

Maciej Smętkowski

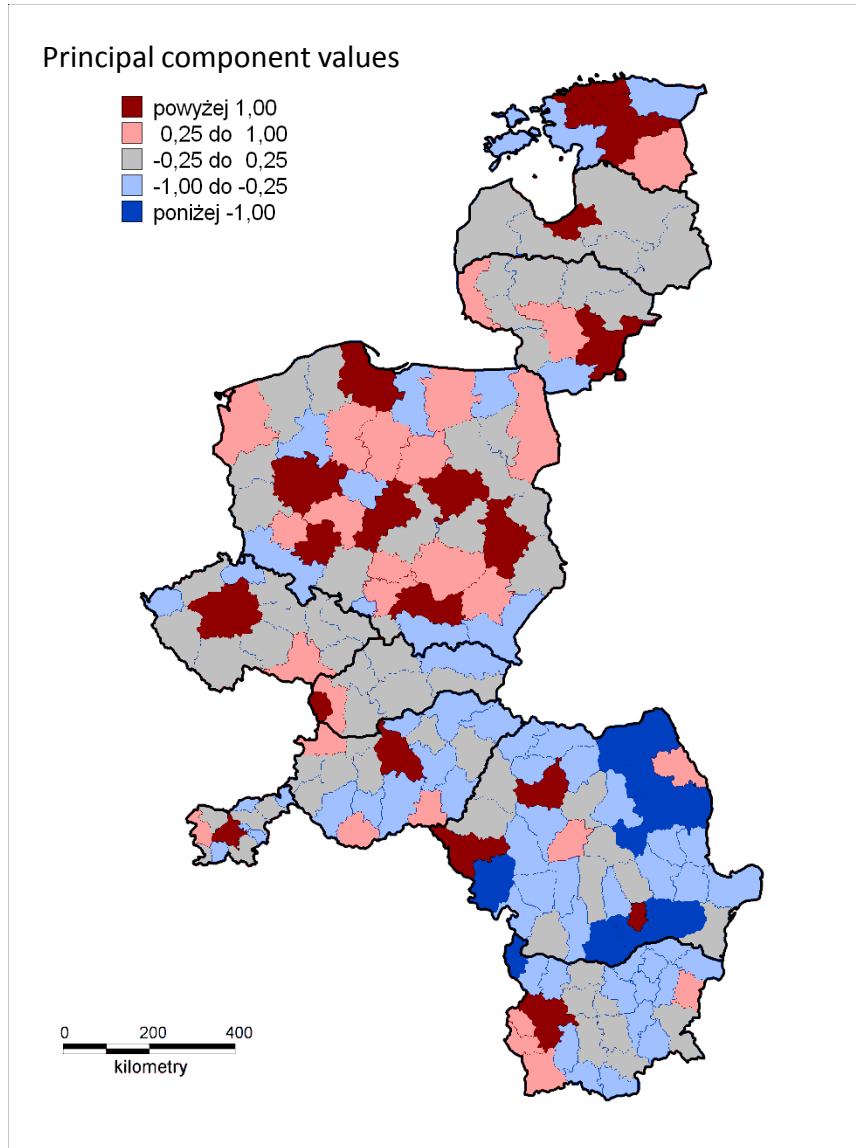
# The impact of economic crisis on metropolisation process in the capital cities of CEECs



# Plan of presentation

1. Metropolisation in CEEC (before the crisis)
2. Spatial dimension of the crisis in CEECs
3. Crisis impact on capital-city regions (including case studies)

# Metropolisation – main territorial outcome of globalisation in CEECs



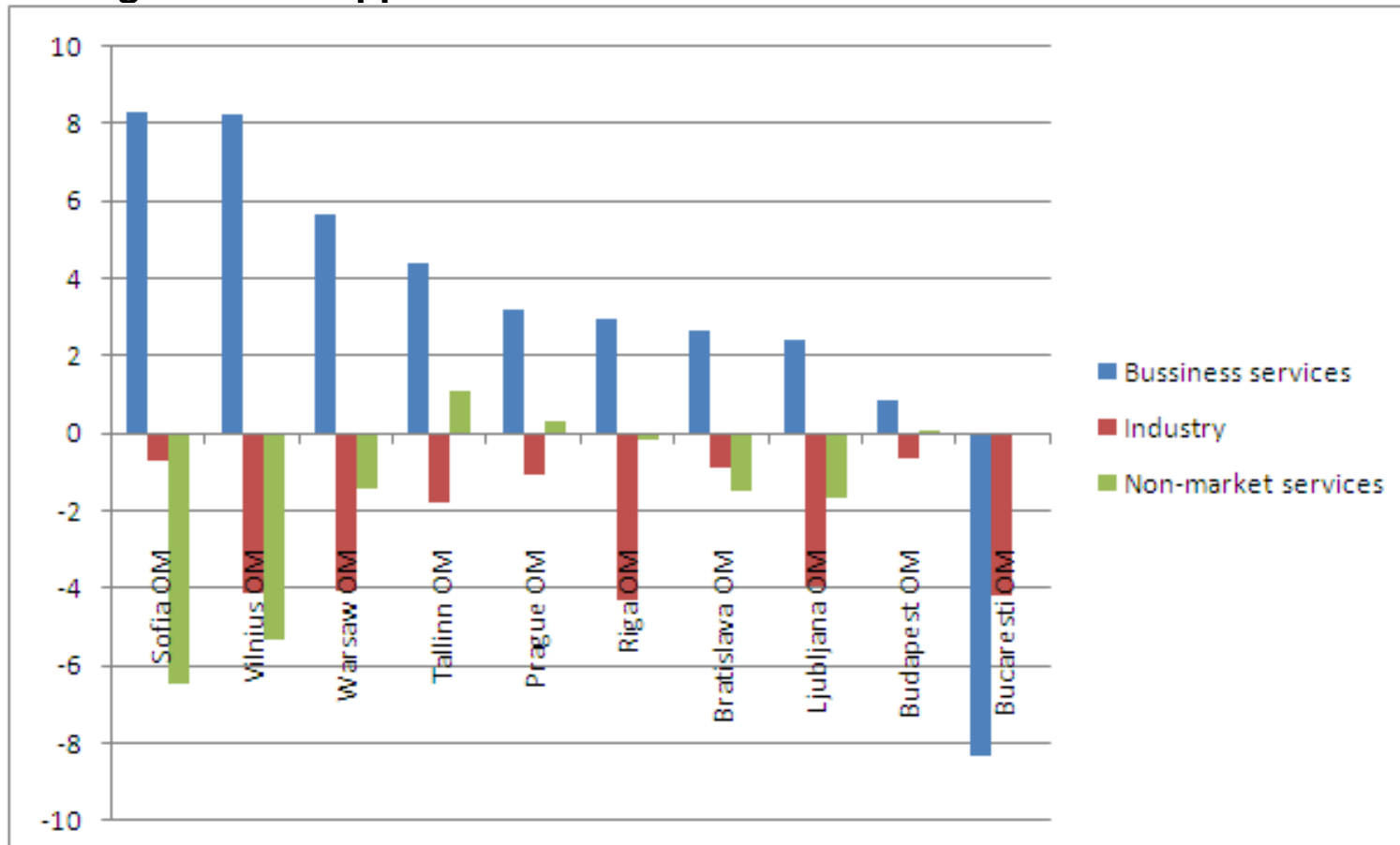
## „Metropolisation”:

- **Attractiveness** (FDI inflow and good transport accessibility) - **nodes connecting the CEE countries with the global economy**
- **Knowledge economy:** (R&D expenditures and employment, human capital resources – educational attainment and students) - **replacing declining industries**
- **Entrepreneurship and labour activity:** (high number of self-employed, low unemployment rate)

**Metropolitan / non metropolitan divide:**  
explains 30% of total variation between NUTS3 regions in CEECs

# Restructuring of capital-city regions

Change of GVA in pp 2000-2008

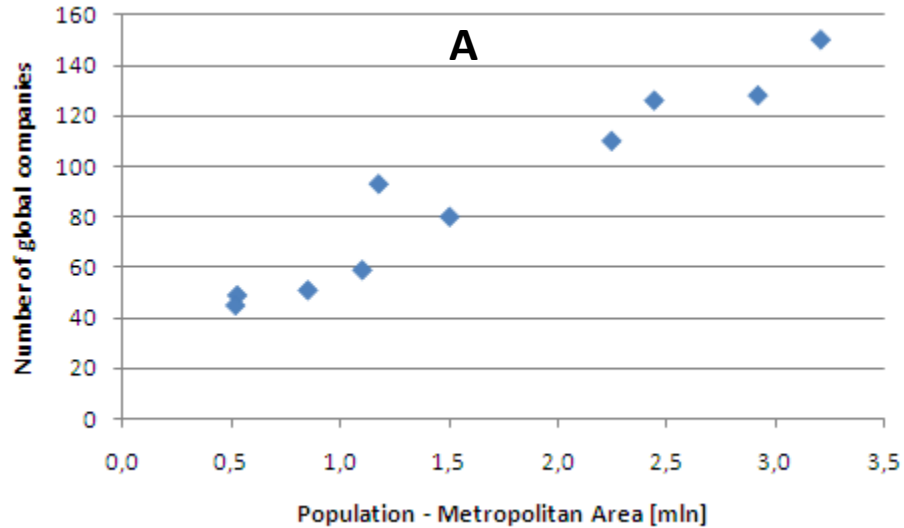


- „Deindustrialisation towards informational city” – Sofia, Vilnius, Warsaw, Tallinn, Riga, Ljubljana
- „Industrial heritage combined with business service sector development” – Prague, Bratislava
- „Petrification” - Budapest
- „Other development model – simple services” – Bucharest (quality of statistics?)

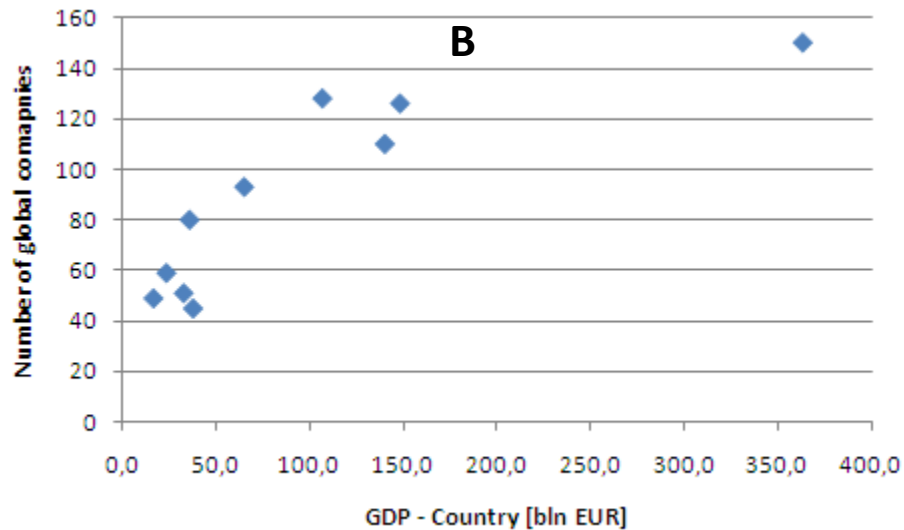
# Global connections of CEECs capitals – business service sector

City	CB Richard Ellis (2011)		GAWC (P. Taylor) (2000)	
	Rank (197 cities)	Number of global APS companies (max: 350)	Rank (315 cities)	Connectivity index for 100 global APS companies (max. 1,00 - London)
Warsaw	12	150	39	0,42
Budapest	20	128	45	0,41
Prague	21	126	29	0,43
Bucharest	29	110	83	0,25
Bratislava	35	93	113	0,21
Sofia	53	80	121	0,20
Riga	76	59	154	0,16
Vilnius	86	51	179	0,14
Tallinn	89	49	176	0,14
Ljubljana	93	45	185	0,14

# Global connections and size

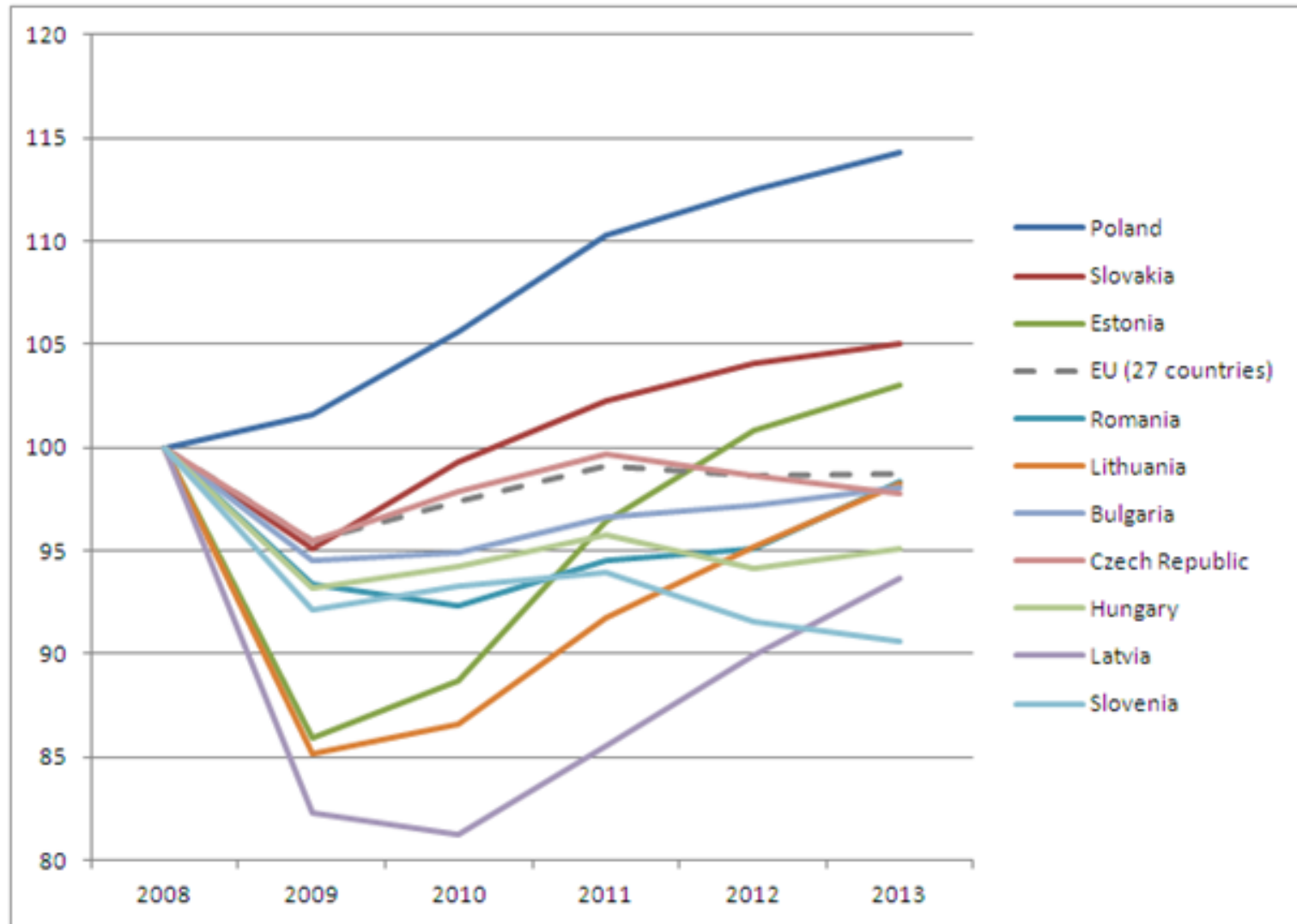


- **(A) metropoliran area size (population)**  
(supply – labour market)  
– important factor of global service firms location



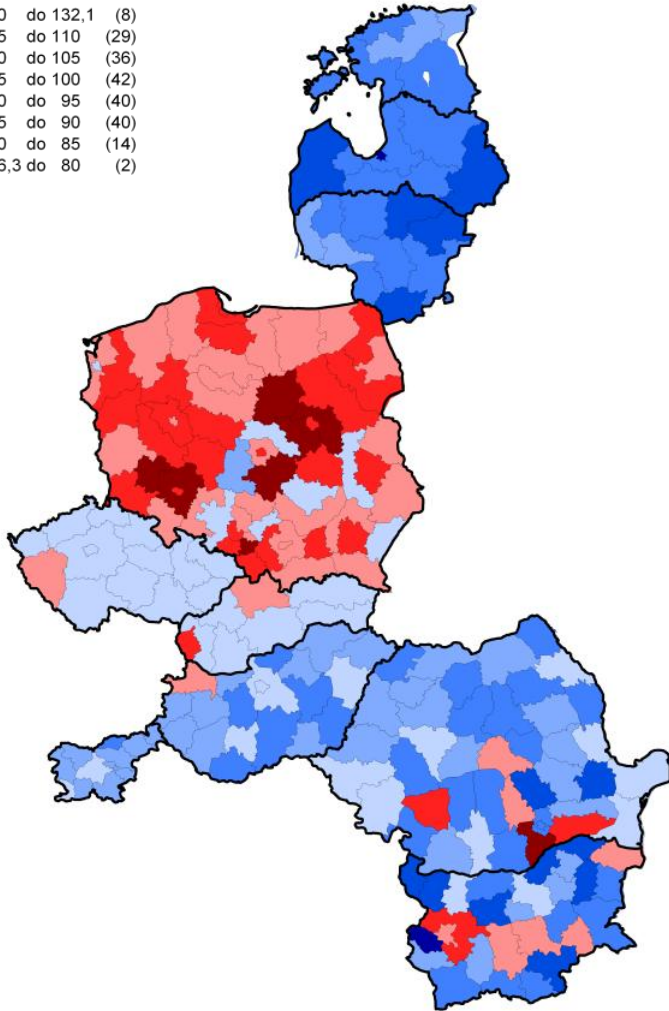
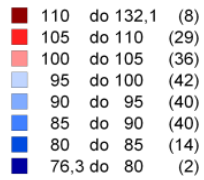
- **(B) national economy size (GDP)**  
(demand – services)  
– quite important factor of global service firms location

# Real GDP growth 2008-2013 (2008=100)

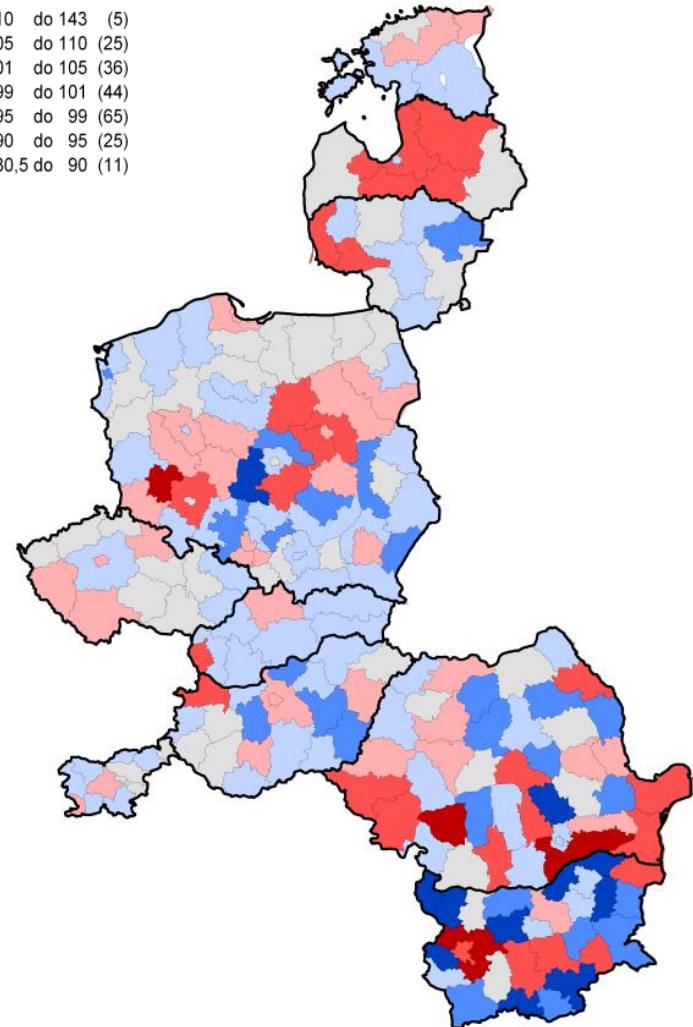
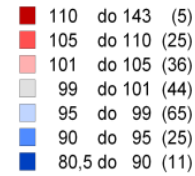


# Real GDP growth 2008-2010

a) %

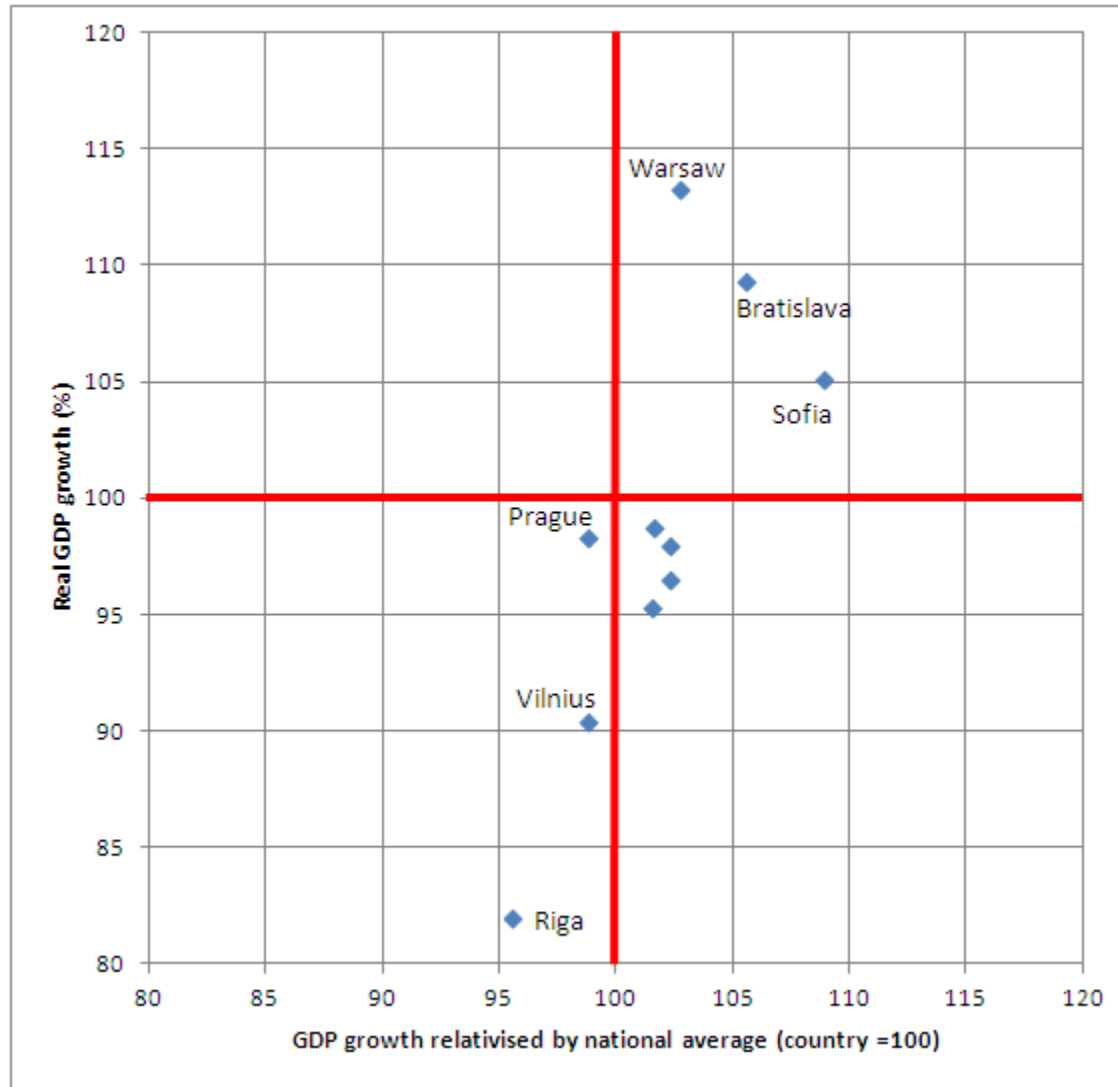


b) Country average=100





# Performance of capital city regions (NUTS3) in CEECs 2008-2011

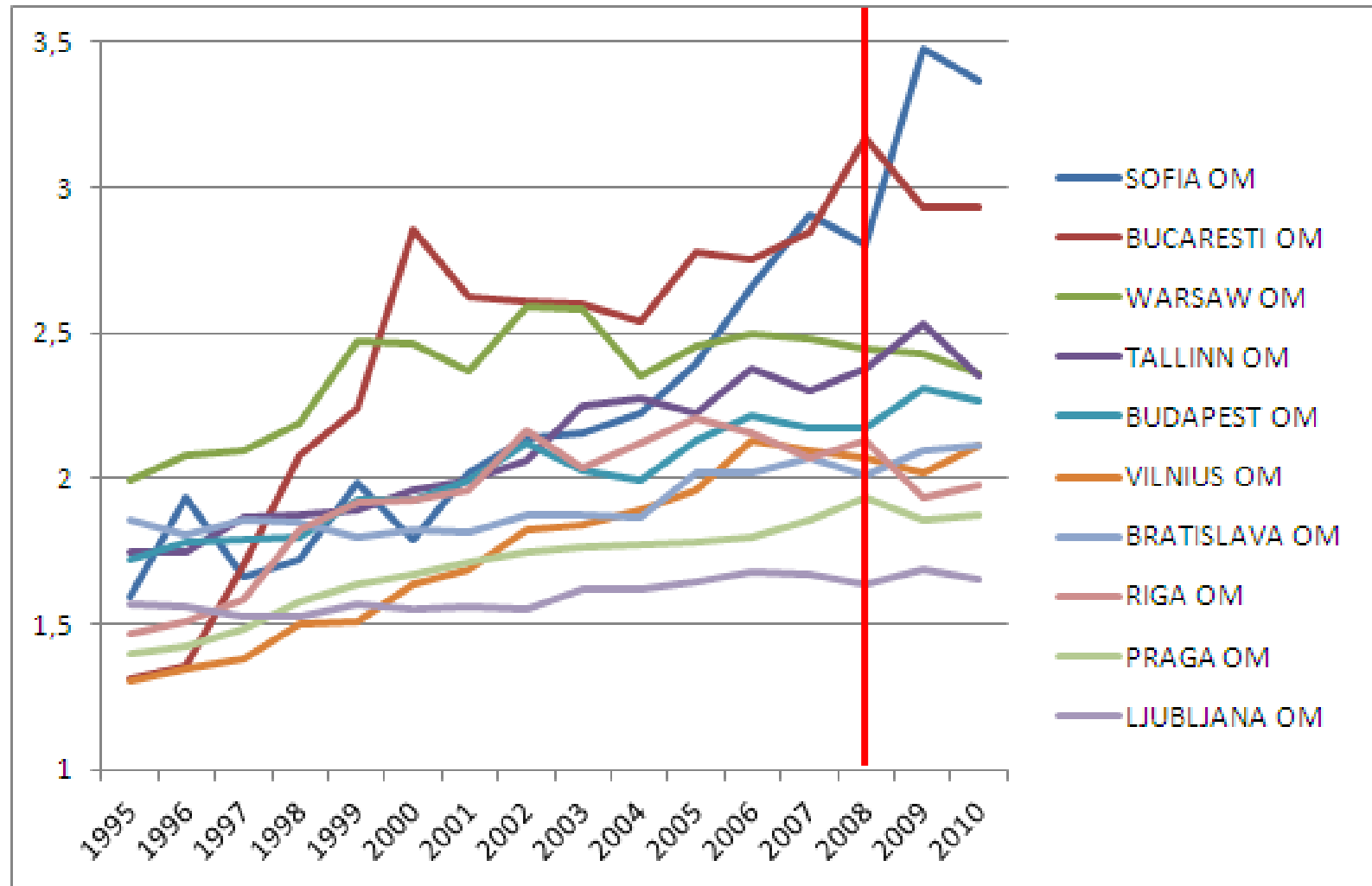


Real performance  
(GDP growth)

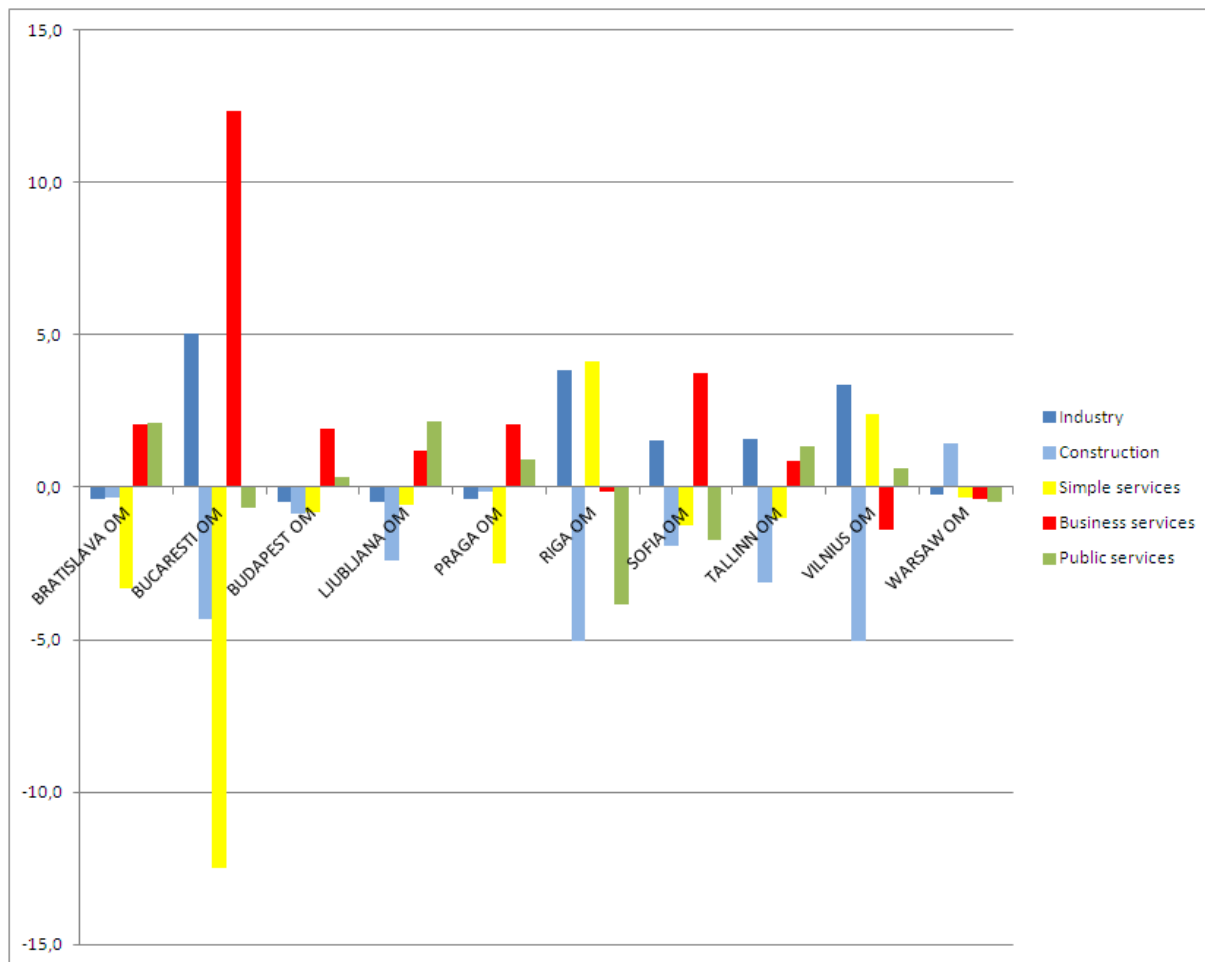
Relative performance  
(GDP growth relativised by national average)

# Metropolis – region: relationship

The gap in GDP per capita between metropolis (MA) and its outer regional hinterland (RH) (ratio MA/RH)



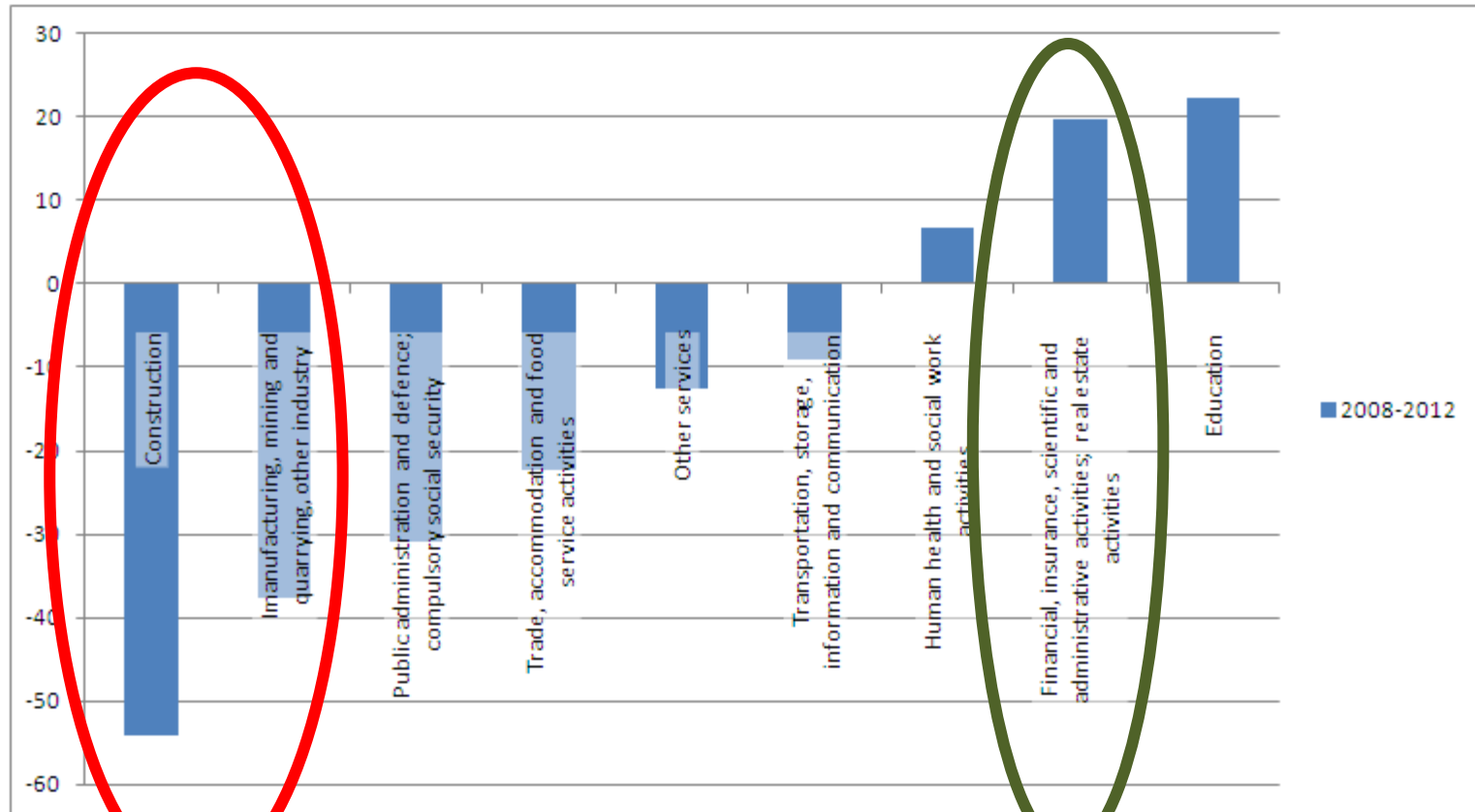
# Structural impact of the crisis



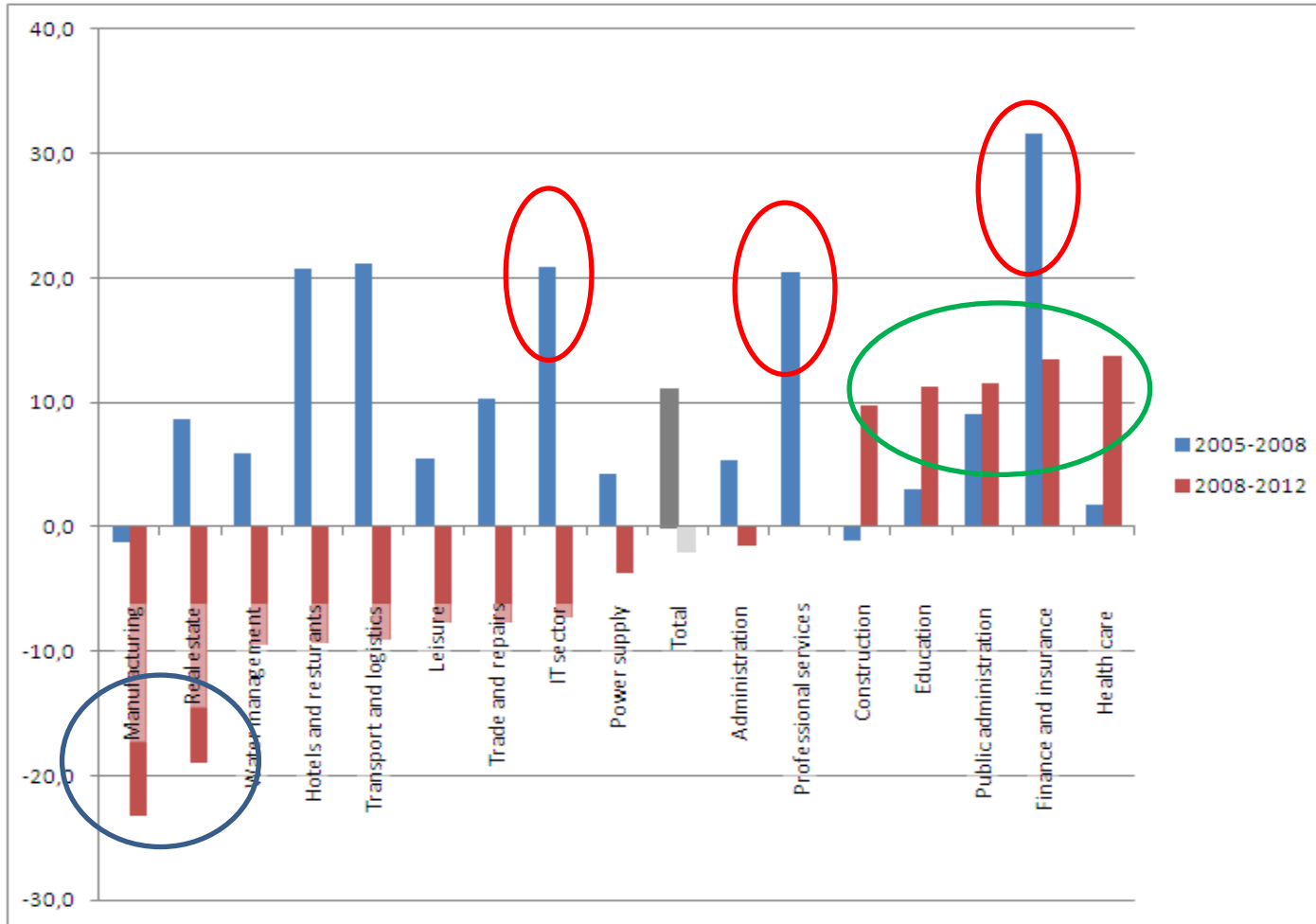
Change of GVA in percentage points (pp) 2008-2011

- „Toward informational economy” – all (except Vilnius; petrification of structure in Warsaw)
- „Short term industry problems” – reindustrialisation: Bucharest, Sofia, Baltic States capitals
- „Outcomes of real estate bubble still visible” – Baltic States and Bucharest, partly Ljubljana
- „Simple service problems” – Bratislava, Prague, (Bucharest – statistical data)

# Riga labour market – change during the crisis 2008-2012 [%]



# Labour market structure change in Warsaw



EMPLOYMENT  
CHANGE [%]

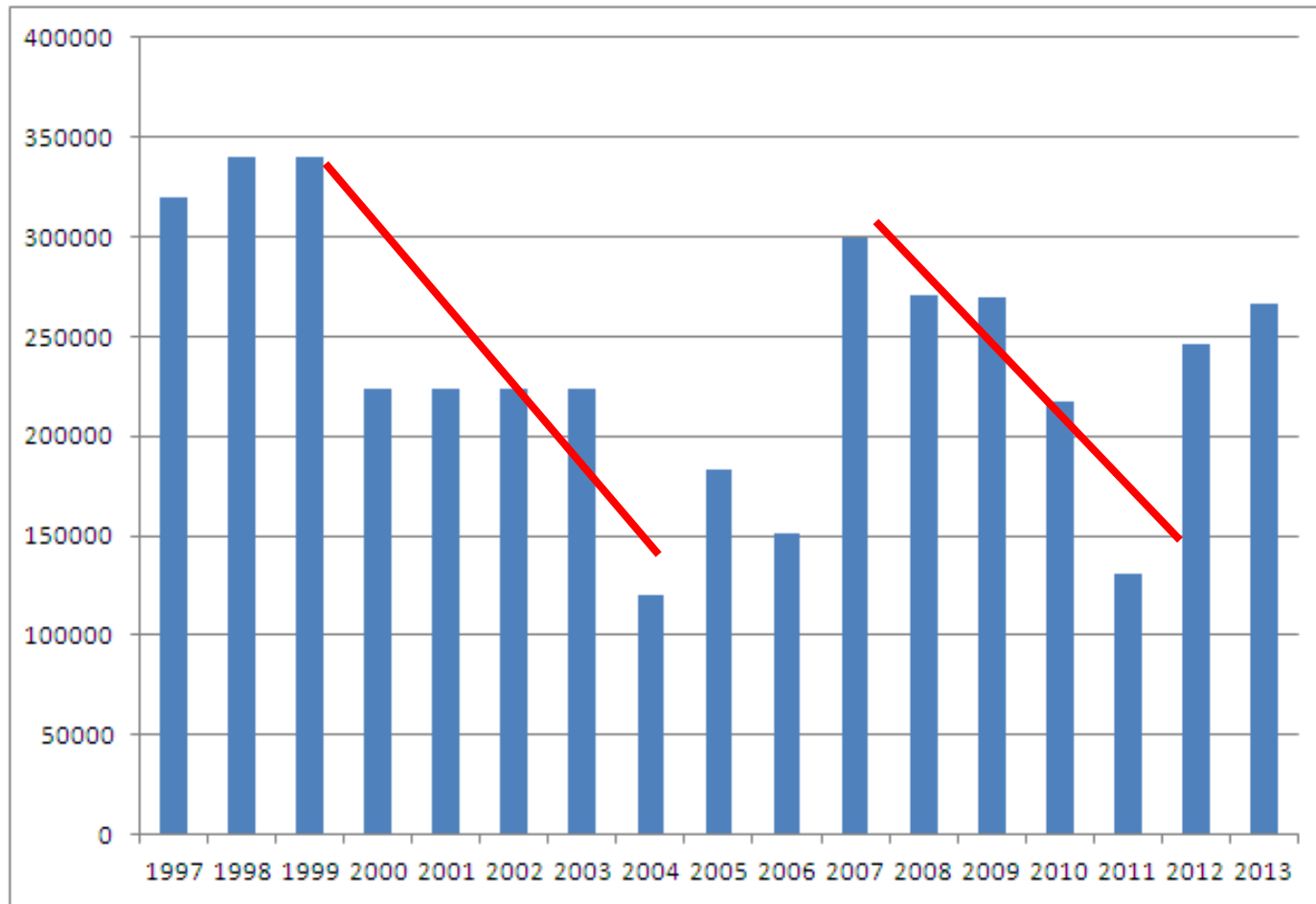
[companies with  
9 and more employees]

**Winners (1):** Finance and insurance, Professional services, IT sector

**Losers (2):** Manufacturing, Real estate, also trade and repairs, leisure

**Soft landing (3):** Health Care, Education, Public administration, Construction (public investment)

# Modern office spaces in Warsaw



**Warsaw:** 2003 – 2.0 mln sq m; 2013 – 4.0 mln sq m

# General conclusions

- CEECs and especially metropolitan regions have manifested resistance to the recent crisis (but with some exceptions)
- On-going metropolisation processes: advanced business services – main drivers of development (all cases)

However. some interesting changes in general pattern in the period of crisis:

- Metropolitan macroregions convergence (functional ties?)
- Informational economy development is the main trend, but also reindustrialisation took place in some metropolitan areas
- Impact of real estate bubble still visible