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ECONOMIC DYNAMICS AND COMPETITIVENESS IN THE CITY CENTRE OF OPORTO

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12th International Symposium on Urban Planning and Environment
1th UPE Lusophone Symposium



LISBON, Portugal
May 31 - June 3
2016

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Economic activity and dynamics in urban context: some theoretical ideas

*From the 80s of the twentieth century, **cities** become of particular importance **as strategic economic areas** (Sassen, 2011).*

***Cities are great places for creativity, innovation and spatial competitiveness.** They are characterized by heterogeneity and diversity. The density of organizations, companies and people are the key elements of modern cities. **The concentration of economic activities and population in turn attracts new economic activities** necessary to serve this concentration of people and businesses (Nijkamp & Kourtit, 2013).*

*The present moment is marked by **global dynamics and simultaneously a great diversity at local level.** The social capital, in the form of **networks**, and the human capital, in the form of **creative entrepreneurship**, are essential to **smart and strong urban economies** (Nijkamp & Kourtit, 2013).*

Economic activity and dynamics in urban context: some theoretical ideas

*Economic dynamics are conditioned by the **type and characteristics of economic agents and the way they act and interact** (Bathelt & Glückler, 2003).*

*Entrepreneurship is considered a key driver of economic development. The scientific literature has explained entrepreneurship as the product of the environment and the attributes of individuals. It is consensual that **cities provide a favourable environment to entrepreneurship** (Boschma & Martin, 2010).*

Objective and Methodology

Objective

Discuss answers to the following question:

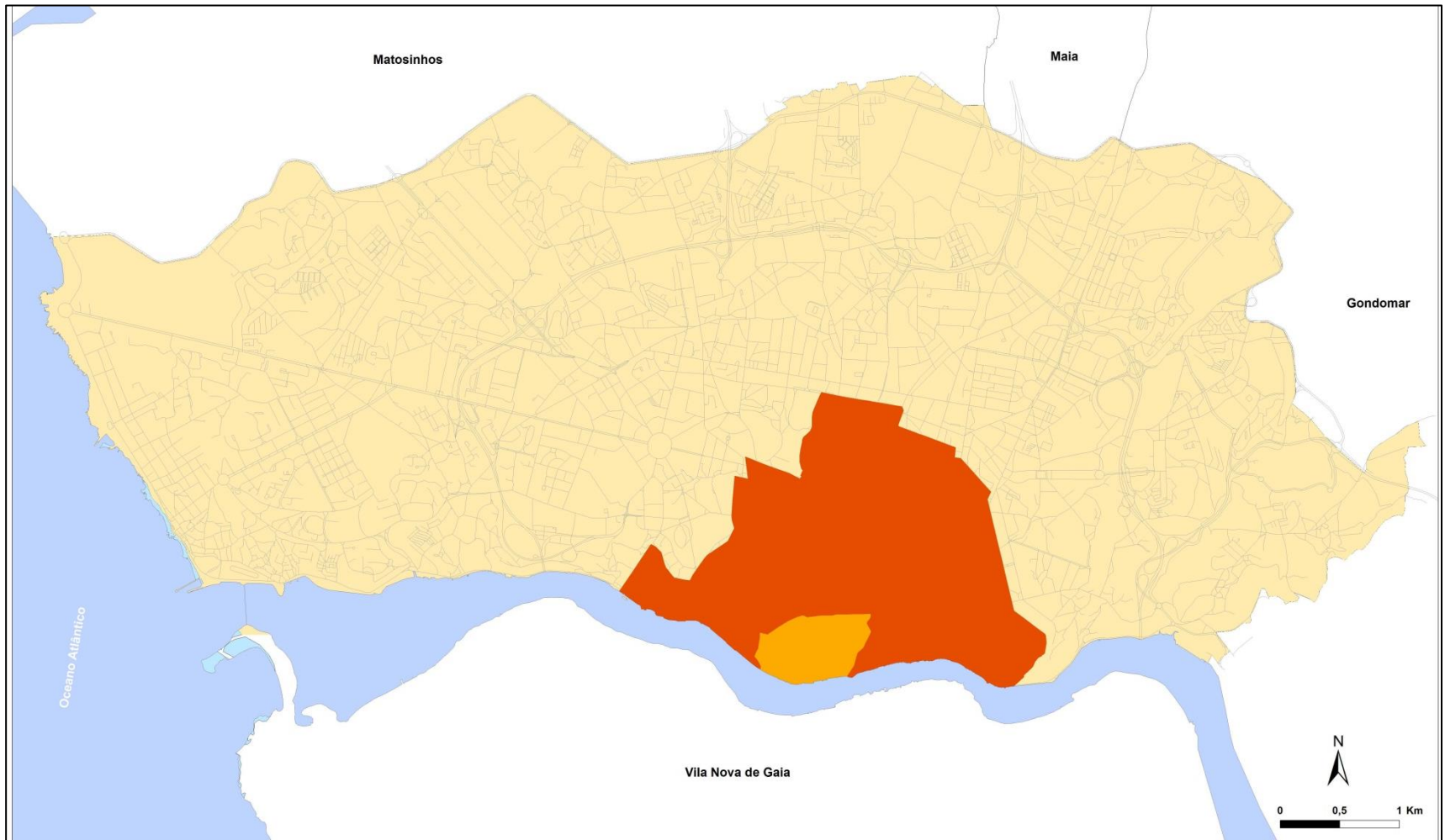
- ***What is the city centre of Oporto today?***
 - Is it dominated by traditional economic activities?
 - Have it a strong component of innovation in terms of products and services?
 - Or is it a place where the user can find both traditional and innovative establishments, products and services? ...That meets the expectations of different people and different urban experiences...

Methodology



- 147 semi-structured interviews made in early 2014 and in late 2015 to economic activity establishments
 - strengthened the sample
 - validate the dynamics that occurred in the meantime

Objective and Methodology

Oporto city centre – reference limit



Legend

-  Historic Centre of Oporto (UNESCO World Heritage)
-  Limit of Urban Renewal Areas

Oporto and city centre background

Increasing attractiveness in recent years:

Strengthening and enhancement of coffees and restaurants

Proliferation and diversification of accommodation

Increase and diversification of nightlife business

Trade diversification

Emergence of urban markets

Increase and diversification of cultural events

throughout the year – *a stronger cultural economy*

Urban rehabilitation



Intensification of tourists influx and a stronger use by different social groups of Oporto and the nearby at different times of the day

Economic dynamics in centre of Oporto: Results

Proportion of interviews by type of establishment

Type of establishment	%
Accommodation and Tourism	21.8
Traditional commercial activities	28.6
Restaurants and establishments of fun	19.0
Commerce with an innovative character	20.4
Cultural and creative activities	10.2

Source: Authors.

Economic dynamics in centre of Oporto: Results

Entrepreneurs' point of view

- Respondents profile
 - Owners, managers or workers of establishments with an innovative character and establishments of accommodation and tourism are generally younger (20s and 30s)
 - Respondents of traditional economic activities are generally older (60s, 70s and 80s) and have lower levels of qualifications

- Business profile

- Centenary establishments, Emblematic establishments
 - Family heirloom



- Establishments opened in recent years
 - Situations of unemployment or precarious employment
 - Work or were somehow connected to the type of economic activity, aspiring to have their own business

Economic dynamics in centre of Oporto: Results

Entrepreneurs' point of view

- Location factors
 - Benefits due to the centrality of the area
 - High concentration of shops and services
 - Greater flow of people... Increasing number of potential customers



- Business characterization

- Traditional business
- Establishments with differentiated products (natural and biological products, art or jewelry with signature, vinyl records or cartoon, ...)
- Establishments with innovative concepts (bookstore-coffee shop, coffees that have spaces for exhibitions, ...)



Economic dynamics in centre of Oporto: Results

Entrepreneurs' point of view

- Difficulties
 - Lack of investment capacity and access to funding
 - Excessive bureaucracy in licensing
 - High tax burden
 - High rents
 - Economic crisis
- Challenges
 - Become increasingly known
 - Keep up to date in new technologies and consumers' expectations
 - Competition of large shopping centers
 - Quality of products and services
 - Pleasant space and atmosphere

Economic dynamics in centre of Oporto: Results

Entrepreneurs' point of view

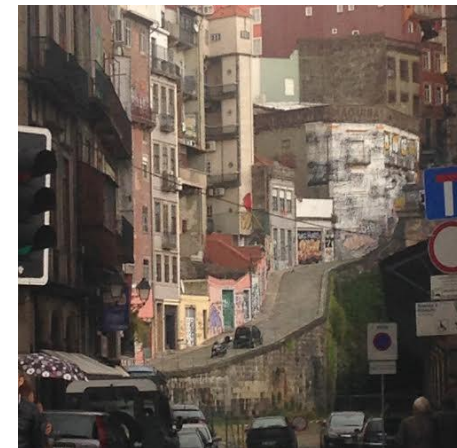
- **Dynamics of city centre in recent years**

- Largest movement of people during the day and at night
- Growing vitality of tourism – Multicultural place
- Increasing promotion of cultural activities
- Coffee shops, restaurants, accommodation establishments, bars and other nightlife-related businesses are the most profitable businesses at moment



... But there are some problems:

- Evening entertainment (*Movida*) is responsible for excessive noise and dirty streets
- Streets with many buildings in bad conditions
- Parking supply (paid and not enough)
- Insecurity in some streets
- Inhabitants' loss



Conclusions

Oporto city centre: a place of contrasts...

- City centre is clearly marked by tourism dynamics that strengthen economic activities
- City centre as a greater use by different people at different times of the day
- Increasing promotion of cultural events contributes to a greater movement of people
- There is still much to do, despite the recent efforts, in terms of rehabilitation of buildings and public space
- The greater visibility of social problems in some streets is a challenge to public policies

*Nevertheless, there is consensual that **economic dynamics in city centre are positive** and that **city centre is nowadays an attractive, modern and cosmopolitan place**, with innovative features compared with past.*



Thank you.

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