

“The ‘Green Economic Miracle’ Never Materialized - This Policy Has Clearly Failed”

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Looking across Singapore: According to project developer Achilles, Asian cities are significantly ahead of Europe in urban planning.
Source: Nikolai Sorokin / picture alliance / Zoonar

Demographic change, migration, smart living, and climate change are reshaping cities at an unprecedented pace. Having worked internationally as an urban planner and project developer, Heiko Achilles has witnessed these transformations firsthand. His outlook for Germany, however, is far from optimistic.

Heiko Achilles is an internationally experienced real estate developer, urban planner, and strategic advisor. He has worked for market leading international investment and development firms in Germany, Brazil, and the United Arab Emirates. He currently leads the master development of a central area of a “Giga” urban development project of Saudi Arabia’s Public Investment Fund (PIF). Achilles is the author of the book “Urban Development with a Developer Mindset”. WELT spoke with him about how demographic and economic shifts are transforming urban planning in Germany and what lessons can be drawn from international experience.

WELT: Mr. Achilles, demographic change, migration, smart living, and artificial intelligence are among the major trends fundamentally reshaping the way we live - and they are already doing so today. How is urban planning responding to these transformative developments?

Heiko Achilles: You have identified several of the defining megatrends of our time. To these, we must add geopolitical tectonic shifts and intensifying global competition. Against this backdrop, we need to confront some fundamental questions: For whom are we designing the city of tomorrow? What kind of labour market should it serve? And what economic model should it support?

The ageing of the native population in Europe, sustained immigration from highly diverse - and in some cases culturally less compatible backgrounds, and the AI-driven transformation of the labour market are placing historically evolved urban structures under considerable strain. The response must therefore be adaptable and resilient urban environments. High-density, mixed-use urban structures, flexible building typologies, and innovative housing models - such as multigenerational housing, serviced living, work - live lofts, and shared residential concepts - can significantly enhance the adaptability of urban areas.

WELT: The recent heatwave exposed significant shortcomings in Germany's infrastructure. Temperatures of up to 38°C were recorded in hospitals and nursing homes. What lessons should Germany learn from other countries in this regard?

Heiko Achilles: The fact that Germany continues to forgo air conditioning even in hospitals and long-term care facilities is irresponsible, and the categorical resistance to its adoption is difficult to understand. In the design of public and semi-public urban spaces, as well as building façades, we can learn a great deal from the historically successful urban typologies of Southern Europe: shaded colonnades, canopies, pergolas, and loggias; articulated façades that provide self-shading; and external louvred shutters or solar screening systems. Equally important are tree-lined streets and pocket parks, while stationary parking should be consolidated in neighbourhood parking structures rather than occupying valuable public space.

WELT: What role does artificial intelligence play in urban planning?

Heiko Achilles: Artificial intelligence offers substantial efficiency gains across the entire urban development value chain - from planning and construction to the operation and management of buildings and infrastructure. Its greatest potential, however, lies in automating a wide range of administrative and routine tasks. This would enable more people to refocus on activities that generate genuine economic and social value.

Urban planner, real estate developer and strategic advisor Heiko Achilles

WELT: What would the consequences be?

Achilles: With a smaller but better skilled and more productive workforce, it would be possible to achieve a comparable or even higher level of prosperity. In such a scenario, the need for additional skilled-worker immigration would also decline, as would the risk of cultural clashes, social conflict.

WELT: You describe cities as “spaces of opportunity” and as “real-world laboratories”. Which city in Germany is currently making the boldest use of this potential?

Achilles: Unfortunately, these days Germany is not among the most dynamic markets when it comes to urban development and innovation. Rather than a spirit of renewal, the current situation is defined by stagnation, investment restraint, and declining confidence in the future.

WELT: And where is it being done better?

Achilles: Today, bold urban development and innovation projects are emerging primarily in East Asian and Arab countries, where new technologies, infrastructure, and business models can often be implemented more rapidly, via “leapfrogging”, skipping intermediate steps. The decisive difference, however, lies in the underlying conditions. Where the inertia of established structures does less to hold back new ideas, where there are credible prospects for growth, optimism prevails, and entrepreneurial activity faces fewer constraints, investment and experimentation flourish. Innovation requires not only ideas and talent, but above all a mindset and an environment that place greater value on opportunities than on risks. This is why, for example, many of the projects marketed in Germany as “innovation districts” fall short of their ambitions.

WELT: If Germany loses its economic leadership position in the face of economic and geopolitical developments, high levels of public debt and an oversized welfare state will leave little room for manoeuvre. Does this inevitably mean that livability - that is, the quality of life within the built environment - must decline?

Achilles: Urban quality of life and a vibrant local culture are generated above all by the initiatives, investments, and commitment of citizens and businesses that have a long-term stake in their location. Successful urban environments are not centrally planned; they are shaped by people who take responsibility for their surroundings and invest their time, capital, and creativity in their development. Urban development is only the physical manifestation of economic and community developments. The role of governments should be to establish reliable and, wherever possible, simple regulatory frameworks within which the people’s commitment can flourish.

WELT: In Germany, the uncomfortable truth is increasingly becoming apparent that someone ultimately has to pay for climate protection measures in the building sector. At the same time, rents are already rising due to a lack of new housing supply, while inflation is eroding people's purchasing power. Are we still pursuing priorities that can be justified?

Achilles: I am afraid not, and I agree with that assessment. Over the past three decades, Germany has increasingly pursued the wrong priorities and weakened many of the strengths it had built up over generations, without compelling reason. A combination of misplaced faith and overconfidence gave rise to the belief that Germany could lead the way as a global champion of climate protection and a role model for sustainable economic development. The European Green Deal and Germany's particularly ambitious transformation agenda imposed significant interventions on an economy that had previously been successful and internationally competitive and respected. The promised “green economic miracle,” however, never materialized. This policy has clearly failed.

WELT: Where is this particularly evident?

Achilles: The consequences are especially visible in the construction and housing sectors: regulations, requirements, and technical standards have become increasingly complex. The problems created by this regulatory burden are subsequently addressed, at least in part, through subsidies. The result is higher construction costs, longer approval processes, less new housing construction, and rising prices. The positive impact on the global climate remains very limited, while Germany's own competitiveness suffers and competing economies benefit. Instead of ever more complex technical requirements, we should make more consistent use of passive sustainability strategies and once again enable simple, cost-efficient construction.

WELT: In principle, this has been a broad consensus for years. So why, despite all due recognition of the complexity and lengthy nature of political processes, has so little changed?

Achilles: One reason is that the key players of the industry itself remained far too quiet for far too long, while certain lobby groups exerted considerable influence over the political agenda and legislative process. What I find particularly irritating is how many companies and industry representatives in the real estate sector have supported this ideology-driven development rather than opposing it more decisively. Experienced practitioners, in particular, should have recognised the negative economic consequences long ago.

WELT: If municipal budgets become increasingly constrained, what priorities would you set for a municipal investment strategy: housing construction, education, infrastructure, or social services - and why?

Achilles: To fulfil their core responsibilities, cities and municipalities need to consolidate their budgets consistently and establish clear spending priorities. Reducing excessive standards and providing tax relief for housing construction and infrastructure projects would create an opportunity to attract private capital and international investment back into the market.

WELT: At the beginning of the year, Berlin experienced how easily critical infrastructure can be disrupted, leaving entire parts of the city without electricity for days. With AI, smart living, and our growing dependence on the power grid, we are becoming inherently more vulnerable to cyberattacks and other forms of disruption. How can urban planning effectively address these risks?

Achilles: The more digitally interconnected and the more dependent we are on complex systems, the more vulnerable we become. Urban planning should therefore place the principle of resilience much more firmly at the centre of its approach. Decentralised supply systems, neighbourhood-scale energy storage, microgrids, and deliberately designed redundancies can help ensure that essential urban functions remain operational even in times of crisis. At the same time, analogue fallback systems must be maintained and civil protection infrastructure strengthened once again. Building design, too, should critically reassess the trend towards ever more complex technological systems.

WELT: Germany is facing a housing shortage particularly in its major metropolitan areas. At the same time, a NIMBY attitude - “Not in My Backyard” - has become increasingly prevalent, with established residents seeking to prevent further population growth and new development in their neighbourhoods. Do you see a way out of this dilemma?

Achilles: The procedures introduced with good intentions to involve affected residents and the wider public in the planning and approval of construction projects were intended to promote transparency and protect legitimate interests. In practice, however, well-organised interest groups often use their rights to object to systematically delay or obstruct development projects. Their arguments frequently focus on rare animal species found on development sites ...

WELT: ... such as the famous European green toad in Berlin ...

Achilles: ... exactly, or supposedly irreplaceable trees, allegedly unacceptable noise levels, or concerns about gentrification. Legislators should give considerably greater weight to the broader public interest in economic development, adequate housing supply, and high-performing infrastructure.

WELT: And what happens if that does not occur?

Achilles: Then the location will continue to fall further behind - to everyone's detriment. The short-term self-interest of individual pressure groups must not be allowed to determine the development of our cities.

WELT: In your book, you emphasise education and human capital as key locational factors. Which urban-planning instruments can sustainably strengthen a city's ability to attract and retain highly skilled workers?

Achilles: For decades, Germany was a global leader in education, research and development. Through education and the performance and innovative capacity of its citizens, the country repeatedly fought its way back to the forefront internationally. Yet this “resource” is becoming increasingly scarce in a country that has relatively few natural resources. Universities, research institutions, and businesses do not collaborate closely enough. Good ideas are increasingly failing to make the transition into marketable products and viable business models.

WELT: What does that mean in practice?

Achilles: The world's best talents have access to a global labour market. Many highly qualified professionals are leaving the country, while relatively few are moving here. Anyone seeking to attract and retain top talent over the long term must create an attractive overall environment: safety and security, good schools, excellent healthcare, modern infrastructure, and an adequate supply of housing, as well as competitive low tax rates. There are also softer factors, such as a high quality of life and an inspiring cultural environment that recognises achievement and promotes integration. Ultimately, however, economic prospects are decisive: Can ambitious people build their success stories here and continue to grow without artificial constraints - or will they increasingly find themselves held back as they become more successful?

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