

On the ruins of socialist industries: capitalist accumulation through urban regeneration and entrepreneurial governance in real estate projects from Romania

Sorin Gog & Enikő Vincze

Babeş-Bolyai University, Cluj-Napoca, Romania

REDURB – Class formation and re-urbanization through real estate development at an Eastern periphery of global capitalism (UEFSCDI, PN-III-P4-ID-PCE-2020-1730)

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REDURB research project

Class formation and re-urbanization through real estate development at an Eastern periphery of global capitalism

- Focus on the transformation of former industrial platforms into sites of real estate development in eight second and third tier cities of Romania: Cluj-Napoca, Braşov, Craiova, Iaşi, Bârlad, Târgu-Jiu, Reşita and Bragadiru
- **Main dimensions addressed:**
 - The conditions of possibility for the emergence of real estate development in a former state-socialist country (privatization, deindustrialization = economic restructuring)
 - Foreign and Romanian capital investment into urban regeneration via real estate development on brownfields
 - The role of international organizations in privatization and urban politics
 - Entrepreneurial urban governance supporting real estate development as a mean for reurbanization and economic growth
 - The economic restructuring of the cities create new labor classes (besides the capitalist class), who are enabled to consume the novel real estate developments

Selected cases: Braşov and Reşiţa

Important industrial centers of the former state-socialist economy, whose urbanization was strongly linked to industrialization

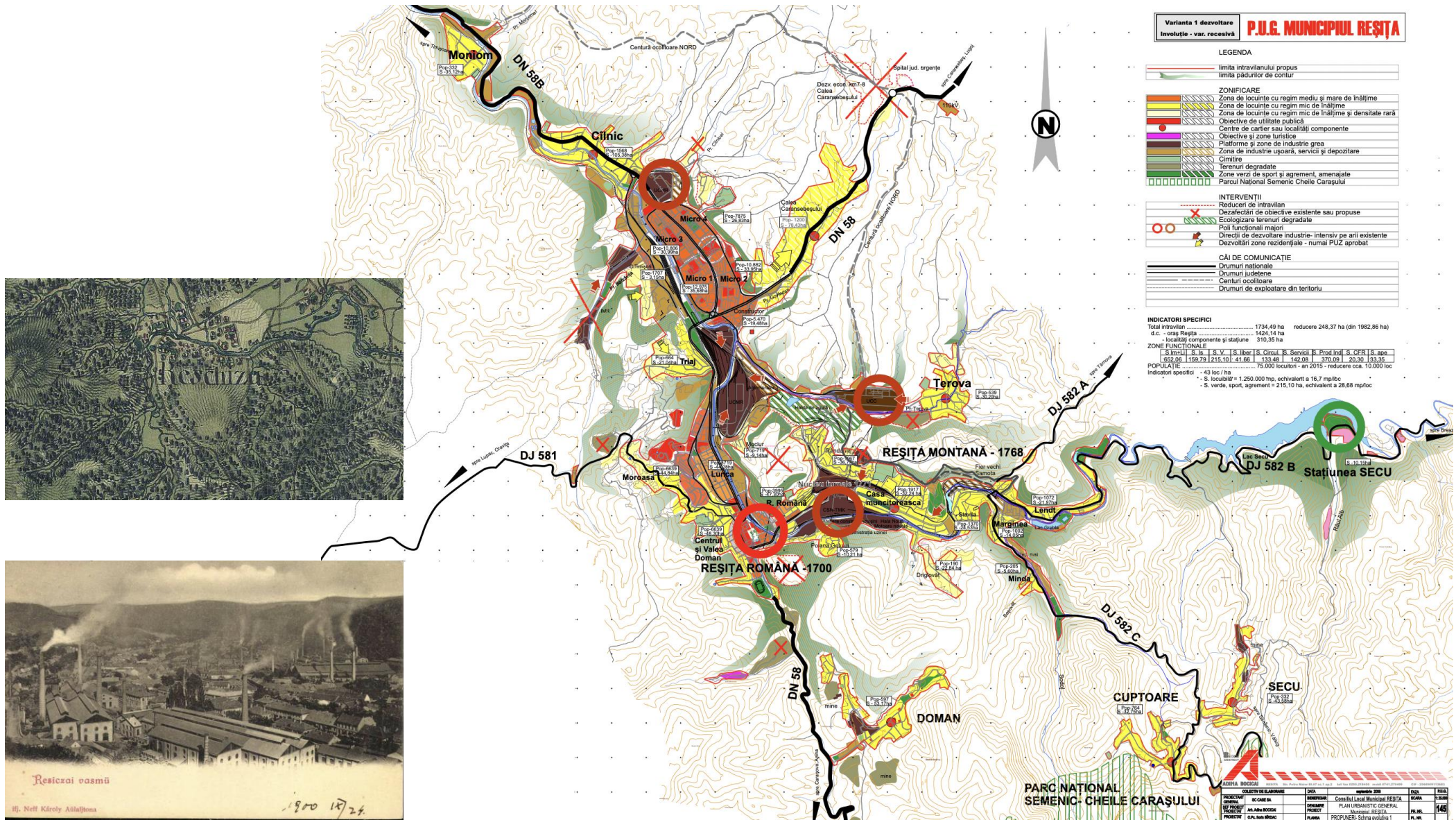
In the context of post-socialist deindustrialization, their capitalist re-urbanization process was facilitated by two international actors: Ceetrus and World Bank

- *French Auchan company, Immochan, was transformed in 2018 into Ceetrus, owned by the Mulliez Family Association. Owner of a global property portfolio, it defines itself as an urban developer. Merging with Nodi in 2021, Ceetrus became part of a new mixed-use property management and development services company, Nhood.*
- *Since the 1990s, the World Bank actively promoted privatization in Romania together with IMF (loans with conditions). During the 2000s, it developed reports on Romanian magnet and competitive cities. Since 2020, it offers its services for municipalities and to the Romanian Government to elaborate its first urban politics.*

Local public administrations elaborated new development strategies with the aim to regenerate the post-industrial cities and, most importantly, the large decaying industrial platforms and attract investments contributing to the local budget.

Map of Romania – Braşov and Reşiţa marked

REȘIȚA (1771-2021) 250 Years of Industrial Development



Sursa: Ridicarea topografică iozefină (sfârșitul secolului al XVIII-lea) & Planul Urbanistic General (2011), Poza: Reșița de altădată

De-industrialization and the dramatic impact on the city of Resita



- Primitive accumulation of capital through the privatization of the two main industrial platforms:
 - ~ Resita Steel Work – Russian capital – TMK
 - ~ Resita Machine Building Plant – Swiss/Romanian capital – INET.AG
- Brownfields emerge because privatization led to decline of industrial production, re-technologization or appropriation of assets
- Demographic decline: from 95216 in 1992 to 65509 in 2011
- Number of employees in Resita 23158 / compared to Brasov 111011 / Cluj 176996 / Craiova 108473 / Iasi 115263 / Bragadiru 5838 / Barlad 12429 / Tg. Jiu 32804
- The County of Caras-Severin has one of the least GDP average for last 5 years in Transylvania: 9376,71 compared to Cluj 42058,78 / Brasov 29221,80 / Iasi 27870,96 / Vaslui 7825,18 / Dolj 21270,16 / Gorj 15186,36

Ceetrus development on the former Mociur Platform



- A new (private) commercial and living centre for the city
- Urban regeneration as a proxy for 'modernization' and 'Westernization'
- A new type of living concept based on integrated urban development
- Consumption space for local citizens that are shopping in Timisoara
- This project is important for the local state because it might attract new investors
- Also it hopes to stop the massive exodus of population by showing that this is not a decaying city



Local strategies of urban development

REȘIȚA IS OPEN FOR BUSINESS

2016 marks a turn on Reșița's path. With a new leadership, bold projects and EU funds investments underway, Reșița is prone to develop.

We seek for visionary entrepreneurs, investors and developers in search for business opportunities. We trust that Reșița, as well as the region it polarizes, is a high potential new market, production location and local resource pool to capitalize on.

This guide is a primer to developers, providing key data on Reșița and its surroundings, as a place for opportunity. It also reflects our town's commitment and bold vision for urban regeneration and redevelopment.



- A new vision for how the local administration should look: from old bureaucrats to young entrepreneurs
- Resilience in adverse conditions and financial crisis
- Small local budget and dependence on absorption of European Funds
- Development of entrepreneurships at all local levels
- Transition from an industrial economy to a touristic one
- Not a magnet city, but a boutique city
- Transformation of a proletariat city into a city for the future middle-class

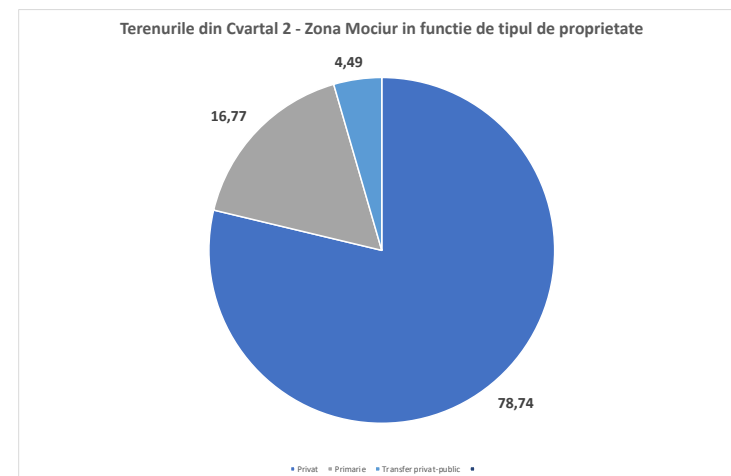
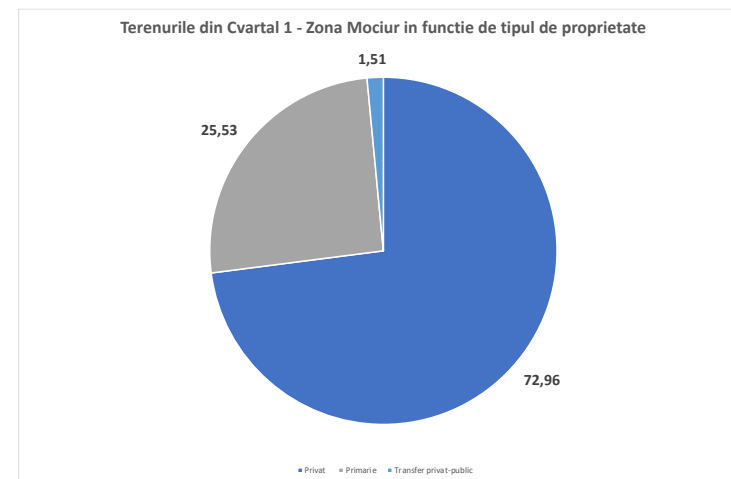
Indicatori de performanță ale celor mai performante primării din România

Oraș	Populație pe 2020	Fonduri UE contractate pe 2014-2020 (estimări)	PIB per Capita în 2018 (PPS €)	Rata de promovabilitate la Bac în 2018	Pondere venituri din taxe locale în total venituri (medie 2016-2019)	Populația per funcționar public, în 2018	Cheltuieli de Capital în 2014-2020 (Euro)
1 Napoca	327,985	€ 237,362,636	€ 45,486	81%	14%	435	€ 129,154,654
2 Oradea	221,015	€ 284,349,066	€ 27,003	71%	16%	529	€ 100,961,653
3 Reșița	83,878	€ 138,956,527	€ 30,283	64%	12%	429	€ 33,927,929
4 Buzău	130,437	€ 82,338,422	€ 33,936	74%	16%	474	€ 23,671,745
5 Turda	55,089	€ 73,625,045	€ 10,104	70%	14%	394	€ 14,293,281
6 Sector 3	474,870	€ 275,273,925	€ 45,944	69%	17%	689	€ 279,584,017
7 Brașov	289,122	€ 115,517,951	€ 28,951	76%	24%	1296	€ 85,906,038
8 Iași	388,294	€ 186,576,200	€ 27,485	77%	16%	802	€ 110,540,198
9 Constanța	310,182	€ 78,550,361	€ 33,193	68%	21%	514	€ 93,749,065
10 Dej	37,911	€ 66,508,380	€ 18,010	77%	12%	330	€ 19,898,625

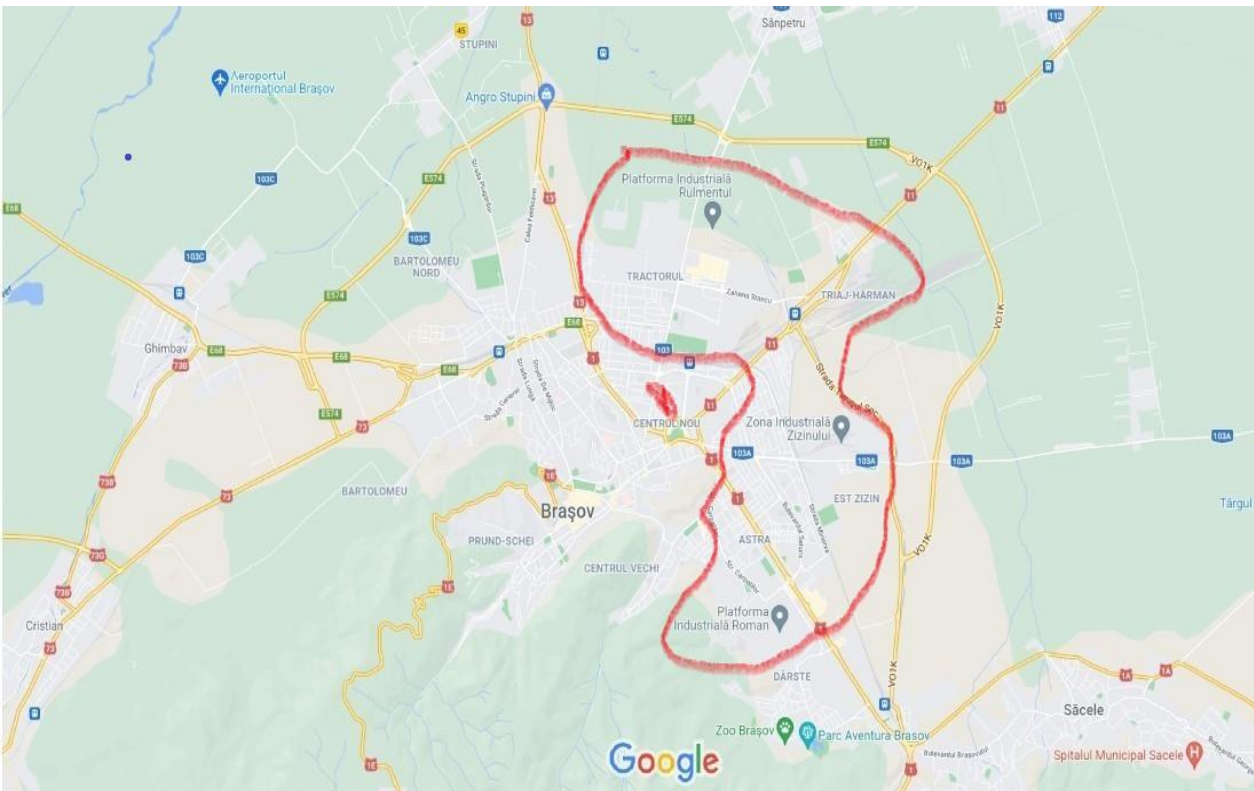
Sursa: UrbanizeHub, Top 10 administrații performante

Transfer of value from public resources to private capital

REGIM TERENURI					
Nr. Carte Funciară	S. Parcelă existentă în CV1 (mp)	S. totală	Nr. Parcelă propusă	S. Parcelă propusă (mp)	Categorie de interes
CF 47058	434	103366	1	13041	privat
CF 47186	6081		2	20152	privat
CF 47187	5049		3	2579	privat
			4	11164	privat
CF 47356	6168		5	13059	privat
CF 47357	24		6	5049	privat
CF 46815	1643		7	434	public
CF 45140	17820		8	13133	public
CF 31025	8817		9	978	public
CF 30435	9153		10	9711	privat
CF 45141	9713		11	611	privat
CF 47360	11163		12	1565	propunere cedare în domeniul public
CF 46824	3498		13	2062	public
CF 47438	20546		14	327	public
CF 47126	327		15	1643	public
CF 47127	25		16	3498	public
CF 41970	2905		17	1406	public
			18	25	privat
			19	24	privat
CF 41970				public (stradă existentă - porțiune G.A.Petculescu inclusă în CV1)	



BRAȘOV and its former industrial area



The old industrial area covered almost half of the city, spread out in its Eastern part, from North to South. In 1989, Brașov had 318960 inhabitants with domicile, their number decreased to 287432 in 2021. In 2016, 28% of jobs from Brașov county were in manufacturing, mostly in newly made automotive companies owned by German multinationals settled in the neighboring villages of the city.

North: the most intense compact real estate development on former industrial platforms

Rulmentul – conference hall and Hotel Lux Divina + city Hall plans with three scenarios;

Tractorul – was liquidated in 2007 and purchased by a British investment fund (Cheyne Capital) through the local company Flăvius Investiții. In 2012, Flăvius Investiții sold the land, the buildings and the 2009 zonal urbanistic plan to Immochan **shopping, residential and office: Immochan/Ceetrus & local partners;**

Fartec – Alphaville

Opposite of former Tractorul factory: old Tractorul district + new Tractorul district with multiple developers: **Topzone, 2, Top City Residence, Platinum Residence, Dynamic Residence, Iris Residence, Victory, Rainbow and Lior Residence by Casa Nobel, Ozone Residence, Mosaic Residence, Stone Park, Sinuhe, Grandis, Isaran 3, Valcom, Maurer, Bella Vista, Blue Residence + New Bartolomeu: Avantgarden** district and two research centers constructed from European funds and public funds

Middle (new/socialist Civic Centre): retail and residential real estate development, premium/ lux sector, smaller investments

Hidromecanica – AFI mall ; Fabrica de Var Temelia – Mall Magnolia, bloc Cosmopolit; Carpatex – office building; Lubrifen, Lemexin, IUS – PUZ for mixed-used real estate development; Fabrica de Ciocolată, Fabrica Nivea

Est Industrial Area Zizin: without significant real estate development, social housing blocs administered by the Social Work Department of City Hall

Uzina 2 – rented industrial halls for manufacturing and deposits; CET/ central thermal power plant – closed; Bear Factory Ciucaș/ Ursus – functional

South: there is some new real estate development, but more reduced than in the North

Steau Roșie/ Roman – Roman SA with no production, many rented industrial hall + empty and ruined industrial halls + headquarters of Social Work Department of the City Hall and centre for homeless people;

Metrom – industrial park;

ICIM (former construction company) – Urban Plaza;

Tissue Factory – transformed into a private hospital

Real estate development opposite of Roman SA: Barcelona Residence, Nobel Residence;

Real estate development in Noua-Dârste district: Noua Residence, Transilvania Residence

Braşov is an attractive urban area and we want to ensure that the town hall can make the most of the many economic and geographical benefits it has, in order to transform into an important area of economic growth and development on the map of Romania (**Tatiana Proskuryakova, Country Director of the World Bank for Romania and Hungary, 2018**)

Our first action as Immochan in Romania was the purchase of 120 hectares in the heart of Braşov, on the former Tractorul industrial platform. There we set out to develop a project that would return 8% of the city's usable area to the people... Cartier Coresi represents the first approach to urban renewal and remodeling of an industrial area, located in the northern part of the city. There we developed an integrated project for the revalorization of the former industrial platform, with a long-term vision of 10 years. Cartier Coresi integrates four functions: the commercial center - Coresi Shopping Resort, residential - Coresi Avantgarden, developed alongside Kasper Development, the office campus - Coresi Business Campus, developed alongside Ascenta Management, and the Qosmo hotel, inaugurated in July 2021 and operated by Kronwell (**Tatian Diaconu, CEO, Ceetrus Romania, 2022**).

The city's PUG from 2011 designed this area in this way, as a residential area but with mixed functions, including retail and offices. I believe that the investment fund that purchased this 100-hectare platform had an impact on the development of the PUG. That is, they made proposals and requested that this area be urbanized in this way (**Kasper Development, 2021**).

This urban regeneration plan is welcomed because it is a functional reconversion of a damaged industrial area, it greens a polluted site, provides land for new constructions by demolishing emptied and deprived buildings, it increases the supply of adequate housing with sufficient parking spaces, and it contributes to the development of a business environment by cultivating the entrepreneurial spirit (**Environmental Report on Tractorul Urban Regeneration Project, Zonal Urbanistic Plan – voted by City Council in 2009**).



Conclusions

As part of the transformation of state socialism into neoliberal capitalism, the local public administrations, under the impact of foreign investors and international financial organizations reinvented themselves as embodiments of entrepreneurial governance.

Their efforts to re-urbanize the postindustrial cities happen under conditions when local budgets are constituted mainly through property and corporate taxes, dependent on capitalist economic growth.

Following two strategies, Reșița City Hall promises to transform the former proletarian town into a 'boutique' city dedicated to the aspiring middle class. On the one hand, it seeks to be a direct investor in the brownfields it owns; on the other hand, it enters public-private partnerships to attract foreign direct investments to regenerate former industrial platforms.

In turn, Brașov City Hall supported the transformation of the former Tractorul platform into the Coresi real estate development via some infrastructural works within the area and favorable urbanistic plans. Moreover, it continues supporting it with further projects to create a green recreational zone in the Northern vicinity of the Coresi district, where the City Hall is the principal property owner and is advised by the World Bank in this effort.

Nowadays, the local governments aim to assume a more active role in urban planning than they did in the prior decades when they reduced themselves to authorizing private urbanistic plans.