



# Lessons Learned from the European Union's Experience in Capitalizing Architectural Heritage

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## Abstract

The architectural heritage is a unique, material expression of history and culture. Bearing in mind, that the future of the historical buildings mostly depends on their integration into the economic life of the country and the sustainable development requires an adequate approach, the European Union's experience in capitalizing architectural heritage is highly valuable. Real European examples proved that historical buildings preservation and their development and contribution to the economy are not mutually exclusive. The architectural cultural heritage is not only a budgetary expenditure, but also a contributor to budget revenue. The analysis of the economic capitalization of the architectural heritage is spoiled by the lack of relevant statistical data, thus, European case studies, indirect or related statistical data were used for the study.

## Subject Areas

Civil Engineering, Culture, Engineering Management, Social Issues and Public Policy, Tourism Economy, Welfare Economics

## Keywords

Architectural Heritage, Historic Building, Heritage Tourism

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## 1. Introduction

For centuries, peoples in the storm of events, in periods of economic growth or recession, have expressed their feelings by erecting architectural edifices, which offered that historical and cultural individualization specific to those times, as a testimony of these civilizations. Architectural jewellery built in different periods by famous or anonymous craftsmen with the support of their leaders communi-

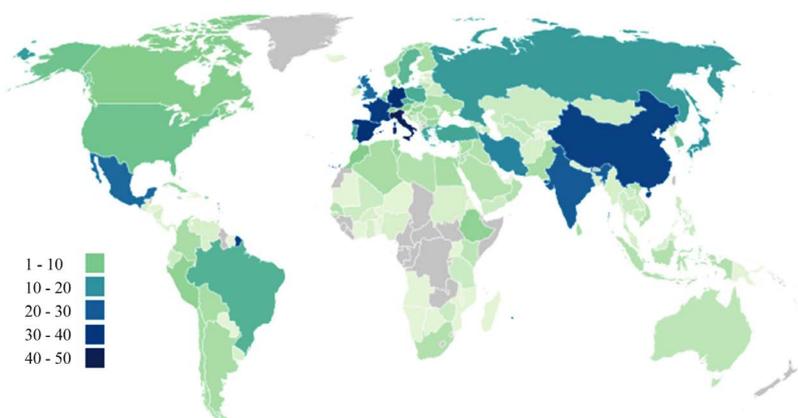
cate with contemporaneity through architectural styles. Thus, the visits of architectural works offer the opportunity to know the past, present and cultural specifics of the site. Some constructions considered unaesthetic at the time of their appearance, became symbols of cities and appreciated cultural assets (e.g. the Eiffel Tower ([1], p. 30).

World Heritage is the name given by the United Nations Educational, Scientific and Cultural Organization (UNESCO) to places around the world that are of outstanding universal value to humanity and as such, have been inscribed on the World Heritage List to be protected for future generations to appreciate and enjoy [2]. Unique places such as the historic centre of Rome or the Acropolis in Greece are examples of architectural heritage, among 1007 natural and cultural sites inscribed on the list of world heritage to date (Figure 1).

## 2. The Architectural Cultural Heritage from Budgetary Expenditure to Revenue

The European Union promotes a balanced approach between the need to stimulate growth on the one hand and the preservation of artefacts, historical sites, and local traditions on the other. It promotes society's responsibility for architectural cultural heritage and the need to pass it on to future generations. This is a duty to the community and its long-term economic, environmental and social interests, including through economic and social development.

A large-scale European initiative is "7 Most Endangered", supported by the Creative Europe programme of the European Union, as part of Europa Nostra's networking project "Sharing Heritage—Sharing Values" (2017-2020). A list of endangered heritage sites in Europe is published every two years. Multidisciplinary teams of heritage and financial experts undertake rescue missions and formulate a feasible action plan for each individual situation [4]. It is important to note that this programme covers not only the European Union. The list for 2020, projects outside the EU includes the Belgrade Fortress and its Surroundings (Serbia) and the National Theatre in Tirana (Albania).



**Figure 1.** Number of cultural heritage objects (without natural heritage objects) distributed by country. Source: prepared by the author based on the UNESCO Cultural Heritage List [3].

The preservation of the architectural cultural heritage is not only treated as an item of budgetary expenditure, but as a source of revenue, an asset whose proper management brings financial and social benefits. Thus, until the 70s of the last century, the main orientation was on the conservation of the architectural heritage, nowadays the emphasis is on its capitalization. The cost-focused vision of cultural heritage is relatively short lived. The EU has a rich practice of providing help to promote culture and heritage conservation. The aid may take the form of investment aid, including aid for the construction or upgrade of culture infrastructure, and operating aid ([5], art. 53).

The analysis of the economic capitalization of the European architectural heritage is spoiled by the lack of relevant statistical data, thus, European case studies, indirect or related statistical data are used. The lack of comprehensive statistical data for the EU is mentioned in the Opinion of the European Committee of the Regions—towards an integrated approach to cultural heritage for Europe, Article 9 [6], which states that “the Commission should effectively address the lack of EU-wide data concerning the contribution of cultural heritage to economic growth and social cohesion. Therefore, encourages the setting up and launch of a European database to which the various projects devised for this purpose could contribute. It also encourages the development of standards that can be a base for making some cost-benefit analyses which can demonstrate the extent of the economic and social contribution of cultural heritage, pointing out the actual benefit of this heritage serving as a basis for additional conservation measures”.

Data availability is a key challenge to capture the contribution of architectural heritage to the economy, including the impact on the development of international tourism, especially as available data are dispersed nationally and globally (e.g. national and international registries, statistical institutes, organizations heritage, architectural and industrial associations, etc.). In an extensive research carried out between 2013 and 2015 “Cultural Heritage Counts for Europe” about 750 case studies were analysed to generalize the economic, social, cultural and ecological contribution of cultural heritage in Europe. The limited understanding of its contribution does not allow the efficient management and extensive use of the patrimony.

The tangible cultural heritage includes different types of real estate, objects and material traces such as archaeological sites, artefacts, historical monuments, cultural landscapes, etc. that are significant to a community, a nation, or/and humanity. A study carried out by ESPON, for 11 European countries/regions<sup>1</sup> proved that the material cultural heritage generated about 1.0% of the total business economy except financial and insurance activities and 4.0% of the total services economy, similar to the contribution made by the entire subsectors of support activities for transport, legal and accounting activities or wired tele-

<sup>1</sup>Austria, Brussels, Flanders, Italy, the Netherlands, Norway, Portugal, Romania, Slovakia, Slovenia, Sweden.

communication activities; and 3.4% of Gross Value Added of the total services economy, similar to the contribution made by the entire subsectors of activities of head offices, engineering activities and related technical consultancy or business and other management consultancy activities ([7], p. 7).

### 3. Cultural Heritage as a Welfare Contributor

Cultural heritage is seen as a special, but integral, component in the production of European GDP and innovation, its growth process, competitiveness and in the welfare of European society ([8], p. 6).

#### 3.1. Impact on Tourism

The key argument that cultural heritage, including architectural heritage contribute to welfare is obviously tourism. Europe attractiveness for tourists from around the world is due to its rich cultural heritage. Large cities and rural areas are successfully promoting their architectural heritage. According to the World Tourism Organization (UNWTO), EU was one of the most visited destination in 2019 [9].

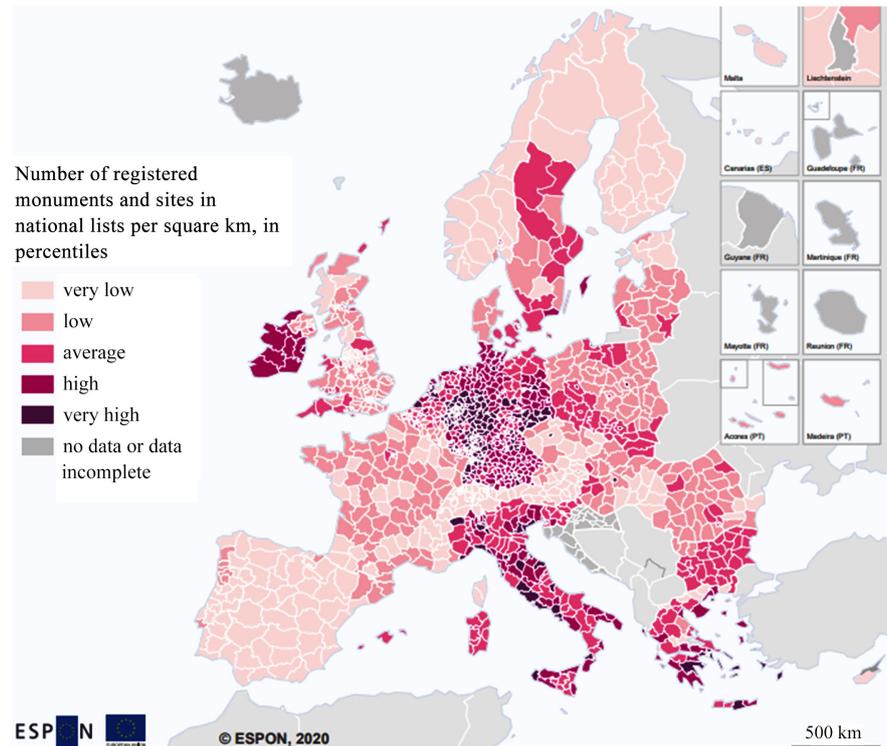
The delimitation of the quota of tourists whose travels are related to the consumption of architectural cultural heritage services is impossible to isolate. Official data published by most countries distinguish only two purposes: business and personal travel. In rare cases, a specification of cultural tourism is made. However, if a visitor travels for business, it is highly possible that he/she consumes also services related to architectural heritage.

The Heritage Counts Audit from Historic England estimated in 2017 that the heritage tourism (including domestic and international visitors) generated £16.4 billion in spending in the UK [10].

It should be noted that Europe has sunny areas, beaches and a developed leisure and recovery industry. However, several studies suggest that these are not the main reasons why non-Europeans visit the region.

In the opinion of A. Zbucea, the patrimonial elements with special value attracts tourists from all over the world, only if the patrimony management is done according to principles, rules and policies of strategic management and marketing ([11], p. 9). Zbucea defines the immovable national cultural heritage as the totality of archaeological and architectural monuments and vestiges made by the forerunners (religious monuments, architectural monuments, art monuments) ([11], p. 23).

Europe is rich in architectural monuments and cultural sites (**Figure 2**). Visiting many European architectural monuments involves charging entrance fees as well as payments for related services. For a number of European countries, the cultural heritage, especially the architectural one, contributes to the stabilization and diversification of tourist flows, out of season. ESPON HERITAGE project ([12], p.14) estimated that in terms of European tourism, 3 out of 10 tourists choose their destination based on the cultural offer.



**Figure 2.** Density of monuments and sites in European regions. Source: ESPON EGTC WP, May 2020 ([12], p. 7).

To be effective, tourism policy, including in the field of architectural heritage, requires a detailed industry perspective, close community collaboration and openness to change. The European Union has a number of policies, managing directly or indirectly these areas [13].

As early as 2010, the European Commission began working to digitize Europe's rich cultural heritage ([14], p.11-12). Currently, EU is making significant efforts to achieve its Digital Agenda, which consists of digitizing cultural heritage, by removing online barriers [15], including architectural heritage, as well as historical monuments.

The European Travel Commission and national tourism organizations have sought to exploit digital opportunities by transforming the paper guide on planning a trip to Europe into <https://visiteurope.com/en/>.

However, heritage tourism, together with digital tourism, is only a part of the positive economic contribution of architectural heritage.

### 3.2. Construction Industry Related to Historical Assets

The European Commission has repeatedly emphasized the role of the construction industry and investment in historical assets in the context of the economic value of cultural heritage, contributing to job creation and the launch of new economic activities. European construction industry federation reported that total renovation and maintenance of buildings represent in 2019 around 28% [16] of the value of their construction.

An ECORYS analysis (2012) suggests that the built heritage construction sector in the UK contributed in the order of £12.4 billion to UK GDP, directly supporting in the order of 180,000 FTE jobs [17]. The 2017 Heritage Counts audit from Historic England estimated that the repair and maintenance of historic buildings, generated £9.6 billion in construction sector output in the UK [10].

Haspel J. reveals that state funding to support Germany's architectural heritage has a large economic multiplier effect. Every public subsidy made by the German government to private landlords and developers led on average to an investment four to twelve times as great ([18], p. 906).

An important argument in favour of renovating and reusing the stock of heritage buildings is its positive impact on the environment, as most often they are built from environmentally friendly materials.

Buildings in the EU are responsible for 40% of EU energy consumption and 36% of greenhouse gas emissions [19]. However, the information on the level of energy efficiency of pre-1890 public buildings, collected at European level, shows that it at least matches, and sometimes exceeds the efficiency of the most sophisticated modern buildings ([20], p. 80). From an environmental point of view, the built-in energy of existing buildings is one of the most convincing arguments for their preservation. The EU is working to minimize unjustified demolition of buildings and reduce the impact of transport on architectural heritage.

### 3.3. Historic Area Inclusion in Economic Circuit

The development of historic areas in the European Union is also achieved through the location in these properties of objects of public and social interest (e.g. city halls, libraries, archives). At the same time, heritage buildings in historic area tend to be treated as luxurious locations. Large enterprises and corporations, as a rule, also have their headquarters in such areas, which are attractive due to the beauty, solidity of the buildings and the prestige of the location. Ashworth G. J. highlights that the historic cities or even a single historic building sends the message of long-term credibility, reliability and probity ([21], p. 37). The high concentration of business in historic centres (e.g. Brussels, Hamburg) further stimulates interest in them, both because of the architectural charm, and the proximity to potential partners or customers.

O'Brien, giving the example of Dublin, in his research promotes the idea that those cities that capitalize their cultural architectural heritage will have a competitive advantage in attracting "creative" investment, because companies interested in specific type of creative, talented, highly qualified, young people are more likely to attract them, if located in historic centres [22]. In this context, the European Committee of the Regions in its opinion towards an integrated approach to cultural heritage for Europe, Article 19 [6], states that "it is important to take advantage of building heritage development, which can mean that heritage sites are given new functions as part of urban renewal measures and can make a contribution, with support from small and medium-sized enterprises, to

employment and job creation”. And indirectly, through the taxes paid by the respective enterprises, the architectural patrimony contributes to supplementing the state budget.

#### 4. Conclusions

The capitalization of the European architectural heritage is studied in a series of case studies, or within the researches of the cultural heritage. Aggregated statistical figures covering its economic impact are missing, but the indirect or regionally specific data lead to the following conclusions:

1) The EU promotes a balanced approach between the need to stimulate growth on the one hand and the preservation of artefacts, historical sites and local traditions on the other, through express regulation in the field of heritage conservation and through usage of innovative approaches.

2) Efforts are currently being made to address the lack of comprehensive statistical data on contribution of cultural heritage, including the architectural heritage, to economic growth and social cohesion.

3) The architectural heritage, through the pictures of the places and images it provides contributes significantly to the tourist attractiveness of the countries, cities and rural areas of Europe. The EU has a complex network of bodies to support this economic branch and promote heritage tourism.

4) The maintenance and renovation of the architectural heritage contribute to construction industry development and job creation, as it has a large economic multiplier effect, and the reuse of historic buildings is ecological and environmentally friendly.

5) Historic buildings attract investments, company headquarters, highly qualified staff, etc. through public-private and private partnerships.

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#### Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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