



PHILADELPHIA
THE FIRST WORLD HERITAGE CITY
IN THE UNITED STATES!

Effects of World Heritage City Designation on Real Estate

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Introduction

Located in one of America's most culturally and historically rich cities, Philadelphia real estate stands to significantly benefit from our new status as the United States' first World Heritage City. Although literature on the impact of world heritage status on property values is still limited, such research as is available suggests that many cities across the globe have experienced a positive "world heritage effect", both directly and indirectly. The discussion below reviews the subject and is followed by detailed references to the supporting research.

General increase in attractiveness of the City affects "supply and demand" calculus

First, as an overall, city-wide matter, promotion of the world heritage brand will help attract new people, businesses and investment to the City in general. This can be expected to have a derivative "supply and demand" effect on real estate values. More prospective homeowners and business investors seeking properties and more people feeling that they are getting more for their dollar investments will have the effect of pushing values up.

Proximity effect

Proximity to one or another of Philadelphia's historic areas has long been a value-enhancing feature. Independence Hall and the surrounding Independence National Historical Park constitute one example of such an area, of course, but Philadelphia is blessed with a large number of other historic areas. Indeed, it has more than 50 National Historic Landmarks in a variety of city locations. While the latter may not be as celebrated as Independence Hall, Philadelphia's over-arching designation as a World Heritage City presents an opportunity to draw greater attention to them as well, with concomitant benefits to property values in proximity to them.

This has been the case in numerous other settings:

- It has been recognized that well-preserved buildings in historic areas can command higher rental values and attract independent businesses (English Heritage, 2014).
- The historic town of Oaxaca in Mexico experienced increased real estate values after its inscription on the world heritage list. Experts maintained that real estate values for prime land had been rising approximately 20% per year since its designation.
- Marketing efforts and the regeneration of areas surrounding the world heritage site of Djavolja Varos National Park in Serbia resulted in a significant increase of real estate property values.
- Local businesses, particularly those in the tourism and service industries in George Town, Malaysia and many other cities have also increased their profits. George Town experienced a surge in new hotels that were established after the town's inscription in 2009.

Spur to enhanced investment

Properties in the vicinity of areas with world heritage status are deserving of greater efforts to maintain and improve them. Numerous projects leading to regeneration, rejuvenation and preservation have surfaced in cities and regions that contain one or more world heritage sites. These, of course, directly increase the value of properties in question. This has been documented in a number of cases:

- A recent report from the United Kingdom's National Commission for UNESCO maintained that the benefits of world heritage status "include regeneration and stimulation of new investment [and] house price rises".
- Blaenavon, a historic town in South Wales that played a prominent role in Britain's Industrial Revolution, is another example. After the Blaenavon Industrial Landscape was inscribed on the World Heritage List in 2000, 75% of the town's derelict areas were revived and property prices increased over 300% only five years after its inscription.
- In Portugal, the world heritage city of Porto's once derelict areas were stimulated through improvements made to public spaces, transport systems, student and elderly residences, tourist accommodations and other offerings which led to the attraction of new residents, improved traffic and mobility and several other socio-economic and environmental benefits.

Impact of enhanced tourism

The rise of property values and gradual increase of land and other property values in tourist areas have also been noted in variety of contexts:

- A training guide for tourism management in heritage sites published by the Caribbean Capacity Building Program for World Heritage emphasizes this point.
- In another part of the world, it has been projected that if England’s Lake District receives world heritage site status, prices of cottages and vacation rental properties could rise.
- On the other side of the globe, property developers in Singapore have also showed optimism regarding the recent world heritage designation of the Botanic Gardens. One such developer explained that they expect a boost in the number of people that visit their show apartments and an increase in sales of their units due to the gardens’ elevated status, increased visitorship, and the development of new transportation connections planned to improve accessibility to the world heritage site.

The civic pride factor

Finally, investments aside, the City will benefit simply from the increase of civic pride. This impact has been widely felt around the world where towns in England, Japan, Norway and several other countries have experienced an increase in civic pride due to the world heritage designation. Through educating and involving the public with projects related to world heritage and preservation we can expect our inhabitants and visitors to be more conscious of and positive toward their surrounding environment. This will lead not only to better care of public and private spaces, but also a greater willingness on the part of residents to “talk the city up”, encouraging friends to visit and visitors to feel more welcome. We believe that this will encourage an enhanced level of architectural design, community initiatives such as urban gardens that enrich the aesthetics of natural and urban landscapes, improved transportation systems, and sustainable development, and ultimately make the city an even more attractive place to live, work, study and visit.

Research detail

The following is a compendium of the research that has been done in this area.

Benefit	Example	Source
Increased Values in and around WHS	“The Unesco World Heritage award has already boosted visitorship to Botanic Gardens last weekend,” says Tuan Sing marketing manager Neo Heng Lai. “We expect visitorship to our showflat and sales of our units to increase given our proximity to Botanic Gardens, the	Botanic Gardens, Singapore http://www.theedgeproperty.com.sg/content/unesco-world-heritage-site-your-doorstep

	quality of our project and the freehold tenure.”	
	<p>“A gradual change in the values of real estate of tourist heritage also occurs, as well as increases in the prices of land and other properties. This process of increasing value constitutes a potential source of income for local governments through fiscal policies or other financial and regulatory instruments.”</p>	<p>“Management of tourism in heritage sites.” Caribbean Capacity Building Program for World Heritage</p>
	<p>Oaxaca has one of the five strongest real estate markets in the country in terms of sales and investments.²⁶ After the inclusion on the WHL, real estate values began to increase. Today, according to the experts interviewed for this study, residential real estate values for prime land are rising at a rate of approximately 20 percent per year, (39)</p>	<p>Oaxaca, Mexico Tracking Preservation Work in Ten Historic Centers Eduardo Rojas Francesco Lanzafame</p>
	<p>Examples of Mokra gora and Djavalja varos in Serbia, accompanied by a strong marketing strategy have led to economic regeneration of areas on a micro plan. The indicator of economic value of this regeneration is the significant increase of prices of real estate in these areas.</p>	<p>Impact Assessment – Serbia</p>
	<p>George Town in Malaysia was inscribed on the WH List in 2009. “In the past four years, more than 40 new hotels have cropped up around the heritage zone while tourism-fueled businesses such as restaurants and cafés, arts and crafts, travel and tourism services and fashion and clothing businesses have all increased by 20 to 50 per cent”.</p>	<p>The Malay Mail Online, 2014</p>
	<p>It has been predicted that the prices of cottages and other houses suitable for holiday rentals will increase after WHS designation in England’s Lake District.</p>	
	<p>After inscription on the World Heritage</p>	<p>Rebanks Consulting Ltd and</p>

	List, property prices in Blaenavon (South Wales) increased over 300% in five years	Trends Business Research Ltd 2009:50
	Research has shown that retail areas in well-maintained listed buildings attract more independent and premium brands and can command higher rental values (English Heritage, 2014). A report for Heritage Counts 2010 found that “areas with strong historic character in these places were found to be the places where independent business, especially in leisure, retail and cultural industries preferred to locate.”	
Instills sense of pride in residents hometowns and properties	“Other positive effects include the attitudes of locals. Many develop a greater attachment to their hometowns and become prouder, ” Furuta said.	Japan http://www.japantimes.co.jp/news/2011/10/04/reference/world-heritage-listing-has-its-price/#.VrJ1K1Lf0o
Preservation, reconstruction and rehabilitation	Visby (Sweden) went from a worn-out, marginalised small town to a renowned Middle Age icon. By successfully using and fusing their local, regional, national and global networks they were able to take charge of a large part of the inner town, and to reconstruct it according to their vision. The central positions of the main actors in local and regional, as well as national, heritage circles, gave them access to financial and symbolic capital flows, which they were able to direct to their projects.	The Economic Impacts of a Cultural Heritage Project: Tbilisi, Georgia
	“in the Kathmandu 3 Valley in Nepal, residents of historic homes are eligible for technical and in-kind support from the municipal government in undertaking conservation on their own homes, as part of maintaining the authenticity of the site as a whole.”	http://www.environment.nsw.gov.au/Heritage/listings/benefitowners.htm
	A recent report from the UK’s National	http://www.ft.com/intl/cms/s/2/

	<p>Commission for Unesco found that the economic benefits of world heritage status “include regeneration and stimulation of new investment [and] house price rises”.</p>	<p>956ce1d0-a5f7-11e3-b9ed-00144feab7de.html</p>
	<p>World Heritage Cities have been active in rejuvenating and revitalizing areas which are in social and economic decline. This can be seen in the historic town of Porto, Portugal where a deprived district has undergone an urban rehabilitation project that focuses on not only focuses on heritage preservation, but also aims to address social, economic, cultural and environmental issues</p>	
<p>Increased Public and Private Investment</p>	<p>“At the same time, World Heritage can be seen as being “good for business”, and local entrepreneurs and outside investors may begin to seek commercial opportunities after the inscription. Public-private partnerships or private investment in restoring heritage buildings can become an attractive proposition once the sites are protected under World Heritage designation. Evidence has shown that a well-restored heritage property will see increases in property value and rentals. Adapting buildings for a contemporary reuse which is compatible with the heritage setting brings a renewed life to them, allowing them to be sustained in the best possible manner – by continuing to be used and to function as a vital part of the built landscape and the local society.”</p>	<p>Making the Most of World Heritage: Promoting Economic Growth and Heritage Conservation Tim Curtis</p>
	<p>Self-sustained preservation is attained when the urban heritage area is attractive for a variety of users, such as residents of different income levels, local shoppers, tourists, business owners, and people involved in community service, and cultural and government activities. This</p>	

	<p>attractiveness leads to increased demand for space in the heritage area, which encourages private investment and drives real estate returns to levels that are comparable to other active areas of the city.</p>	
	<p>Demand for space in the historic center for use in a mix of economic and social activities is an important driving force in terms of increasing real estate values. The Mexican government’s investment in local infrastructure creates increasingly favorable investing conditions. It is well known that the presence of public investments directed to improve the quality and functionality of public spaces and infrastructure in historic centers is a precondition to attract private investors. In other words, public investment often acts as a catalyst for private investment in the heritage area (40).31</p>	<p>Tracking Preservation Work in Ten Historic Centers Eduardo Rojas Francesco Lanzafame</p>
	<p>“National, regional and local governments are more inclined to pay for the maintenance of publicly owned world heritage sites than for private ones. This practice is prominent in world heritage cities, where private owners are hardly supported”.</p>	<p>Bart J.M. van der Aa 2005:101</p>