

## Our research has shown that in Hungary:

- Built heritage significantly contributes to GDP and creates jobs
- People want to live and work in historic areas and are willing to pay a higher price to do so
- Engaging the local community and an integrated approach are key factors for the long-term success of heritage-led regeneration



# HERITAGE IMPACTS

## Built heritage significantly contributes to GDP and creates jobs

- **Our research has shown that historic buildings contribute to Hungary's gross domestic production (GDP) by 3.64%.<sup>1</sup>**  
The four main areas in which built heritage contributes to domestic production are tourism, real estate, construction industry, cultural and creative industries.
- It is estimated that historic buildings accounted for 875.73 billion HUF (2.91 billion EUR) of gross value added to domestic production in 2012.
- Calculations show that in 2012
  - historic buildings contributed to tourism production by 186.36 billion HUF
  - real estate transactions related to historic buildings produced 407.81 billion HUF
  - repair and maintenance of historic buildings contributed to the construction industry by 192.62 billion HUF
  - the contribution of historic buildings to cultural and creative industries was 88.94 billion HUF
- **Considering the four impact sectors, listed historic buildings provided 85.51 thousand jobs in 2012**
  - It is estimated that 45,120 jobs in the tourism sector, 5,420 jobs in the real estate market, 23,200 jobs in the construction industry and 11,770 jobs in the cultural and creative industry can be attributed to listed built heritage.

<sup>1</sup> REVEAL Research paper (2016): *The socio-economic contribution of built heritage to domestic production in Hungary*

- **Public investment in built heritage and heritage environments have positive impact on the local economy and contribute to the strengthening of the social fabric.**
  - Our case study in *Balatonfüred* revealed that the regeneration of public spaces and public buildings by the local municipality, carried out within the framework of the town's integrated urban development strategy, triggered private investments, new businesses and services as well as increased overnight stays and cultural events.<sup>2</sup>
    - A survey conducted among business owners shows that the historic downtown benefits local companies through increased number of visitors: 34% of the total number of entrepreneurs and 67% of those having a tourism-related business consider the regeneration beneficial for their business activity.
    - 77% of the inhabitants claim that the quality of hospitality and catering services increased thanks to the regeneration of the historic area.
  - The investment made by the Forster Centre through a Norwegian grant in the community-based rehabilitation of the parish house of Balatoncsicsó, combined with the small business development of the wider area intensified cooperation between local producers and so far created 3 new work places in the village.<sup>3</sup>

### **People want to visit, live and work in historic areas and are willing to pay a higher price to do so**

- **Our research has shown that properties found in historic environments and heritage buildings carry a price premium on the residential market.<sup>4</sup>**
  - In the Hungarian residential property market listed historic buildings have a 1.9% price premium, while heritage environments have 8.2%.
  - In Budapest listed buildings are sold at a 2.1% higher rate, while real estate located in heritage environments are 19.8% more expensive.
  - Properties located in historic centres, such as the Buda castle or the historic town of Eger have a 30-40% price premium.
  - The case study of *Gózsdu court* demonstrated that historic flats attract a special target group, who lived in historic buildings before, appreciate architectural and historic values and specifically look for such dwellings.
- **Heritage buildings also carry a price premium on the hotel accommodation market.<sup>5</sup>**  
Room rates in hotels in listed historic buildings are 12% higher compared to other accommodations with similar features.
- **Listed historic buildings hold their value in time more than non-listed buildings.<sup>6</sup>**  
During the crisis for instance, both in the Buda castle area and in the historic town of Eger property prices stayed at a stable level compared to other parts of these cities.
- **We have demonstrated that historic town centres have higher property values.<sup>7</sup>**  
Properties located in the 5 largest historic town centres in Hungary (Pécs, Szeged, Debrecen, Miskolc, Győr) have price premiums varying between 6 and 46%.
- **A survey found that sightseeing and culture are the main motivation of travel for foreign visitors to Budapest.**  
The majority of respondents (86%) said that the main attraction of Budapest is the presence of cultural heritage and World Heritage, 40% singled out built heritage.<sup>8</sup>
- **A survey in Balatonfüred has shown that people consider the existence and maintenance of historic buildings important and are willing to pay for it.<sup>9</sup>**

<sup>2</sup> REVEAL Research paper (2016) *Case studies in order to reveal the social and economic impact of built heritage in Hungary*

<sup>3</sup> REVEAL Research paper (2016) *Description of the pilot project*

<sup>4</sup> REVEAL Research paper, ELTINGA (2015) *Impacts of Cultural Heritage on the Real Estate Market*.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Erika Nyúl and Ágnes Ördög (2008): *Budapest - from the angle of cultural tourism* - study of the Budapest Cultural Working Group. Tourism bulletin, volume XII, number 2

- 25% of those who would like to move to another part of town would do so because they wish to be in an environment with nicer historic buildings.
- 84% of the inhabitants visit the historic downtown regularly and more than half of the inhabitants participate in cultural events in the historic downtown.
- The inhabitants of Balatonfüred consider the maintenance of historic buildings very important, rating it 88 on a scale of 100.
- 57% of the inhabitants of Balatonfüred are willing to pay up to 5000 HUF per year for the maintenance of historic buildings.

## **Engaging the local community and an integrated approach are key factors for the long-term success of heritage-led regeneration projects**

**Our case studies have shown that the impacts of built heritage and restoration projects are multiplied if key stakeholders and the community are involved.<sup>10</sup>**

- The case study of a special historic quarter in Budapest, *Wekerle Estate* showed that properties sell with price premium, but owners are often reluctant to comply with the regulations when it comes to carrying out alterations on their dwellings. Thanks to a heritage conscious campaign initiated by architects living in the Estate, the dissemination of information and guidance created a heritage community and largely contributes to proper heritage protection and use in the area.
- The case of *Sirok castle* proves that in a top-down approach restoration may be carried out in an exemplary way and may increase visitor numbers in the monument; however if local stakeholders are disregarded in the planning phase and are not considered for the operation of the historic site and the investment is not linked to other development projects the restored monument becomes isolated from the settlement. Its benefits will not be felt by the local inhabitants and businesses and it will not be embedded in the regional context.
- The restoration of the *noble castle in Fehérvárcsurgó* demonstrates that a sensible long-term planning broken down to small, realistic steps in close cooperation with the key stakeholders results in professional management practices. The case study highlights that the key to sustainable maintenance is an integrated approach and the diversification of functions and financial sources. The heritage site provides employment as well as cultural and recreational activities for local inhabitants in addition to its hospitality and catering services which altogether ensure the economic viability of the site.
- Through the *pilot project in the Nivegy-valley* in upper lake Balaton a methodological guide was produced that will help similar communities prepare for the long-term protection and sustainable management of their built heritage. The goal of the pilot project was to revitalize a former parish building into a community centre through a wider community development approach. The revitalization concept of the derelict national monument has been formulated together with the local inhabitants through community planning. The new functions and the social enterprise linked to the building were designed during planning workshops with the active participation of experts, local entrepreneurs, civil organizations, mayors and inhabitants. This process was accompanied by a series of capacity building trainings, providing local stakeholders with all the necessary knowledge to sustain the building and their own businesses. The goal was to establish an entrepreneur community, who would actively take part in the operation and upkeep of the parish house.<sup>11</sup>

## **IT IS WORTH INVESTING IN HERITAGE!**

---

<sup>9</sup> REVEAL Research paper (2016) *Case study of Balatonfüred in order to reveal the socio-economic impacts of the revitalization of the historic downtown.*

<sup>10</sup> REVEAL Research paper (2016): *Case studies in order to reveal the social and economic impact of built heritage in Hungary*

<sup>11</sup> REVEAL Research paper (2016) *Description of the pilot project*