

Global Trends and Local Challenges: A Look at the Future of Urban Development

Springer Gabler

In this short interview, our author Heiko Achilles shares insights drawn from many years of international experience as a real estate developer and planner. He examines the current challenges and opportunities facing economic and urban development in Germany and compares them with international trends.

Springer Gabler: Through your international experience, you have a different perspective on the current challenges facing economic and urban development in Germany and are well placed to make international comparisons. What differences stand out to you most?

Achilles: We are living through a period of profound and far-reaching global change - geopolitically, technologically, and in relation to our natural environment. Everything is happening simultaneously and at an ever-increasing pace. The resulting challenges and conflicts, as well as the opportunities, are increasingly concentrated in cities, where almost 70 percent of the world's growing population will soon live. The key differentiator among them is how we respond to these changes: whether we merely adapt and follow, or actively shape them. This will determine who emerges as a winner and who falls behind.

Global competition between locations has become more intense. There are more competitors, and not all of them operate according to the same rules. The younger growth economies in Asia and the Middle East have important competitive advantages. Through "leapfrogging," they can bypass many stages of development and established structures that still strongly shape the old and comparatively slow-moving European economy. Freed from this "burden," they are better positioned to develop future-oriented visions and to embrace the opportunities offered by the latest technologies with fewer preconceptions. Buoyed by their own success, cities such as Singapore, Dubai, Riyadh, and many Chinese cities are presenting increasingly spectacular projects and continually expanding the boundaries of what is considered feasible. Some countries with more authoritarian systems of government can also make decisions more quickly than democracies with lengthy decision-making processes. This can give them "first-mover advantages." They can reach the critical mass required for economic development clusters more rapidly and attract private growth capital. Strategic determination and speed of execution are therefore becoming increasingly decisive factors in location competitiveness.

Springer Gabler: What measures should economic development agencies and urban planners take to improve the competitiveness of their locations?

Achilles: Developing dynamic, economically successful, and liveable cities requires consideration of a wide range of hard and soft factors - a complex interplay of strategies, concrete measures, and cooperation among a diverse range of stakeholders. This applies to all locations competing with one another. What is ultimately decisive for success, however, is how this complexity is managed: whether in an inflexible, rules- and process-driven manner or in a more pragmatic, outcome-oriented way.

Are we guided by the preservation of established interests and a fear of change, or are we prepared to pursue bold visions and view the future positively - as a space of opportunity that can be actively shaped? Do we see the city as a laboratory for innovation? Equally important is the question of who should provide the impetus and act as the driving force behind these developments. To what extent should the state intervene as planner and regulator? How much freedom and what kinds of incentives should be provided to companies and individual citizens to enable them to develop and pursue their own potential? And how much confidence do we place in the forces of the market? All of this becomes particularly visible in urban development. The city that has been built - or is currently being built - is the physical expression of a society's ambitions, capabilities, and confidence in the future. At the same time, the construction and real estate sector itself is an important driver of economic development.

Springer Gabler: You refer to the growth-oriented mindset required as a "Developer Mindset." In your view, what is currently holding it back in Germany?

Achilles: In recent years, economic policy debates and their translation into location-development initiatives, urban planning, and construction in Germany have been strongly shaped by particular ways of thinking, paradigms, and ideologies - some of which could be described as well-intentioned misconceptions. The narratives derived from these ideas should be critically reassessed, and their consequences evaluated more honestly, in order to develop more effective strategies and position Germany in a more future-oriented and competitive way. One central problem is the widespread belief that complex structures and elaborate processes are inherently safer and ultimately produce better and fairer outcomes than simple solutions in which certain aspects and interests may be underrepresented.

There is also an assumption that democratic processes involving many different stakeholders with equal rights must inevitably lead to high levels of complexity and slow procedures. Over the past decades, this way of thinking has contributed to a proliferation of excessive regulation that has made planning and construction so complicated and expensive that, ultimately, less and less is being built and demand is increasingly difficult to meet. The focus should therefore be on reducing complexity, establishing clear priorities, and strengthening leadership. This requires bold interventions capable of breaking through established constraints. This also applies to sustainability, which currently dominates the debate surrounding urban planning, architecture, and construction - not only in terms of the objectives being pursued, but

also the methods being used to achieve them. The ambitious European goals for decarbonisation and climate neutrality, together with the aspiration to assume a global leadership and exemplary role, are well intentioned. However, they can only succeed if they do not overwhelm market participants, impose disproportionate additional costs, or ultimately drive economic activity to other locations where requirements and costs are lower. European product and process concepts can also make a meaningful contribution to global environmental and climate challenges only if they are sufficiently simple and effective to be applied in locations around the world. ESG and taxonomy-related bureaucracy, as well as Germany's tendency toward "over-engineering," are not suitable for this purpose. For most construction tasks, sustainability and the circular economy above all require practical, efficient, and durable solutions.

Springer Gabler: How and where can a growth-oriented Developer Mindset emerge?

Achilles: It develops naturally wherever creative, entrepreneurial, and highly motivated people are given framework conditions that enable them to act independently while also taking social responsibility - and where both financial and non-financial rewards are available. It emerges where committed problem-solvers are given more opportunities than those who focus primarily on identifying risks and reasons why something cannot be done. The more people who succeed, the more others will be motivated to take the same risk and pursue their own ideas. To understand this positive energy and momentum, we should look not only at current international comparisons but also at history. Europe has experienced several periods of entrepreneurship and reconstruction in which new ideas and new companies unleashed a spirit of renewal and a culture of growth, giving rise to new urban landscapes and urban cultures. There is no reason why this cannot happen again - including in Germany. Talent and capital are more mobile than ever.

The Author

Heiko Achilles is an internationally experienced real estate developer, architect, and urban planner with many years of professional experience. In senior project and corporate leadership roles for leading investors and developers, he has overseen the conceptualisation, planning, and implementation of major urban development projects in Germany, Brazil and the Middle East. He currently runs his development consulting business from Germany.

The Book

Available for purchase from the Springer Shop, Amazon, and local book retailers under ISBN 978-3-658-45548-4.

Published by Springer Gabler