

**Gergely Olt:**

## **The social effects of urban rehabilitation, cultural and creative production and new ways of consumption in the inner city of Budapest**

### **Introduction**

The inner city of Budapest lacked renovation for a long time, and quality of the housing stock declined rapidly. About ten years ago a new scene of hospitality venues and cultural projects started in one of these inner city areas. After a short drawback in the middle of the 2000s, a new boom of night time economy and tourism can be observed here, followed by a series of design shops and creative enterprises. This could also be interpreted as a new cultural cluster (Mommaas, 2004) or a „signifying new economy precinct” (Hutton, 2004, p.94). On the other hand it is also a scene of rehabilitation and gentrification. In my research project I conducted field research and interviews with agents of the creative/hospitality fields and local residents as well.

In this paper I try to outline the connections between social changes in the inner city of Budapest, and the emergence of creative industries and cultural and hospitality venues. In the first part of the paper I shortly review the recent literature of these topics. Links between gentrification and creative milieus were discussed before, and there are recent findings exploring these processes. The second part of the article is about the trends of the real estate market and social changes in the inner city of Budapest, after the political changes in 1989. In this section I mostly refer to findings of several research programmes in the last couple of years conducted by my advisors (hence the plural form at the interpretation of our findings)<sup>1</sup>. The next part of the paper takes a closer look on our research area, the Inner-Erzsébetváros and the Jewish Quarter.

### **Gentrification and the new economy of the inner city**

The reasons for gentrification are still being debated. Some researchers think the roots of this process lie in the accumulation of capital and the revaluation of real estate in the city centre. Some of these areas became less valuable during deindustrialisation and because of other reasons of disinvestment, and an ever-widening gap emerged between the market value and potential value of central locations. This gap between market and potential value can be narrowed by the residential renewal of city centres or, in other words, by gentrification (Smith, 1979, 1987). With this approach, if the movement of capital is explained, all the other processes become explainable.

Other research suggests that cultural changes are the most important factors in gentrification. These assume that more highly educated middle-class consumers have demands that they can satisfy only in the city centre and not in the characterless malls and hypermarkets of the suburbs (Ley, 1980, 1986).

Some explanations attribute a central role to the changes in proportions among employment

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sectors. The ever-increasing importance of the tertiary sector has resulted in growing number of professional occupations in the inner city followed by changing allocation of the workforce (Hamnett, 1991). In this sense changing occupational class structure is the reason of changing urban population and the process is explained by the increasing demand of the middle class professionals for housing in the inner city (Hamnett, 2003).

Gentrification is a global process, and in many cases it resembles colonial-era enclaves that were segregated from other areas of the city. Because of the expansion of multinational companies, their employees have become residents in various cities all around the globe with the same demands for consumption and amenities that are typical in western city centres. A new service class has emerged in these cities to satisfy their needs (Sassen, 2000). These processes are forming neighbourhoods in city centres worldwide, making them like the colonial enclaves of global capitalism (Atkinson & Bridge, 2005).

As soon as living in the city centre becomes fashionable and venture capital sees an opportunity, newcomers become people that buy things simply because they can (Lees, 2003). It can also change the use of space in the area and make the signs of social problems vanish by force. The result is an empty, boring, nonliving urban space.

Critical researchers, based on recent and older findings, strongly deny any positive effects of gentrification and social mixing. Their concerns about social mixing as a government agenda are summarized, for example, at Lees (2008). Displacement of the poor and vulnerable residents further away from the city centre was the main concern about gentrification (Slater, 2006). However, some empirical evidence about displacement may show this issue less significant (Freeman, 2005; Vigdor, 2002). Alternative explanations of gentrification argue that changing occupational class structure causes replacement of the decreasing working class by professional middle class workers, rather than displacement (Hamnett, 2003).

Still, the affordability crisis in high demand, growing economy areas like many parts of New York, seems to harm the interests of the least affluent residents the most (Newman and Wyly, 2006).

Changes in the typical use of these inner city areas can lead to other conflicts, like the emergence and externalities of the night time economy, namely the constant noise of these venues, and the changing character of these areas. This could be another reason for leaving the area, but it is a less likely option for poor residents. Inner city accommodation can also be constraint rather than choice, since many social housing units can be found in inner city areas. This kind of commercial gentrification raises the question „who belongs to the city at night” (Eldridge, 2010).

The connection and conflict of creative scenes with real estate development and gentrification and commercialisation was described by Zukin (1987) earlier and by Indergaard (2009) and Pratt (2009) recently.

According to the examples shown by Hutton (2004) new economy enterprises can flourish in inner city areas and change the production and consumption patterns of the cities in general. This branch of production is mostly contains creative intellectual products (from computer programmes to alternative marketing campaigns) and non standardised material products (like fashion, other design products, and art pieces). These industries can operate in the inner city environment, while also change it, and amenities and clustering of different types of production create a new urban landscape. These changes can also generate social conflicts as high demand results in growing rents and new use of space that can force out former residents. One example of these new economy areas, Hoxton is analysed more closely by Pratt (2009). He found that the new fashionable image of the area was also responsible for growing rents and the original creative production neighbourhood turned to be high price residential and

consumption area. On the other hand the nearby social housing of Hackney did not gain much from these changes.

Scott (2006) stresses, that creative production needs an already existing cultural heritage and strong enough urban economic agglomeration to produce workplaces in the creative field. He notes that suggestions by Florida (2002) actually reverse the logic of creative production, and simplifies this complex process too much. Florida states that amenities and advanced consumption possibilities can attract members of the creative class, and their simple presence could generate economic growth. This argumentation confuses production and consumption, but gives very concrete advises for urban politicians: build attractive spectacles, and improve tourism and hospitality industry. Besides the logical failure, this seems to be blatant oversimplification of a very complex question. (For further critique of the Florida suggestions see Peck (2005).) According to Scott (2006) creative workers are attracted by already existing workplaces, tacit knowledge and good education of the given field and by potential further economic growth. (Like at the example of the Hollywood film industry cluster.) A big enough city and a conglomeration of production and capital is also an important factor. This leaves only very limited options for urban planning in shaping the creative field. Like at the story of Hoxton and similarly in the south bank of Thames (Newman and Smith, 2000), local authorities had very little influence on the emergence of cultural and creative production and consumption. The example of the Hoxton case, and also the processes in New York described by Indergaard (2009) show that the possible task of the local authority is not inducing the local „buzz”, but rather protect it from short term interests of the real estate market, while addressing the external costs of these new industry precincts.

### **Gentrification in central Budapest**

In this paper, “central Budapest” refers to parts of districts VI, VII, VIII and IX (all of them on the Pest side of the city), where most of the residential dwellings were constructed at the end of the nineteenth and beginning of the twentieth century and show the traditional architectural design of Pest.

Unfortunately, there are no up-to-date census data available that clearly show signs of gentrification. Nonetheless, there are neighbourhoods where signs of the process can be detected. In addition, we are able to use the results of our representative survey<sup>2</sup> conducted in a specific part of the city centre (the inner part of District VII, or Erzsébetváros – our research area).

First we examined the history of the area of possible gentrification in Budapest. This part of the city was almost untouched until the collapse of communism. The most important features of the built environment were slow deterioration and decay. (Only a few urban-renovation pilot projects were carried out, limited to some blocks of flats, without any spill-over effects.) Because of the economic decline in the early 1990s, no significant changes were seen for a long time. The most important factors of the renewal were private residential developments started around 2000 and the increasing number of these projects until recently. This process was not limited to vacant sites; by using the loopholes in regulations, in many cases this was accomplished by demolishing old buildings. The rise of the real-estate industry was caused by the growing measure of solvent demand. This process was primarily facilitated by cheap

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<sup>2</sup> We conducted a representative survey concerning social changes in the inner part of District VII (Erzsébetváros). The total sample size was 1,585.

subsidised loans for new home owners. After the era of cheap loans ended and the global crisis struck in 2008, city-centre building projects became very limited again. Even so, these seven years after 2000 resulted in significant micro-level changes in some neighbourhoods that still have important social consequences. Now we present the most important factors in our research area. The first of these should be the issues of ownership of dwellings and building demolition and construction.

Renovation and refurbishment are closely related to ownership structure. The dwellings in the city centre became privatised at an overwhelming rate. (In most cases, the families that were living in the flat became the new owners.) This represented the end of the rental market in the city centre. Large-scale renovation projects could only start in neighbourhoods where the local council maintained ownership of the dwellings. This phenomenon occurred in the central part of District IX, which was declared a reconstruction area<sup>3</sup> before privatisation, and so ownership remained in the hands of the local council. The other two areas that must be mentioned here are the (since demolished) neighbourhood of the Corvin Promenade project and the social reconstruction area of the Magdolna Quarter, both in District VIII. In these cases, the local government owned a much larger proportion of the flats than in other parts of the city centre. In our research area in District VII, the local authority planned a new avenue to be built cutting through the dense 19<sup>th</sup> century inner city structure. Privatisation of dwellings in the way of this rehabilitation effort was also prohibited.

Whereas the building projects before 2000 mainly used empty sites, later the fast-paced demolition of the city centre began. Buildings that could have been saved and renovated became the casualties of developers' and local council officers' interests. Examining the data between 2001 and 2006, the yearly averages of the indicator "number of demolished dwellings per hundred newly built dwellings" (calculated by the Hungarian Central Statistical Office) show the following numbers: approximately eight in District VI, twelve in District VII, eight in District VIII and six in District IX. In addition, the demolished dwellings were often not those in the worst condition or without bathrooms.

The demolitions were followed by construction: Between 2002 and 2007 ten to sixteen times more dwellings were built in districts VI and VII than in the previous years. There was a smaller but also significant change in District IX, where this number is 3.5, and in District VIII, where the number of newly built dwellings was 2.5 times more than before. Most of these flats were built for sale.<sup>4</sup>

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3 In Budapest it was only District IX (Ferencváros) that enforced its right and prohibited the sale of real estate in a renovation area. Because of this and in spite of strong pressure by the residents, 7,300 dwellings remained banned from sale.

4 Developer interest was highest in District VIII (30 projects), followed by District IX (20 buildings), District VII (19 project) and District VI (10 projects).

Table 1: Number of new dwellings, 2001–2007.

District	2001	2002	2003	2004	2005	2006	2007
VI	5	51	31	43	269	219	73
VII	44	54	49	204	434	222	273
VIII	84	247	199	512	259	315	331
IX	504	653	625	987	1008	663	1065

Source: Statistical Office of Hungary (2008).

The developers, most of whom were Spanish and Israeli, were looking for sites to build large projects sometimes containing several hundred units, and the results of these combined with the former appearance and use of the street were often very disparate. In addition, whereas the return-on-investment calculations of real-estate developers and demand were already pushing the market towards smaller dwellings,<sup>5</sup> the average size of the flats in this area was even smaller (47 to 59 m<sup>2</sup>). Researchers and analysts dealing with this topic had had concerns for a long time about the long-term negative effects caused by small flats (see for example Nelson, 2010). The common interests of developers with less capital and buyers with limited spending capacity contributed to the lack of change in the trends.

Developers expected rising social status of the area, so the prices of the large new projects in the Old Jewish Quarter of Pest were set higher than for old dwellings in the area. The developers believed that their future clients would also have faith in the rising real-estate prices in the quarter, and so there would be customers looking for luxury in a run-down neighbourhood in the city centre. Because of the growth of developer interest since 2003, there was a rise in real-estate value in central Pest, which constitutes a good basis for gentrification.

All of the changes (demolitions, building projects and renovation efforts) set the real-estate market in motion, and in the six years between 2002 and 2008 there were rising real-estate prices in central Pest. Large-scale renovation projects or simply expectations about them raised prices most significantly. In the Old Jewish Quarter, the rise has been about 40% and it reflects the temporary success of demolition. There are many signs showing that this rise in real-estate value will be short lived. On the one hand, these prices were calculated on an overheated real-estate market. On the other hand, the quality of buildings is often insufficient. Quite a few university students or young employees (often moving to the city from the countryside) chose a first flat to start their independent lives in this area. The third reason was the availability of cheap low-cost new dwellings, known as “small flats” (26 to 35 m<sup>2</sup>). The long-term negative effects of this process can already be seen, and the lack of larger flats will be a problem in the future. On the other hand, it could be a short-term advantage for students because they can find accommodation available in the city centre close to their university. This process could lead to studentification of the city centre (Smith, 2005).

The new trend of events was strongly influenced by the crisis. The demand generated by foreigners decreased in the city centre last year (for the newly built flats in districts VII–IX). In District VIII, real-estate prices rose more slowly than building costs, so it was not worth starting new projects. Finally, developers were planning smaller, 100- to 150-unit projects instead of 200- to 400-unit ones, so they were also looking for smaller building sites. (Urban

<sup>5</sup> In 2000 the average flat size was 102 m<sup>2</sup>, in 2004 it was 71 m<sup>2</sup> and in 2007 it was only 54 m<sup>2</sup>.

planners find this change a good sign, although they still claim that even these smaller projects are too large for an area that is already densely populated.) The economic crisis had a negative effect on the market (and, naturally, developers recognised this as a problem); on the other hand, it at least temporarily stopped demolition.

After examining the real-estate market, we discuss the situation of residents in this area. Our main question is whether there is a certain part of the city that can be called a gentrified neighbourhood. In general, according to statistical data and other sources of data (e.g., surveys, local council databases, case studies, etc.), there is currently no large-scale, radical gentrification in our research area. However, at the same time the slowdown of population loss is a clear sign of the beginning of gentrification. During the 1990s, the population loss was significant: by 2001 in districts VI and VII the fall was about 25.8 to 22.6%, in District IX 19.7% and in District VIII 11.5%. After 2001, the decline became slower and the data from 2007 show only a few percent (2 to 5%) loss (whereas the average in Budapest was 4.6%).

Table 2: Population changes in central districts, 2001–2007.

District	2001 population	2007 population	2001 population % (1990 = 100%)	2007 population % (2001 = 100%)
VI	44,141	41,839	74.2	94.8
VII	64,141	62,001	77.4	96.7
VIII	81,791	80,166	88.5	98.0
IX	62,999	59,992	80.3	95.2
All of Budapest	1,775,203	1,696,128	88.2	95.4

Source: Statistical Office of Hungary (2007).

The changes in other dimensions are characteristic as well. For example, the age structure is shifting to the younger strata. Although the population of this part of the city is still older than in others, the rate of the elderly decreased moderately within the research area, and strongly outside the Boulevard. Among young adults, the share of twenty- to thirty-year-olds is exceptionally high around Mikszáth Square and along Ráday Street. Both areas were subject to public spatial renovation and this could indicate the success of these initiatives from a certain aspect. These facts could be a sign of gentrification or studentification (Smith, 2005). The Jewish Quarter, with its central location and relatively low prices, is very similar to these places. The cheaper flats close to Semmelweis University could also be places for students. Currently it is typical for some students to share a large flat in this neighbourhood between Illés Street and Korányi Street. The thirty- to forty-year-old group is more typical in the central part of District IX (Ferencváros) because it was only here that the sizes of flats were suitable for raising children. In the following section I take a closer look of social changes in our research area.

#### 4. Social changes in our research area and emergence of a cultural neighbourhood

The case of District VII is the most interesting in respect of population change because the natural decrease was higher here than in other parts of the city centre, but the new residents moving in counterbalanced this, so the population loss was only 3.3%. The first sign of gentrification is visible here: the population of the run-down area is still decreasing, but it is

balanced by the new occupants. Our survey data show that during recent (i.e. pre-economic crisis) years the influx was substantial. These new residents are most likely pioneer gentrifiers, like students looking for cheap and still central accommodation, artists and other workers of the new economy. High number of hospitality venues and artistic and design projects can be signs of commercial gentrification in the area.

Table 3: Distribution of residents by moving-in period, 2010.

Moving in between	%
	25.
1916–1969	6
	22.
1970–1989	1
	19.
1990–2001	9
2002–2005	9.1
	23.
2006–2010	3
	10
Total	0.0
	1,5
<i>N</i>	41

Source: survey, 2010. Note: Those who were born in the area are categorized according to date of birth.

However, according to the changes in population dynamics we can only presume gentrification because these data cannot show the social status changes in the area. Nonetheless, according to our 2010 survey, in the last eight years the proportion of more highly educated residents grew further and the share of less-educated residents decreased in the Jewish Quarter. It is even more important that the proportion of higher-status groups among the newcomers is growing and the share of low-status strata is decreasing. The two sets of data shown in Tables 3 and 4 together show that the population change accelerated in the last period and that the status of newcomers is higher than that of the population moving out. This could be a first sign of gentrification because in gentrification literature one of the most important status indicators is the proportion of residents with a higher education (see Atkinson, 2000; Seo, 2002).

Table 4: Level of education in the survey area, 2001 and 2010.

Highest level of education	2001	2010	Incomers, 2002–2005	Incomers, 2006–2010
Primary	38.1	30.3	26.5	17.3
Secondary	39.2	37.8	36.4	44.1
Tertiary	22.7	32.0	37.1	38.6
Total	100.0	100.0	100.0	100.0
<i>N</i>	18,101	1,539	140	359

Source: Hungarian Central Statistical Office, 2001; survey, 2010.

The new development projects play important parts in these changes. Usually developers paid compensation for the former residents in local authority housing units, and these residents presumably left the area or the city as well. By demolition and new building projects real estate investment started to change the whole character of the neighbourhood.

However we do not have statistical data about conversions to touristic purposes of the older owner occupied housing or about long term market renters of these older and cheaper dwellings because many of these contracts are not official to avoid taxation. Maybe population change was even

One of the most important new real estate projects in our research area, Gozdsu Court, was finished almost exactly when the first wave of the crisis occurred. The sale of overpriced flats and retail spaces progressed slowly. Because of the typical size and the central location of the dwellings, it is easy to imagine the clients the developer anticipated: foreigners or a segment of younger clients that found it important to have a new, “clean” and above all safe flat. (These notions often came up in our interviews, especially with people moving to Budapest from the countryside.) They wanted to see the neighbourhood as a place where the run-down environment (which is due to be cleaned up) is compensated for by the advantages of the central location. This decaying but still fascinating area with buildings from the late nineteenth and early twentieth century was attractive and repulsive at the same time. The prices of the flats were almost twice those of others in a similar neighbourhood. As a result, most of the new owners (foreigners and locals) bought their flats as speculators, many flats remained unsold and therefore only a few people actually moved in.

After a year of silence and neglect of the area, alternative usage of these premises emerged. The developer tried to advertise the retail spaces for cultural venues (like art galleries) but in the first round this campaign was not as successful as predicted. In 2010 new hospitality and artistic venues emerged and in 2011 a weekly art and design fair started up. The dwellings became touristic apartments, working with lower prices than hotels, but still giving more privacy than hostels. In the summer of 2011 we could observe that restaurants and pubs created bigger traffic in the passage and some artistic and design projects seem to be well established here, but owners of these places still think there is much more potential in the Gozdsu Court, since only one side of the passage is really inhabited, the other is still empty. As we can see on this example, the usual arrival pattern of pioneer artists changed, and they could occupy the space after a failed luxury investment.

When the whole so called „ruin bar” scene started to emerge about 10 years ago it was a really different neighbourhood, mostly a residential area for lower status and middle class residents. For a detailed description of the history of the „ruin bars” see Lugosi et al. (2008; 2010). As mentioned in the last part of the paper, local authority did not privatise all dwellings for their occupants here, and renovation was out of the question as well, since local authority planned demolition of the old housing stock for new avenue. For the first part of the 2000s the rehabilitation process of the local authority meant emptying of the old houses, and these empty bad condition buildings waited for investors. In the meantime pub owners who recently started their enterprise in the area had the chance to rent these places from the local authority for summer period. These open air inner city pubs were a great novelty and started to put the forgotten area on the mental map of residents of Budapest and tourists as well. Because of institutional insecurities these open air bars often changed places and names. In the election year of 2006 there was a major drawback in this scene, since local authority did not cooperate with pub owners any more, mostly because they wanted to gather to votes of residents

protesting peace and for quiet. Another reason for this turn could be that the real estate market started to rise, and local authority sold buildings for investors who compensated local authority tenants in cash. During this process (according to the ongoing trial against the mayor and his associates in crime) a massive fraudulence of the local authority assets occurred. The sell out of buildings by the authority also meant that demolition of the 19<sup>th</sup> century housing stock could start. Since the neighbourhood is the buffer zone of the UNESCO world heritage site Andrassy Avenue, civil organisations, and grass-roots groups protested against the demolition. Later UNESCO officials visited the area and the Office of Cultural Heritage gave protection to many houses threatened by demolition. Some developers got into a situation where they have permission for demolition but a marble sign of the heritage protection is also on the building. This institutional uncertainty and the crash of the real estate market left investors not many choices. Many buildings stood there empty for ages, and some developers let these places for rent, mostly for „ruin bars”. The emergence of the hospitality scene got a new boost, when Hungarian government liberated strict local bureaucratic control of opening pubs and other enterprises. In 2010 and 2011 so many new places opened, that it is even hard to count for protesting local residents, and this process did not stop. The area became a must see attraction in tourists guides as well, and many flats became hostels, or in new buildings apartment for short term stay. The conflict about the noise still goes on and many believe there is no simple legislative way to solve it.

Creative and artistic projects are often connected to these hospitality venues. The question is how original artistic production and commercial use of these spaces can coexist. For a detailed typology of these clusters of production and consumption see Mommaas (2004). The artistic milieu emerged somewhat spontaneously in our research area (like graffiti on the wall of a ruin pub). Many of our interviewees referred on the artistic and cultural heritage of the Old Jewish Quarter. It is also true, that some artistic enterprises could start their projects for nominal fees in empty local authority owned buildings, and in some cases without any proper contract. The pubs within these artistic micro-clusters should be responsible for the financial basis of these projects. This makes a strong connection between hospitality venues, tourism and creative production. On the other hand, many of these artistic projects depend on state funding for arts as well. Some start up projects become successful abroad as well, like an installation made for the Buring Man festival. The often unclear status of these venues and buildings also holds a lot of uncertainty in these projects. After the local authority elections in 2010, one of these artistic communities had to leave the area, because of the lack of cooperation by the local authority.

There are other types of creative and design producers as well, with more capital. They are trying to present themselves as a cluster of entrepreneurs changing the reputation of the area, making it a cultural and design quarter. They often complain about the „quality of people” living in the neighbourhood, and that they expected a much bigger growth in social status in the last decade.

Independent, small scale design and artistic shops opened up recently because of the new popularity of the neighbourhood. Still many retail spaces stay empty, and some shop owners lamented about irrationally high rents. The result is a very mixed area, with cheap shops for stockings right beside a fancy design shop followed by a small grocery shop next to squatted art gallery.

In our research area, urban politics and rehabilitation unwillingly assisted the emergence of a new cultural and hospitality quarter followed by creative and design shops. The neglected, run-down, empty housing stock became sites of intermediate use (Louekari, 2006). Later

because of the global crisis and uncertainty of institutions (and corruption) intermediate use emerged in privately owned buildings waiting for demolition.

## Conclusions

After the collapse of communism, higher-status residents of the city centre moved to the suburbs of Budapest and there were no significant renovation efforts to prevent suburbanisation. Nonetheless, there were micro-level changes that could indicate a potential increase in real-estate value in the city centre. This offers the potential to improve the physical environment of the area and change the social composition of the population. The demolitions and new projects typically did not affect the most run-down and lowest social-status areas of the above mentioned four districts of central Pest. The neighbourhoods that were renovated had a social potential for a different type of renovation. Although assisting the most helpless and vulnerable is cited as an important goal of renovation, the designated areas, the agents behind the projects and the methods applied are all inconsistent with this goal. The motivation behind such activity is not improvement of the situation, but changes on the real-estate market. The relative economic boom around 2000 made the city centre more attractive to developers<sup>6</sup> and – not completely independently from this – more desirable for various middle- and higher-status social groups

After the economic crisis we can see touristic conversions of these new developments in our research area while many retail spaces remained empty or become the scene of an intermediate art project. The abandoned buildings owned by real estate investors (waiting for a better turn of the market or judicial decision), became new hospitality venues. While bad quality of the local authority housing stock and also owner occupied (privatised) old buildings is still a huge problem. In 2010 night time economy in the area shifted gear and caused great conflicts in the densely populated inner city residential area.

As we can see in the Budapest example the emergence of the new cultural scenes highly depends on real estate markets similarly to other cities mentioned in this paper. However the Budapest case is also somewhat different because of smaller demand for inner city housing. Still, rehabilitation efforts of the local authority resulted displacement of many residents, even if the planned high status developments were not realised yet. This part of the process is one of the most concerning effects of inner city changes in Budapest. In some cases, moving away from their neighbourhood is desirable for these residents as well. Because of the constant uncertainty in the renovation process and the fear that they have to leave their home, many of the residents postponed refurbishments and now they feel trapped in their own social housing. It seems impossible to sell or trade these flats. Many residents only want to move into a less insecure situation (Csanádi et al., 2007). For policy-makers, the “de-concentration of poverty” often seems to be good idea in the form of exporting it to other parts of the city, or to the countryside. The well-known policy is to buy cheap houses or apartments in the outskirts or in poor villages. The result is new concentration in less-developed areas (described in Ladányi, 2008; Csanádi et al., 2010). On the other hand, these social groups are the most vulnerable and powerless ones in the articulation of their interests, so the question of price remains: do these social groups have to pay for renovation that was carried out to benefit higher-status social groups?

Moving to the city centre can be an alternative for a particular segment of the middle class.

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<sup>6</sup> Developers were able to defend their interests not only at the local level, but also at higher levels.

They can find a better quality of life there, and force the renovation of the neighbourhood. Also new creative enterprises could bring economic upgrading and new investment after decades of disinvestment. Nonetheless segregation – sometimes in other parts of the city or in the countryside – can become stronger, and the falling living standards of the lower status groups could be a high price to pay for a more vibrant and liveable city centre.

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