

NATIONAL BOARD OF ANTIQUITIES
DEPARTMENT OF MONUMENTS AND SITES



Economics and Built Heritage

EHHF Copenhagen

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Economics and Built Heritage



Economics and Built Heritage

“There is a broad agreement
that the benefits of historic preservation
outweigh the costs.”

Professor Randall Mason in his keynote address of the Built Heritage – Value Adding Sector event

www.ebheritage.fi



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“Economics and Built Heritage” -network

- raises public awareness about the value adding potential of heritage,
- prepares a comparative programme and supports researcher networking across national borders.
- coordinated by the Centre for Urban and Regional Studies, Helsinki University of Technology
- financial support and advice from the Finnish National Board of Antiquities and other Nordic Heritage Boards

“Economics and Built Heritage” -network as the “base camp” of the initiative

- provides information for researchers and other interested actors,
- offers an access to relevant contact and funding information,
- offers a publication channel for working papers and articles.



The first conference ‘Built Heritage – Value Adding Sector’, in Helsinki 2005 - the first publication 2007

Several seminars, in Helsinki, Espoo etc.

The second conference in Hämeenlinna 2007

‘Economics and Built Heritage – Towards New European Initiatives’, Espoo 2008, the second publication

The website: www.ebheritage.fi



Sustainable development as a Heritage Conservation Strategy

Ecological sustainability



Social sustainability



Economical sustainability



Cultural sustainability



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Sustainable development

Immaterial values, intangible values as assets



Diversity and Continuity Immaterial values / value in itself (intrinsic value)

- Chronological layers
- Richness of differences in the environment
- Local characteristics
- Identity, image of the place, Genius Loci etc.

- Sustainability and welfare as a value in themselves, "a common good"
- Architectural value
- Know-how of sustainable building traditions





Ecological sustainability sustainable building traditions Building conservation is labour intensive



- Building tradition / ecological balance
- Natural building materials
- Local building materials

- Direct employment
- Generated working places
- Indirect employment



Point of view



- Private property, owners
- Public and private partners, NGO's (Rypkema)



- Local and regional interest, public economy, regional economy (Stüre, Tohmo)
- International perspective



- Direct and indirect impacts (Georges S. Zouain, Piero Sraffa): heritage as a production instrument or heritage as a tool of production



Total economic value

Zouain, 2007, Randal Mason 2007



1. Extractive use value (for living, trading, renting and selling), easy to measure
2. Non-extractive use value (direct investments produce secondary (indirect) economic activities measureable in markets, services provided by heritage, tourism etc.), difficult to measure
3. Non-use value: existence value (knowledge about the heritage), option value (use value in the future), most difficult to measure

Estimating Value ?

New methods and tools of economic analysis and argumentation (Schmidt-Thomé 2007, Krister Olsson 2008)

Mathematical models for calculation: the Matrix of Flows and the Input-Output Ratios, Cost-benefit analysis (Sraffa, Zouain, Mason)

Recognizing the limits of economic language



Tangible / Material, economic value



Eira, KT, 2 h, k 72 m²
Avoin merinäkömä. Kuusi ikkunaa merelle. Kun Eiranranta rakennetaan, tämä avoin näkömä säilyy tässä! Ja alue paranee, kaunistuu. Ranta maistomoidaan alueen arvoille sopivaksi! Vanhaan villan putkia uusitaan myös, joten kohta kaikki on ehonpaa. Mh. 453.793,93 €. Vh. 500.000 €. Merikatu. 72862



Omaksi kodiksi!
Noppeasti vapautuu
neito. Hyvä yhtiö
taloyhtiön remc
1,70 e/m² Löyso
Vuorimiehenkatu

**Punavuori, K
2 h, kk, s**
Uusrenessanssil
punkikoti. Sijaitse
tumassa kävelyk
haavissa. Oma
Mh. 310.000 €.

**Munkkivuori
3 h, k, p**
Kauniit kunnos
neito. Lisäteltä
kymät. 3. krs. Mh.

- Real-estate prices, price on the markets, the cost of restoration work, admission paid to herititage sites, wages paid to conservation workers
- Does the real/estate price depend on architectural or historic value?



Merenrantarivitalo Kausisaarella
Lijasa sijainti, avoin merinäkömä. 4 huonetta, keittiö, sauna, talokahuone, a-huone, kuntosali, saunasto, autotalli, kotelo. 140 m². Avaruus olohuone ja yläkerros ikkunoista lämmälämpöön kaunis näkömais, josta voi drailla myös kaurapöytäkallio. Alueen asiantuntijoin lisäksi 110 m² ja suomenruusu, salkkuhuone ja rantatien varusteluja. Kaunis kunnossaan. Asteella kullu-delle astetta. Viirosta oma venealus. Mh. 990.000 €. Kausisaarella. Tiedarkkij p. 0207 80 3636. 742294

Ainutlaatuisia koteja vaativaan makuun

Unique™ on harvinaisen, tavanomaisesta poikkeavan laatusunnon tavaramerkki. Kun etsit persoonallista kotia, ota meihin yhteyttä. Kaikki asunnot eivät tule yleisiin esittelyihin, joten sovithan henkilökohtaisen esittelyn sinulle parhaaseen aikaan.

Asiantuntijamme palvelevat sinua luottamuksellisesti kaikissa arvoasunnon oston ja myyntiin liittyvissä tilanteissa.



Three basic approaches to the economic dimension of built heritage:

1. Built heritage as a subject of economic planning – The economic (e.g. cost-benefit) analysis and evaluation of built heritage as a type of information used in the planning process;
2. Built heritage as a property in the urban and real estate market – The market value of built heritage in property development and its role in the public organizations' estate property management;
3. Built heritage as a resource (capital) for the economic livelihood of regions.



Built heritage as a subject of economic planning



- several rigorous valuation methods are available, but there remains a theoretically inspiring, unexplored terrain to be studied.
- sufficient knowledge base of the built environment
- more detailed statistics
- different value systems
- environmental impact assessment research
- cost-benefit analysis



Built heritage as a property in the urban and real estate market



- in terms of potential or actual *monetary price* in the urban and real estate markets
- readiness to pay for cultural heritage among people
- the effect of the closeness of built heritage on the estate prices (the so-called revealed preferences)
- private good - public good



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Built heritage as a resource (capital) for the economic livelihood of regions

- local and regional economy
- direct and indirect impacts
- the assessment and evaluation of the impact of regional development projects
- public-private cooperation
- historical site or monument as a scene
- economic impact analysis on cultural tourism
- to local identity and self-image



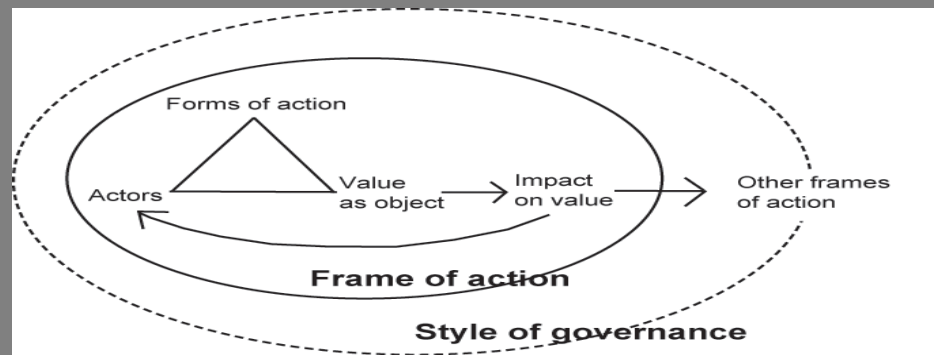


Table 1: Summary of the three basic approaches to the economic dimension of built heritage.

<i>Approach</i>	1. Economic planning	2. Property management	3. Regional development
<i>Value as object</i>	Cost-benefit value (measuring value with economic indicators)	Market value (speculative and real market price, rent)	Instrumental value in regional development (added value, image value)
<i>Frames of action</i>	Protection of buildings, planning, decision-making	Urban and real estate markets, building stock, status of the area	Regional economy, location factors of production, place-marketing, image-work/branding, development programmes, urban strategies, employment and education policies
<i>Actors</i>	Conservation authorities, museums, planners, environmental administration, researchers, consultants	Land-owners, real estate developers, building developers, consumers, investors, professional groups, experts	Municipal administration and business services, regional development organisations, local action groups, image consultants, service providers, public-private partnerships, sectoral state government
<i>Forms of action</i>	Conservation, regulation, government, inventories & surveys, assessments, plans	Markets (real estate management, development and trade)	Governance, partnerships, growth coalitions, development networks, development programmes and strategies, territorial marketing, strategic planning
<i>Impact on value</i>	Impact on protection and maintenance possibilities in political decision-making	Price effect, market relations (supply and demand), rent income, return of investment	Impact on the attractiveness and livelihood of the area
<i>Style of governance</i>	Bureaucratic, hierarchical (public economy)	Market-oriented (private economy, market control)	Managerial (growth economy and public-private coalitions)

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Towards New European Initiatives

- new tools of economic argumentation
 - theoretical work
 - cooperation
 - new methods of newly conceptualized and broader economic analysis
 - methods and analysis need to be tested
 - commitment of the owners and the local community
 - the public and the private partners
-
- Interreg IV C, EU Seventh Framework Programme?
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