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# Innovation and territoriality. The changes of a district in Budapest nowadays



## ABSTRACT

In our century, we encounter rapidly changing and uniquely functioning societies, each of which carries with it some excitement. The present study is written in this spirit, it essentially presents the territorial-social relations of a capital district.

On the one hand, the study provides a brief description of the history and situation of the district, in which the range of the most important data is embedded - such as the number and change of the population, the change of the housing stock, and the age distribution. In the course of the analysis and evaluation, we were interested in what changes the district has undergone in the last decade, with the constant transformation of territorial and social relations. Although the data can only present everything we examined from one side, we nevertheless believe that the lines of successful dynamic development have become visible.

## KEYWORDS

downtown district, town and city development processes, dynamics, formation area

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## INTRODUCTION

Our study undertakes to briefly present one of the most dynamically developing districts of Budapest during the past 10 years. A 9<sup>th</sup> district of Budapest is the district which eliminated the problematic flats and buildings, adopted the practice of rehabilitation used in Western Europe and gentrification as the primary target of housing privatization after the change of regime.<sup>1</sup> Each of these factors has also started innovative developments that have enriched the life of the district and also of Budapest in a spectacular way in the recent period.

## THE BRIEF HISTORY OF THE DISTRICT

‘Ferencváros’ is the old and new name of the 9<sup>th</sup> district. The part of the city erected outside the city gates of Pest was named after King Francis I when he was crowned king in 1792. Among the districts of Budapest formed by the unification of Pest, Buda and Óbuda in 1879, the district identical to its present size even back then was given the serial number 9.’ (<http://ferencvaros.web0.vhost.hu/index3.php>)

We can consider Ferencváros, the 9<sup>th</sup> district as one of the most dynamically developing districts of the capital today. The district was developed during the second half of the 19<sup>th</sup> century at the same time as the large-scale industrialization. After the unification of Pest, Buda, Óbuda, the boundaries of the part of the city called 9<sup>th</sup> district were formed by two boulevards of the radial-ring urban structure of Budapest: Üllői út and Soroksári út (and the bank of the Danube River parallel to it). The housing development along the ring roads has resulted in units that are different, becoming less urban as we move further from the centre.’ (CSAPÓ – LENNERT 2015)

The first built-in area of the district was the Inner Ferencváros, where mainly 3-4-5 storey tenement houses were built. Mostly this area provided space for the network of cultural and public institutions. Central Ferencváros is the epitome of classicist architecture, and reminds us of the atmosphere of the old Ferencváros. The area of the Outer Ferencváros was mostly

<sup>1</sup> In 2020, on behalf of the Local Government of Ferencváros, the Homo Oecologicus Foundation conducted a research on the quality of social services in the district. This study uses the theoretical foundations of this research, in which the authors participated as researchers and analysts.

characterized by slums - the Mária-Valéria estate and the Kiserdő estate. These housing estates actually existed until the József Attila housing estate was constructed. The industrial activities and functions were also concentrated in this area.

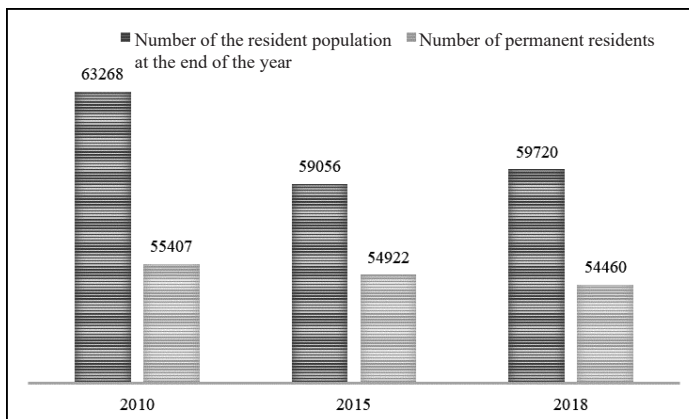
“The district is located on the left bank of the Danube River, with an area of 1,253 ha. It is part of the Pest Plain in terms of the nature landscape; it is separated from the Csepel Island by the Ráckeve-Soroksár-Danube branch in the southwest, and its western border is the main riverbed of the Danube. Administratively, it is the southern neighbour of the Downtown (at the Vámház körút (*ring road*) and Kálvin Square), of the 8<sup>th</sup> district along Üllői út (*road*) to Könyves Kálmán körút from the north-west and of Határ út, which is adjacent to the 10<sup>th</sup> district. The 19<sup>th</sup> and 20<sup>th</sup> districts are located southeast of Ferencváros.” (FERENCVÁROSI ITS 2015)

## THE MODERN IMAGE OF FERENCVÁROS

The built-in area of Ferencváros is generally urban, especially the inner parts of Ferencváros, where there is a large vertical and horizontal division. The proportion of multi-storey residential buildings is high in the whole district (90.8%), which has increased significantly due to the large number of new residential buildings built in the inner unit of Ferencváros during the last decade. The proportion of multi-storey buildings is even higher (about 95%), as there are many multi-storey office buildings and various community buildings in the district.

Nearly half of the houses were built before 1946, these are 100-140 year-old tenement buildings, at the same time, most houses have been built in this district since 1990 (24,% - Source: CSAPÓ – LENNERT 2015)

**Figure 1**  
**Resident and permanent population in Ferencváros**  
**(persons)<sup>2</sup> between 2010 and 2018**



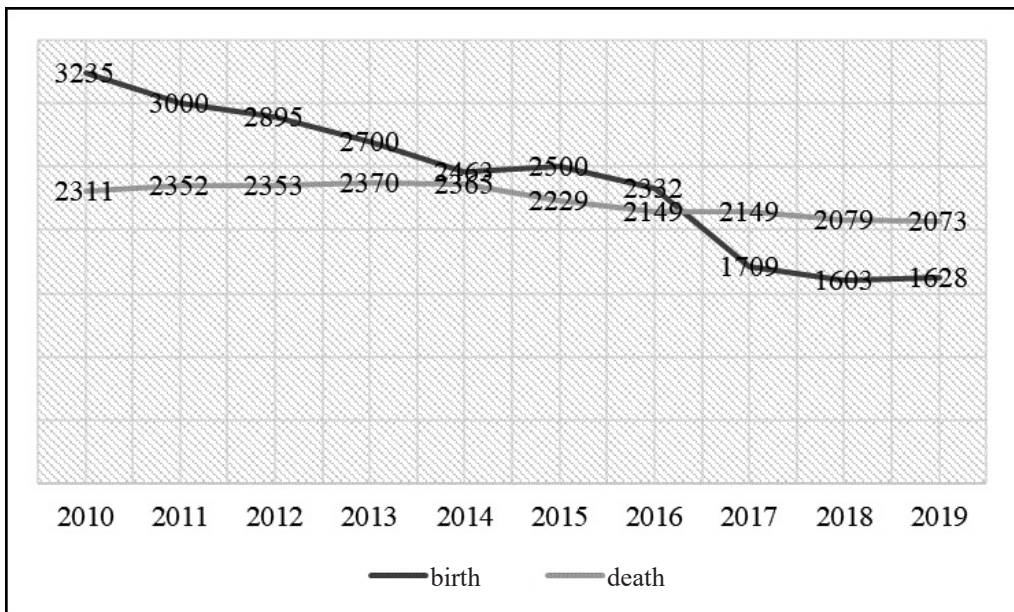
Source: City Directory, 2019.

<sup>2</sup> Resident population: the total number of persons with permanent residence in a given area and with no habitual residence anywhere else, and of the persons with habitual residence in the same area.

The number of the permanent residents of the district decreased by 5,069 (8.2%) between 2001 and 2011. Between 2011 and 2019, it increased by 2,743 persons (4.8%). Between 2010 and 2018, the number of the permanent residents did not decrease significantly, while the proportion of the resident population increased by 3,548 persons. “Due to the uncertainties connected to the data sources, it is difficult to take stock, in any case, it can be concluded that a significant proportion of the population living in the district only have a habitual residence here, i.e. are not permanent residents (which is supported by the high proportion of private rental flats) and that a larger number of the residents live in the district without a locally reported address. (ITS, 2015.)

Based on the available data, we can also see to what extent the birth and death rates of the district contributed to the change in the district’s population. The district data show that the number of births decreased to half during the period considered (from 3,235 to 1,628), while the mortality rate was only 9%.

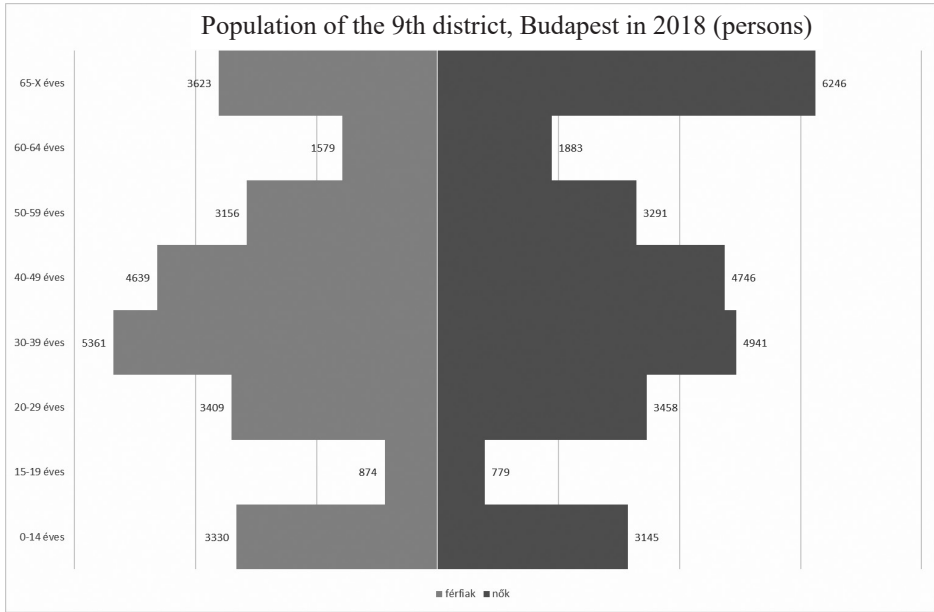
**Figure 2**  
**Birth and death rates, person/year (between 2010 and 2019)**



Source: Local Government of 9<sup>th</sup> District

Looking at the age pyramid of the , we can consider a current one, we will see the following facts.

**Diagram 1**  
**Age pyramid – Budapest, 9<sup>th</sup> district – based on the data in 2018**

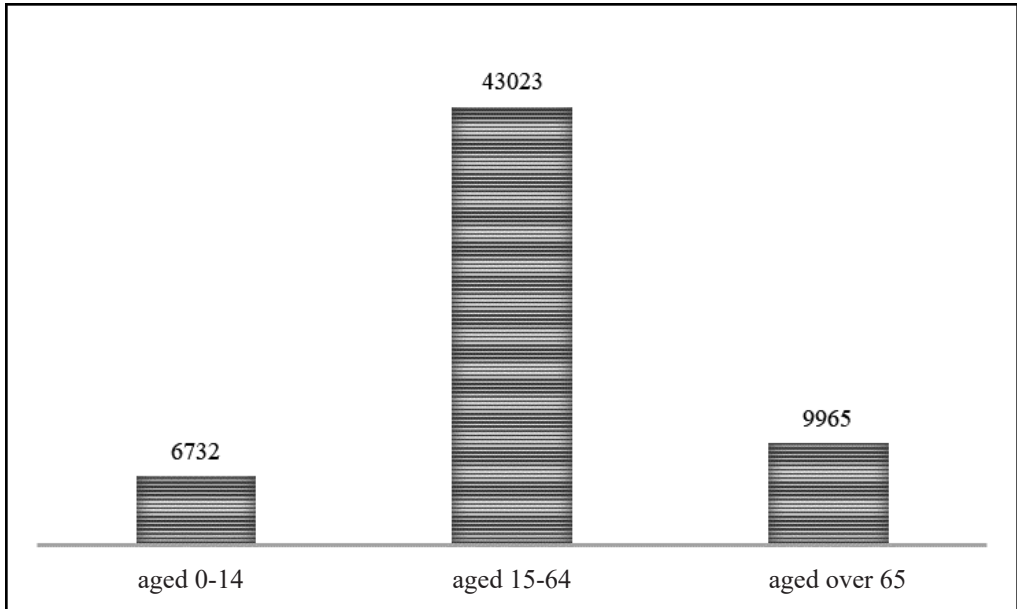


Source: KSH, 2018.

Overall, we can outline similar characteristics for the population of the district, connected to age and gender, as for the population of the country as a whole. Even in the case of the district, aging is a known process, women are over-represented among the 65+ age group, while the distribution is mostly balanced in the other age groups. The safe basis of the district's population is the 30-49 age group, they mean the potential future. In the case of the younger age group, there is a danger that they may not have decided yet whether or not they will stay in the district for certain. Their perspective is undergoing a kind of continuous change, so they may only partially play an important role in building a sense of local identity.

The other resident group of the district is the circle of tenants, the Hungarian and foreign residents, which does not necessarily appear here. In their case, we can see hesitation, as their housing is mostly temporary or long-term, but is not characterized by permanent stay. This does not mean a significant change in the number of the residents of the district, however, it means a change in the utilization and use of human services.

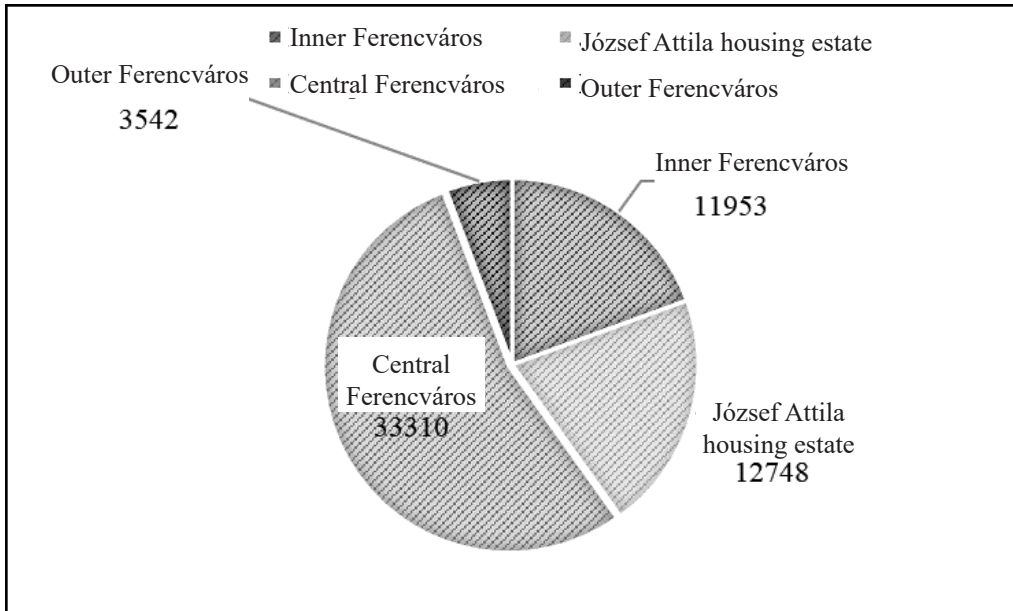
**Figure 3**  
**Age distribution - 2018 (person/age group)**



Source: City Directory, 2019.

The district consists of four parts of the city, and each of them draws a specific line around itself. The Inner Ferencváros and the József Attila housing estates are the 'local' operating units of the district, Outer Ferencváros is an old industrial area with a small population, while Central Ferencváros is present in the everyday life as a dynamically and actively developing area of the city. The population of the parts of the city on 1<sup>st</sup> October, 2011, according to the administrative status on 1<sup>st</sup> January, 2019 was as follows.

**Figure 4**  
**The resident population as per the census (2011) – according to the administrative status on 1<sup>st</sup> January, 2019**



Source: City Directory, 2019.

The above chart shows that more than half of the inhabitants (54%) live in the constantly changing Central Ferencváros, and almost a quarter of them live in the József Attila housing estate (21%) and in the Inner Ferencváros (19%).

While the latter two territorial units are typically the places where the permanent, constant residents are living, Central Ferencváros is already much more heterogeneous in this respect.

As for the 9<sup>th</sup> district, similarly to the other districts of the capital, the active players of the local society are the non-Hungarian citizens.

On 1<sup>st</sup> January, 2019, the number of the residents in Ferencváros was 52,247 (100%), of which 48,330 (92.5%) had a valid permanent residence and 8,917 (17.06%) had a valid habitual residence. The number of the non-Hungarian citizens living in the district in the same year who belong to the category “immigrants, refugees, settled people and others” was 4,115 people. This represents 7.9% of the resident population. As for the number of the immigrants, there are fewer immigrants only in 9 districts than in Ferencváros, according to the relevant statistics of the CSO (Central Statistics Office). At the same time, with regard to non-Hungarian citizens registered in official refugee status, there are more immigrants only in 5 districts than in the 9<sup>th</sup> district. In terms of the number of non-Hungarian citizens with settled status, there are fewer immigrants in 13 districts than in Ferencváros, which is the subject of our research. In the comparison of the districts, Kőbánya, the 10<sup>th</sup> district is the most dominant among the people with immigrant status and settled status.

The data on the district also indicate that the presence of foreigners (immigrants, refugees, people with settled status) is not significant in Ferencváros. At the same time, the kindergartens and day cares can also admit children living outside the district into their institutions, therefore it may be assumed that the foreigners working in the district use the services of the district-maintained kindergartens and day cares for their children.

Studying the ethnic and religious distribution of the district, only data from 2011 are available to us. These data show that 80.7% of those living in the district declared themselves Hungarian, 2.1% as Gypsy, 1.8% as German, and 4.5% as other, non-Hungarian nationality. 18.2% of respondents did not wish to declare themselves or did not answer this question.

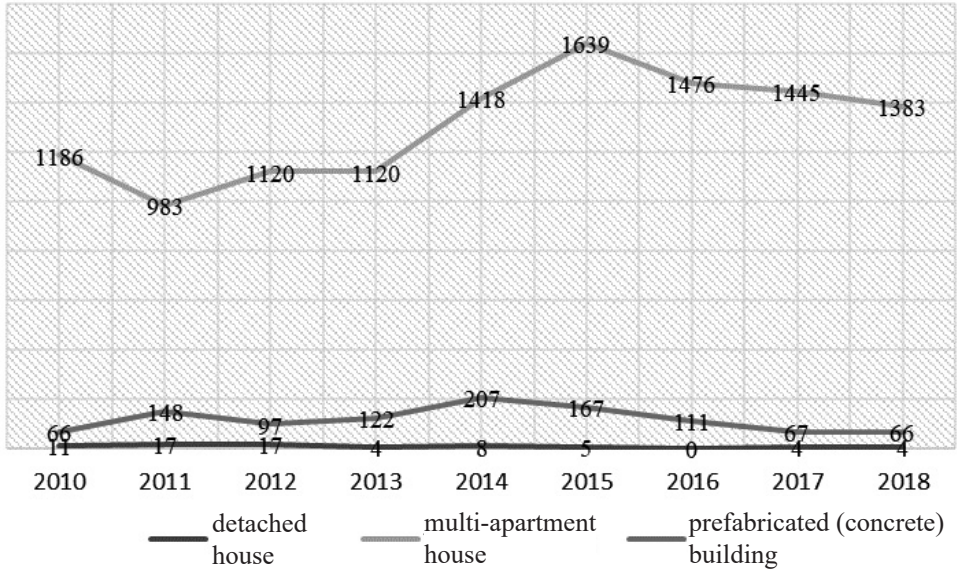
#### Housing situation in the 9<sup>th</sup> district

“Housing mobility is one of the most important issues in the urban and housing sociology. An efficient housing system assumes relatively high housing mobility, as the households are able to respond flexibly to changes in their demographic, income status and preferences under such circumstances. It is clear that if there are institutional and legal barriers to housing changes, the society should spend more on housing than would be optimal. Low housing mobility means that the families are not able to adapt flexibly to the changes in the housing needs and there will be households whose housing consumption is lower than the standard they could afford based on their income and preferences, and vice versa: due to the rigidity of the housing market, the households will strive to achieve a high level of housing consumption at an earlier stage in their lives, leading to permanent over-consumption.” (HEGEDŰS 2001)

Following the 1990s, one of the most intensive housing construction programs was launched, in several periods, in the district. In the period between 2010 and 2019, a drastic increase in the number of apartments (20,553 pieces) was experienced, which may be attributed to the changes in the economic life between 2010 and 2015, as well as the introduction of various family policy initiatives to the level of the society. Between 2010 and 2018, 70 detached houses, 11,770 apartments and 1,051 prefabricated buildings were handed over for use in the district.

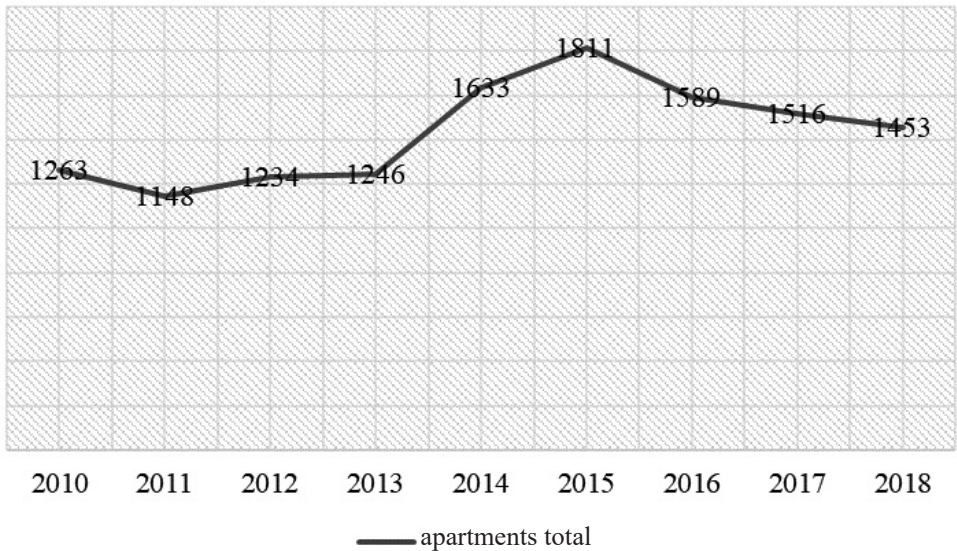


**Graph no. 1**  
**Number of real properties between 2010 and 2018**



Real estate database, apartment prices in Hungary, 2010-2018, CSO

**Graph no. 2**  
**Total number of apartments (pieces) (between 2010 and 2018)**

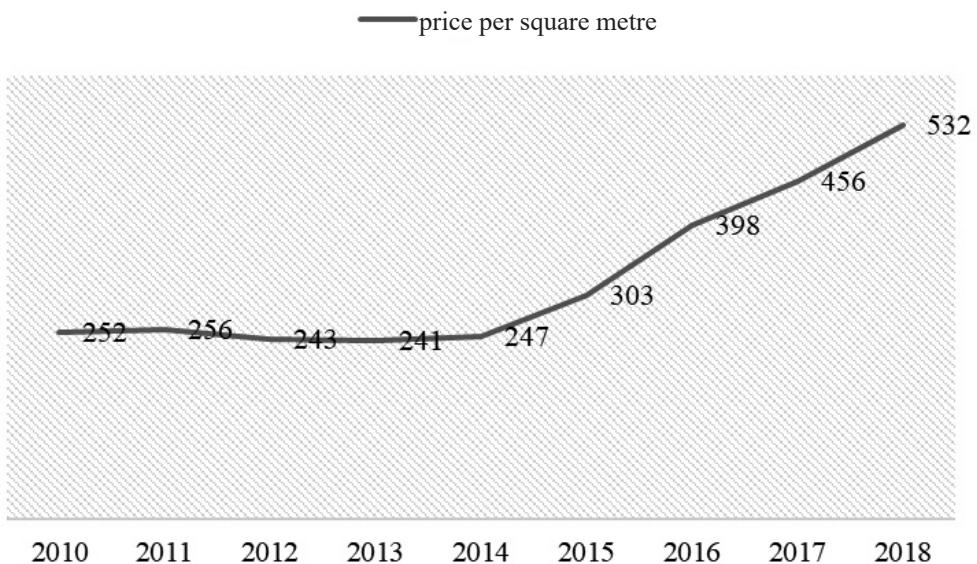


Real estate database, apartment prices in Hungary, 2010-2018, CSO

The data on real estate construction shows the following facts at the district's level. During the period under review, the construction of residential housing was carried out at a rapid pace in the district. Between 2014 and 2017, and especially in 2015, the number of multi-apartment real properties and prefabricated flats can be considered particularly high. In parallel with the increase in the number of apartments, it can also be seen that the price per square meter of the apartments is also rising. In territorial distribution, the prices of the real estate in Central Ferencváros are clearly the highest. Between 2010 and 2018, the price per square meter of real estate in these areas was between HUF 300 and 585 thousand, while the price per square meter of real estate in the Inner Ferencváros was HUF 220 thousand in 2010, and reached an average price of HUF 350 thousand in 2015. In the case of the József Attila housing estate, the average prices per square meter were between HUF 195 and 260 thousand. In the outer unit of the district, in the Outer Ferencváros, which is more an industrial area, the prices per square meter were about HUF 188 to 220 thousand. Comparing the four territorial units, it is clear that the Central Ferencváros, mainly the newly built real properties, show a significant increase in prices per square meter between 2010 and 2018. At the same time, the area of Inner Ferencváros also seemed to catch up slowly, if not to such a drastic extent.

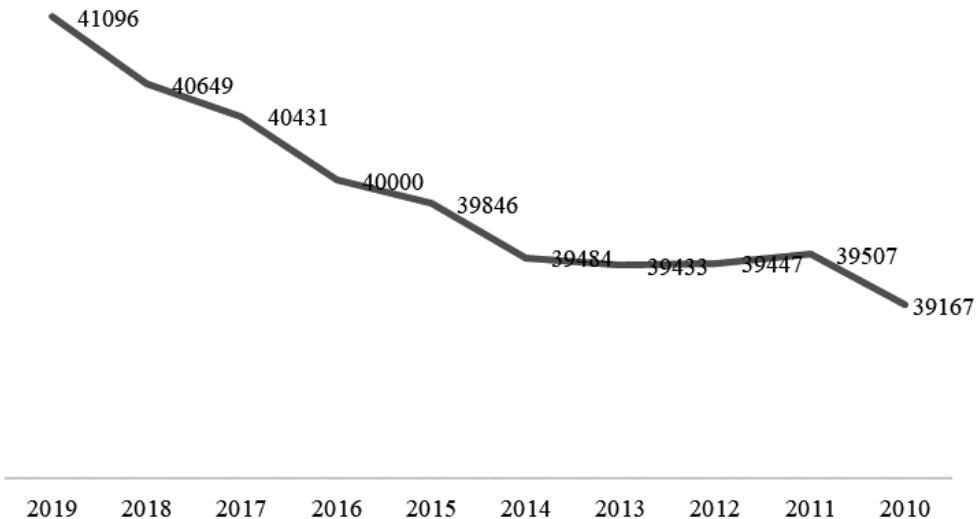
Graph 3 shows the average prices per square meter of apartment between 2010 and 2018 in the 9<sup>th</sup> district.

**Graph no. 3**  
Average prices per square meter (thousand HUF) in the 9<sup>th</sup> district  
(between 2010 and 2018)



Examining the prices per square meter of apartment, it can be stated that between 2010 and 2018, the price per square meter of apartments more than doubled. While in 2010 the average price per square meter was HUF 252 thousand, it rose to HUF 532 thousand in 2018. In the standard deviation, this exceptionally high amount characterises the newly built real properties of the Central Ferencváros and the civic-type apartments in certain areas of the Inner Ferencváros.

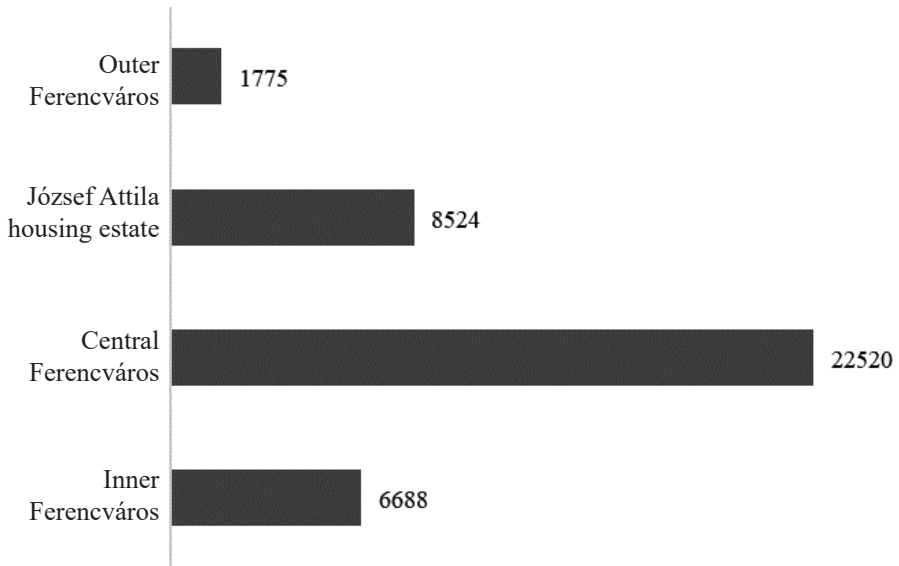
**Figure 5**  
**Change in the number of apartments between 2010 and 2019 (pieces) in Ferencváros**



Source: City Directory, 2019.

In the detailed district-territorial units/parts of the city, the outstanding number of apartments in the Central Ferencváros and the high figure, proving the liveability of the József Attila housing estate, can clearly be seen.

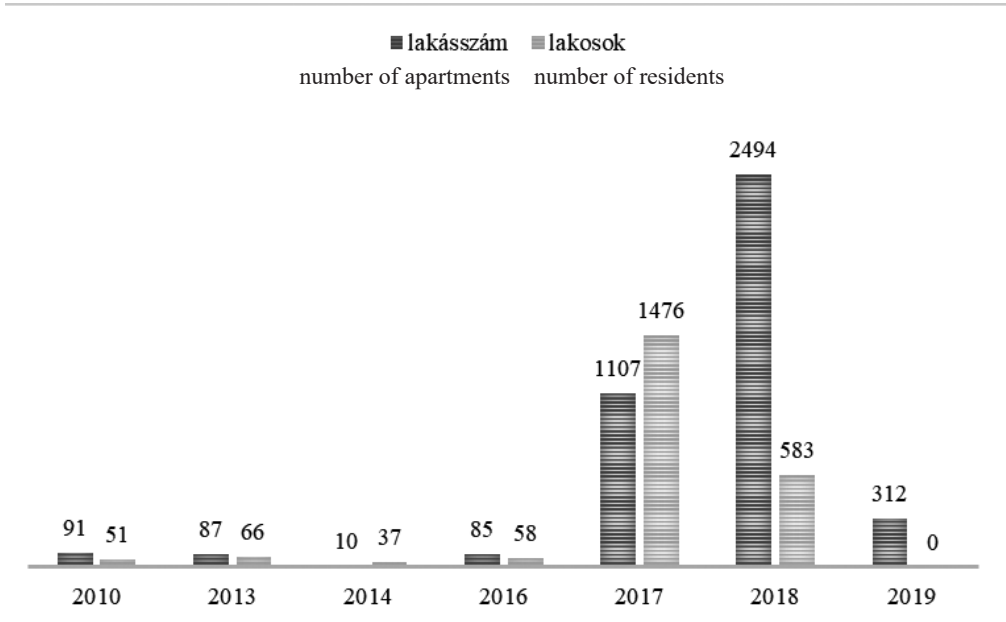
**Figure 6**  
**Apartments in the territorial units of the district (pieces)**  
**On 1<sup>st</sup> October, 2011, according to the administrative status on 1<sup>st</sup> January, 2019**



Source: City Directory, 2019.

According to the reports of previous forums about the district: “In the 9th district of Budapest, as a result of the developments implemented during the recent decades, 1,200 apartments were renovated, and more than a thousand families were able to move into modern homes. Hundreds of billions of Forints were spent on projects initiated by the local government alone, partly from its own resources and partly using funds from tenders. The long-term project has also encouraged the private investors to build, and more than 150 residential real estate developments were undertaken by companies over the past two decades, and a total of 7,000 new apartments were built. A total of 76 thousand square meters of park and playground were built in the district. „Central Ferencváros is a part of the city on nearly 80 hectares and 44 blocks in the 9<sup>th</sup> district. At the time the complex development was started, the initially not really prestigious part of the city got into a rather dilapidated state. In 1990, Ferencváros remained significantly below the average of Budapest in almost all the indicators reflecting significant social conditions (employment, education, income status). Due to the success of the city renewal campaigns, the migration from the district was stopped by the mid-2000s, and even an intensive moving in process could be observed since then”. ([http://www.ferencvaros.hu/index0.php?name=hir\\_160526\\_FIABCIdij](http://www.ferencvaros.hu/index0.php?name=hir_160526_FIABCIdij))

**Figure 7**  
**Number of occupied real properties and number of inhabitants between 2010 and 2019**  
**in Ferencváros**

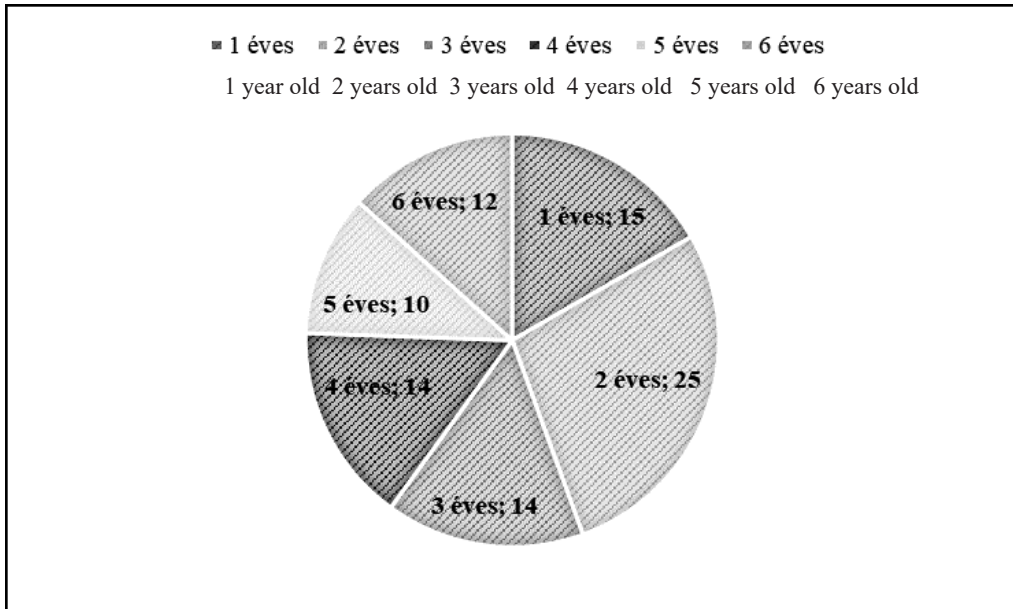


Source: Local Government of Ferencváros, Public Service Office, 2020.

Following the years of 2016, there was a 76.8% increase in the number of the handover of new real properties between 2016 and 2017, and a 44.3% increase between 2017 and 2018. At the same time, a large increase in the number of inhabitants can be noticed in connection with these real properties in 2017, which confirms the facts mentioned earlier. (For example, the result of the introduction of various allowances.)

Another factor influencing the increase in the population is the increase in the proportion of people aged 0-6, which has changed over the past nearly one decade as follows; a total of 90 children aged 0-6 have had a registered address in the new real properties between 2010 and 2019, which is considered to be negligible in the light of "all" the people moving into the new real properties. 4.1% of the 2,171 people (100%) who move in are children aged 0-6 (90 people). We could conclude from this that couples and families with small children have clearly moved into the newly built real properties.

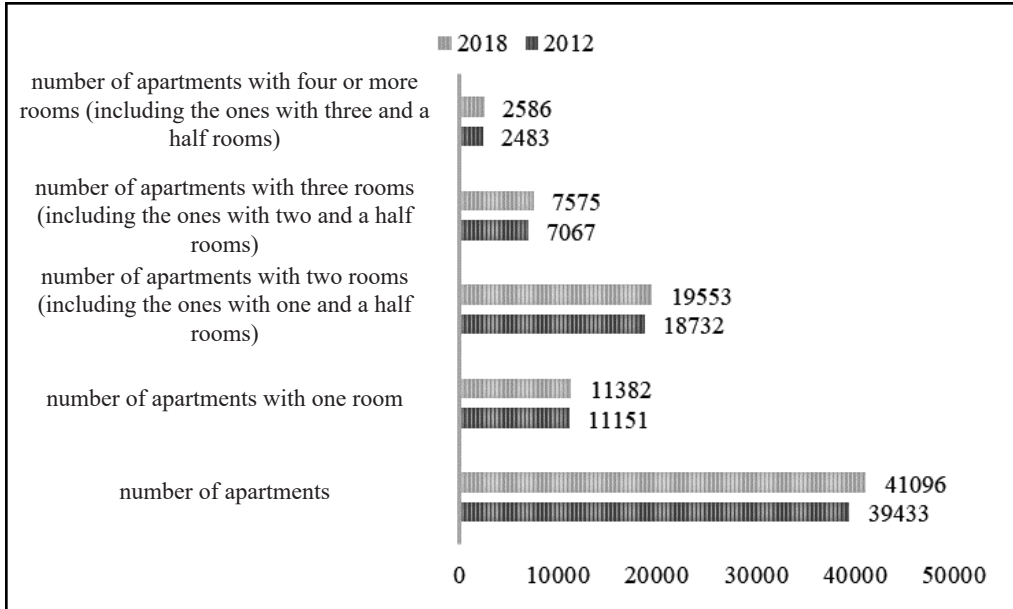
**Figure 8**  
**Number of 0-6 year old persons in the population of the newly constructed buildings**  
**(age/person)**



Source: Local Government of Ferencváros, Public Service Office, 2020.

The figures of moving-ins and the migrations from the district also show changes during the past decade. While 2,430 people moved to the district in 2010, 3,668 people moved here in 2018, i.e. almost one and a half times more residents moved here. At the same time, the number of domestic migration also increased, 1,769 people moved out of the district in 2010, and this number rose to 3,222 in 2018, one and a half times more people left the district during the period under review.

**Figure 9**  
**Housing stock and number of apartment types (pieces)**



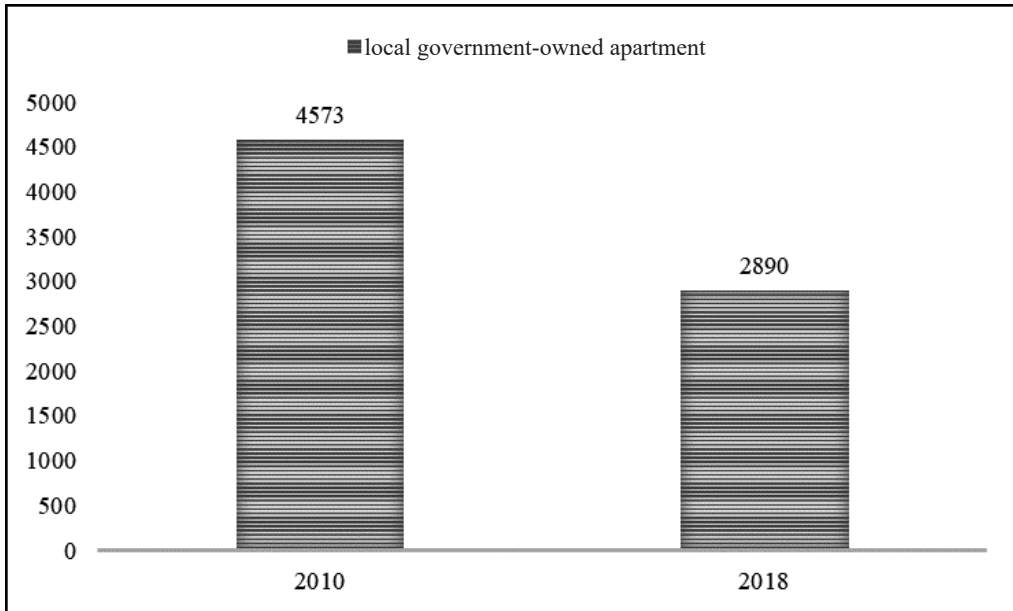
Source: <http://statinfo.ksh.hu/Statinfo/haViewer.jsp>

According to the data of the Central Statistical Office, as per housing stock and apartment types, the one and two-room apartments (including the one-and-a-half-room apartments) are the most popular, as opposed to the four-room apartments (data registered by the CSO only from 2012). The intermediate place of the three-room apartments is presumably influenced by the number of children, i.e. those without children are primarily looking for smaller apartments, while those with one or two children prefer two-room real properties.

After the 1990s, the housing privatization, the sale of municipal real properties and apartments became the focus of thinking in every district.

The ownership structure has changed significantly over the past 30 years, and although the municipally owned real properties are still present, they do not operate under the same conditions as before the 1990s. The ownership structure in the district has changed as follows:

**Figure 10**  
**Local government-owned apartments in the district year/piece**



Source: <http://statinfo.ksh.hu/Statinfo/haViewer.jsp>

“Studying the ownership structure of the domestic housing stock, the decisive question is whether the given person or family lives in their own apartment or in an apartment owned by others. In Hungary, a high proportion of the population (90 to 92%) lives in their own real property. Nearly 8 to 10% of the Hungarian population rents their apartment, which is either owned by the state, or by the local government, or by a private person or by a company. It is important to note that this ratio is somewhat uncertain, as the registration and statistical classification of rented privately owned apartments is unclear or unknown. From the point of view of ownership, the position of the local government as owner is negligible in addition to privately owned apartments, yet the role and responsibility of the local authorities connected to the conditions on the house market can be showed indirectly. As the vast majority of apartments satisfy their classic function as apartments, the local government has a demonstrable responsibility for the quality of life and housing conditions of the people living there, as well as for the development of the built environment.

Act LXXVIII of 1993 on Residential and Commercial Leases and on certain rules concerning their alienation stipulates that the local governments may decide on the amount of rentals on the basis of the above-mentioned 3 principles by a local government decree. The poor condition and low level of comfort of the municipally owned flats, mainly in bigger towns, is in the background of social-based renting. Among the already mentioned vacant apartments, there are ones that have been emptied specifically for the purpose of redevelopment, so their subsequent further use (renovation or demolition, and the construction of new houses in their places, followed by sale or rental, preferably at market prices) is among the possibilities.” (CSIDER 2015).



Thus, it is clear in the case of the 9<sup>th</sup> district that the number of municipally owned properties decreased by 64.2% between 2010 and 2018. The acquisition of the right to rent the apartments happens through market-based leasing, which is announced by the Local Government of 9<sup>th</sup> district Ferencváros of the Budapest Capital in the form of a public tender pursuant to the decision of the Economic Committee no. GB. 150/2015 (VI.17.).

## SUMMARY

“Ferencváros is a district with outstanding and innovative economic strength, and it did not only maintain its previous significant role due to the traditional and developing industry and infrastructure within the capital, but also strengthened it by attracting knowledge-based developments and highly educated and active social strata. The district has traditional but still prosperous industrial premises, small business centres operating in brownfield areas, and new, modern greenfield industrial areas. The tradition of the local retail trade is extremely strong. Tourism, culture and the leisure industry are the driving forces of Ferencváros, which means significant economic potential for the future as well.” (Ferencváros ITS, 2015)

The prosperous nature of Ferencváros can be summarized along three indicators; firstly, we can say that although the number of people living in the district shows a decreasing trend, according to the statistical data, the newly built apartments and real properties have additional residents, who, in many cases, are not registered in the real estate, so their number cannot be traced. In many cases, they are present as tenants, and often as foreigners. The number of apartments in the district is gradually increasing, as is their quality and value, embedded in the territorial changes of the district. This clearly contributes to the transformation of the territorial and social values of the district, to the status changes of the population. The composition of the people living in the district is similar to other districts of Budapest - an aging society, and a low number of younger age-groups. The quality of life of the population living here is slightly higher than the average in Budapest; it is a popular place for young adults and families with higher earnings and higher status.

The vision of future can be achieved in the spirit of changes. The district will only be able to operate with an active and cohesive community built on solidarity. This is organically connected to the safe and adequate housing and living conditions, a sustainable future, and innovation and businesses engaged in services.

The territorial diversity of the district will be able to provide an opportunity for a quality and conscious life for everyone living there.

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DATA PROVIDED BY THE PUBLIC SERVICE OFFICE OF THE LOCAL GOVERNMENT OF FERENCVÁROS - electronically

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