scale the still dominant one-sided growth strategy is risky. Considering low birth rates, population decrease in many cities is inevitable in the coming decades, despite emerging reurbanization trends [Buzar et. al., 2007]. In general, a growth-oriented strategy intensifies the negative consequences of shrinkage because it goes along with a single-edge orientation toward massive external investment, which is required to break negative economic trends [Häussermann and Siebel, 1987].

Hence, the shrinking cities phenomenon represents a challenge to change and review the principles upon which urban policy and planning has been traditionally based. Accepting the inevitable might mean to plan for the future of a considerably smaller city, to empty out run-down neighborhoods, to regreen once populated areas, and to adopt an economic development plan that boils down to controlled shrinkage in a smaller but nevertheless livable place.

The German Debate

Ten years ago, “shrinkage” was a political taboo in Germany, systematically disregarded as a dominant development trend even in deprived areas. This was also true for East Germany, despite the fact that the real shape of development had long since been obvious. But within the administrative system, traditionally oriented towards growth objectives, shrinkage was considered to be intractable. Policy makers and experts in the administration were unable to cope with the issue in a constructive way.

Since the turn of the millennium, however, the situation in Germany has changed significantly. Suddenly, the term “shrinkage” has resounded throughout the land. Innumerable activities and events deal with the issue [Oswalt, 2006]. In 2000, an independent expert commission was installed by the German Federal Government to analyze housing market problems related to contraction processes. Many East
German cities started to tear down buildings in large housing areas with federal and state support. Also in 2000, the federal states in eastern Germany established an urban restructuring policy calling for deconstruction and conversion measures in housing areas and emphasizing the revitalization of city centers. The existence of integrated city-wide urban development strategies became a precondition for funding the demolition of abandoned or underused buildings. More broadly, endeavors for a political answer to demographic shrinkage in East Germany show up in the seven year program *Stadtumbau Ost* (2002 -2009), jointly run by the federal government and the six eastern federal states with a budget of 2.5 billion Euros [Glock and Häussermann 2004].

In many ways, the experiences with conversion strategies in East Germany could be of value for many deindustrializing regions in Europe and elsewhere. Here, maybe for the first time in modern urban planning, planners disengage from the illusion of new growth and aspire to conduct a pragmatic deconstruction.

Figure 1: Historic city center of Dresden (Steve Rugare)
Figure 2: Population Development in Dresden 1990-2004 (Siedentop and Wiechmann 2007)
Dresden: A City Between Shrinkage and Growth

The City of Dresden is located in the southern part of the former East Germany. The development path of Dresden in the 1990s did not meet the high expectations people held after the fall of the Berlin wall. Rather, the East German economy underwent a “system shock.” As a consequence, all important areas of urban development and public services underwent a radical change. The abrupt collapse 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 population decreases—in particular in the historic neighborhoods around the baroque city center, where the housing policies of the GDR had left behind very bad housing conditions (Figure 2).

Immediately after the political changes of 1989 and 1990, Dresden experienced vibrant construction activities—especially in the fields of large-scale retail and the hospitality industry. New commercial zones and office locations were planned, and, with a certain time lag, the construction of new housing units and the rehabilitation of historic neighborhoods started. However, in quantitative terms, the construction activities were insufficient to ease the tense housing market. The spatial focus of investment activities lay initially on the outskirts of the city. Plans for the inner city were impeded by long-held opinions regarding principle questions of urban design and by controversial property rights.

After 1994, the relatively moderate construction activities were superceded by a period of “hyper-dynamic” housing construction. Heavily influenced by national investment incentives, the construction of housing units reached a peak between 1995 and 1998 with more than 5,000 dwellings completed each year. Since 1990, 38,000 new housing units were built and 25,000 housing units were rehabilitated. To a large extent, the new construction took place on the outskirts of the city. Parallel to these intensive construction and rehabilitation activities, Dresden was affected by a strong trend of suburbanization. Paradoxically, housing construction and out-migration both reached their post-reunification peaks right in the same period, from 1995 to 1998. The result was an oversupply of housing, leading to a vacancy rate of more than 20% at the end of the decade.

The city’s economy recovered slowly from the industrial breakdown. With state support, a highly competitive high-tech industry was established in the mid 1990s. The “Silicon Saxony” micro-electronics cluster with chip designers, semi-conductor and component manufacturers encompasses more than 760 companies and about
20,000 employees in the region. Today, 45 percent of industrial production comes from this sector, which has close linkages to various research institutions, including the TU Dresden, a technical university with 30,000 students.

Since the turn of the millennium, Dresden has had a population increase for the first time since the early 1980s, due to rising birth rates and a positive migration balance. This development is reflected in urban quarters in quite different ways (see Figure 2). In particular, the historic neighborhoods around the city center have gained population, whereas the baroque city center and the large housing areas of the 1970s and 1980s, composed of buildings made with precast concrete slabs, are still losing residents. Today, growing and shrinking neighborhoods are located in close proximity.

With increasing vacancy rates in the city, the suburbanization process has nearly stopped. Obviously, Dresden has benefited from the easing of the housing market and the structural problems of the surrounding rural areas. At present Dresden offers a broad housing stock, as well as land for building in the inner city. Even though the city is growing, there is no need for new green field developments given the huge stock of brown fields. Approximately 1,300 hectares (3,212 acres) of derelict urban wasteland comprises nearly 14% of the land for building in Dresden.

The current population of Dresden—510,000 residents in 2006—is far below Dresden’s peak of 650,000 in the 1930s. Nevertheless, Dresden is performing quite well today in comparison with other East German cities. It has become one of the growth poles in a shrinking environment. In comparison with prosperous West German cities like Munich, Frankfurt or Hamburg, however, the situation is still challenging. Unemployment rates remain above 12%, and purchasing power is still 10% below the national average. However, with economic growth rates between 4% and 6%, and with a population increase of 0.6% annually since 2000, Dresden outperforms other cities in eastern Germany.

**Dresden’s Volatile Strategy since 1990**

How did the city (re)act to these developments? In general, strategic planning in the City of Dresden since 1990 can be divided into three major phases: going for growth (1990-1995), urban restructuring (1996-2001), and reurbanization (2002 on).

**Phase I - Ignoring Shrinkage / Going for Growth (1990 - 1995)**

After 1990, the urban strategy of Dresden was characterized on the one hand by extensive debates about local visions and on the other hand by the orientation toward single urban projects. Spatially, the focus was on the recovery of the historic
center, with its gorgeous baroque silhouette that was destroyed in large part at the end of World War II. There was a broad consensus around preserving the historic layout and rebuilding central buildings. The second focal point was the historic neighborhoods around the city center, which dated mainly from the turn of the 19th to the 20th century. After fifty years of economic scarcity, these quarters were in ruinous conditions. The city’s priority task was the protection and preservation of these neighborhoods with—at that time in the early 1990s—low population density and sustained out-migration.

In general, the first years after the political changes of 1989-90 represented a great departure from previous planning strategies, along with a high level of uncertainty about future developments. In 1991-92, the city planning department prepared three major strategic plans: a city development strategy, a downtown vision and a transportation concept. After intensive public discussions, these plans were finally approved in 1994. The concepts were based on optimistic assumptions about future socioeconomic development. The mass exodus of 60,000 people since 1989 was seen as a singular occurrence. Zoning and infrastructure plans were adjusted toward a target figure of 520,000 residents. Consequently, the city development strategy assumed a need for 50,000 new housing units, 1,729 acres of new commercial zones, and more than 32 million square feet of new office space. The ambitious stated aim was to reverse the prevailing trend and make Dresden a city of immigration.

**Phase II – Urban Restructuring (1996 - 2001)**

In the second half of the 1990s, the city changed its policy. In light of the actual population development, a continued loss of 19,000 residents between 1991 and 1996, the faith in regaining the population size of 1989 gave way to widespread disillusion, despite good economic progress. After 1994, public debate about Dresden’s urban development was marked by urban design competitions and architectural controversies. The new zoning plan in 1996 stated that the population trend was worse than originally expected and assumed only 430,000 residents in 2005. Nevertheless, due to political considerations the City Council enforced that building areas and technical infrastructure were still designed for a city of 500,000 residents.

While redesign of the city center was beset with substantial difficulties, the rehabilitation of historic neighborhoods made great strides. The fact that Dresden was able to recover these quarters in spite of a substantial population decline and tremendous building activity on the urban periphery is one of the most remarkable achievements of urban planning in the 1990s. In parallel, the city intensified its efforts to rehabilitate and develop some of the large housing areas of the 1970s and 1980s, which had become increasingly impoverished areas and hotspots of out-migration and social inequality.
At the end of the decade, the state of Saxony implemented a municipal incorporation policy to compensate for the effects of ongoing suburbanization and to make local administrations more efficient. Between 1997 and 1999, nine municipalities with a total of 34,000 residents were incorporated by the City of Dresden. The new population of 471,000 residents inside the enlarged municipal area (329 km² instead of 226 km²) corresponded approximately to the population inside the old, narrower borders only five years before.

A major turning point in the urban planning of Dresden was the year 2000. Encouraged by national government funding programs, most East German municipalities established urban restructuring strategies to stabilize the housing market by tearing down abandoned or underused buildings and improving the more stable housing quarters. To receive funds, municipalities had to elaborate integrated development concepts for their territories. In Dresden, the new strategic plan of 2001, called “Integrated City Development Concept” (INSEK), was no longer growth oriented. Instead, it emphasized the model of the compact “European city”—with an attractive urban centre, reduced land consumption, and a stable population. The expectations concerning population now reflected the incipient stabilization trend. In the INSEK, the expected number of 480,000 residents in 2015 more or less equates to the population in 1997. Different from earlier concepts in the 1990s, the INSEK was based on the presumption that the medium-term demand for new housing could be satisfied in large part by the existing housing stock. A certain share of the existing brown fields would be turned into green spaces. Furthermore, nearly 6,000 housing units were torn down since 1989 (see Figure 3). These areas are to be reused as green spaces or as potential sites for single-family homes.
**Phase III – Reurbanization (from 2002)**

In recent years, Dresden has experienced an unexpected growth of 25,000 residents, even though the State of Saxony is still losing population. Processes of suburbanization have turned into processes of reurbanization. The economic growth of Dresden demonstrates that the city was successful in building up highly competitive local industries, particularly in the fields of microelectronics, information technology, and biotechnology. However, the creation of new jobs for skilled labor in the high-tech sector has not been sufficient to balance the continuous loss of jobs in more traditional sectors of the economy. Hence, economic growth has not been matched by job growth. To a large extent, the forces driving the recent population growth are still unknown. However, several developments are thought to contribute to the trend reversal: rising birth rates, less suburbanization, and a positive migration balance with regard to the State of Saxony, to the Federal Republic as a whole, and with regard to foreign countries.

After the completion of rehabilitation, the historic neighborhoods around the city center have become very attractive housing areas with increasing densities and low vacancy rates (see Figure 2). As a consequence of population growth and the demolition of vacant buildings, the average vacancy rates of the city have dropped. This has also been true for some of the large housing areas built in the 1970s and 1980s, mainly the relatively smaller ones in comparatively attractive locations. Other
large housing areas in the urban periphery still show symptoms of decline and social segregation. Today in Dresden, areas of shrinkage and decline are in close proximity to prospering and wealthy communities. To continue the consolidation of the housing market and to improve the quality of the urban fabric, the city plans to demolish an additional 5,000 dwellings with state funding. Furthermore, the city strives for a consistent refinement of the high-tech industry, closely associated with the various research institutions and the maintenance of the broad variety of cultural offerings and historic sites that attract seven million tourists from all over the world each year.

**Strategic Flexibility beyond Growth and Shrinkage**

A comparison of development trends and administrative strategies reveals a striking asynchronicity over the past fifteen years (see Figure 4). In times of strong population losses, the city forecasted a population increase. In a period of stabilization, local planners and politicians assumed continuous shrinkage. And as substantial growth set in, the prognoses were based on premises of stable population numbers. To explain the discrepancies, one has to take into account on the one hand a certain time lag in analyzing the structural developments of settlements. On the other hand, a normative bias toward optimism among the city’s planners also played an important role. The City of Dresden consciously relied on growth and the reversal of negative trends. In the face of great uncertainty about future developments, the city abandoned the option of drawing synoptic plans and saw “additive urban planning” as the best opportunity to meet the specific requirements of the city’s struggling neighborhoods. However, this incremental-growth oriented strategy had its limitations. For example, city planners failed to propose a realistic quantity structure. Moreover, there was no guideline to prevent private misinvestments. Better public communication about the real changes in demand for residential, office, and commercial spaces in the—at that time—shrinking city would have contributed to containing the “investment mania” of private developers triggered by state incentives.

The description of Dresden’s development path since the political changes two decades ago demonstrates that most trends were very hard to predict, if not completely unforeseeable. In the 1990s, people—particularly politicians and planners—were too optimistic about the future. This reaction was by no means exceptional to Dresden. In practically every East German city, local economic development was overestimated at that time. Later on, as people focused on correcting this false estimation, nobody in Dresden anticipated the amount of new growth that would take place after the turn of the millennium. Today, areas of shrinkage and decline are in close proximity to prospering and wealthy communities. The strategic challenge is to deal with this patchwork while accepting that the future remains unpredictable. Linear
trend extrapolation or “business as usual” is very likely to lead to counterproductive strategies. The only steady trend in Dresden has been a continuing trend reversal. Hence, strategic flexibility has become more important than the strategy itself. Cities that are, like Dresden, characterized by manifold talents and confronted with dynamic change in its fundamental parameters within a historically short period of time should neither plan for growth nor for shrinkage. They should plan to stay flexible and make their cities adaptive to change.

Bibliography


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30 cities growing smaller