



Changes in the internal spatial structure of post-communist Prague*

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Abstract

The article overviews the most important changes in the internal urban structure of Prague since 1989. Post-communist urban development has been influenced by government-directed reforms of political and economic system, internationalisation and globalisation, public policies favouring unregulated market development, economic restructuring in terms of deindustrialisation and growth of producer services, and increasing social differentiation. The three most transparent processes of urban change in Prague have been (1) commercialisation of the historical core; (2) revitalisation of some inner city neighbourhoods; and (3) residential and commercial suburbanisation in the outer city.

Introduction

The main purpose of this contribution is to review the most important changes in the internal urban structure of Prague since the fall of communism. It is intended to be primarily a descriptive and interpretative paper, which does not involve theoretical and conceptual discussions. However, in the selection of themes and the structuring of my narrative, I was influenced by a wide spectrum of concepts, theories and ideas from social science and human geography in particular.

It is not my intention to discuss the model of a 'socialist city' and theorise its transformation. The most explicit model of the spatial structure of the socialist city was given in Hamilton (1979, p. 227) and there is a vast literature which discusses the mechanisms of the centrally planned system of allocation of resources, which influenced the production of spatial structures in socialist cities (French and Hamilton, 1979; Szelenyi, 1983; Smith, 1989, 1996; Weclawowicz, 1992; and many others). Contemporary post-socialist cities have not been quickly and fully transformed into capitalist cities. Their development after the fall of communism exhibits many specific features, which have yet to be generalised into a model of a transitional city.

I will concentrate on the specific case of Prague – an example of an East Central European socialist city which incorporated many urban elements from the pre-communist periods. Its inner spatial structure is composed of two distinct types of built-up areas: pre-communist inner parts and communist outer zones. Post-1989 developments bring the re-emergence of some pre-communist patterns, transformations in some areas from communist times and creation of new post-socialist landscapes.

The post-1989 urban change in Prague has been conditioned first by the government-led reforms aimed at the establishment of a capitalist system based on pluralist democracy and market economy and the integration into international political and economic systems, and later by spontaneous market-led transformations of economic, social and cultural environment. The establishment of market principles of resource allocation and growing exposure to the international economy have been the major forces which have shaped the transformation of this former socialist city.

The political change took only a few weeks and the core institutional transformations of economic system were accomplished within a few years, however, the change of settlement structures will take many years or decades. While the principles of production of the urban environment can be changed quickly, changes in spatial patterns are slower.

In this paper I will focus on the first observable transformations in the spatial pattern of a former socialist city, especially the changes in built environment, distribution of functions within the land use structure and socio-spatial differentiation. However, before the discussion of contemporary changes I feel a necessity to introduce the geographical context of current processes and provide an overview of the historical formation of the internal spatial patterns of Prague from the middle ages to the fall of communism¹.

Historical development of the internal spatial structure

The internal spatial structure of Prague has developed in a relatively regular pattern. There have been no major obstacles in the physical landscape and the town has not been destroyed by any major disaster. The damage during World War II was also negligible. The city grew through concentric additions in five zones. These include: (1) the historical core; (2) the inner city of blocks of apartment houses; (3) the belt

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of villa neighbourhoods and garden towns; (4) the ring of communist housing estates of prefabricated high rise buildings; and (5) the zone of rural landscape with small towns and villages (Figure 1).

Although Prague is known for the beauty of its medieval core, most of the city is formed by neighbourhoods that emerged in the last 150 years. Over 80% of city inhabitants live in inner city's blocks of apartment houses built from mid-19th century to World War II and in districts of high rise prefabricated buildings built during the communist period from 1960s to 1980s.

In spite of the fact, that the *historical core* accounts for a bare 2% of city administrative area and contains only 5% of the total population, it is 'the Prague' known by most visitors. The historical core has grown up along both banks of Vltava river since the 10th century with the most important developments concentrated in the period of the rule of king Charles IV. during 14th century.

All the new developments from the 14th century to the beginning of the industrial revolution in the first half of 19th century have been contained within the medieval urban morphology enclosed by the town's fortification. Although the basic street layout from romanesque and gothic times was not altered, the townscape was transformed by incorporation of baroque and renaissance buildings. The architecture of individual historic periods has formed a mixture of architectonic styles, which was later enriched by classicist, art-nouveau, modern and current architecture.

At the turn of century, a part of the historical core was transformed by an urban sanitation and clearance project, which replaced the tiny dilapidated houses and tortuous streets of the medieval Jewish ghetto with wide streets and large buildings of a new art-nouveau district. Since that time, there has been virtually no major alteration of the historical core morphology, except the intrusion of the north-south highway, which cuts the historical core off from surrounding neighbourhoods on the eastern side.

The historical core is encircled by a thick belt of *inner-city neighbourhoods* built from the mid-19th century to World War II. The inner city is characterised by blocks of four-to-five-storey apartment houses, which form a regular street pattern, and by scattered old industrial districts. About two fifths of Prague's population live in this zone, which can be accurately described as 'urban'. It is a symbol of times of rapid urban growth, concentration and density and, later, of urban decline associated with shifting preferences to suburban living, and, under communism, with the neglect of urban rehabilitation in favour of investments in new construction of prefabricated high rise housing complexes. Consequently, some inner city neighbourhoods have old and low-quality dwellings in dilapidated houses.

Rapid development in the 19th century was conditioned by the technological changes of the industrial revolution and also by societal changes, especially the abolition of serfdom, which allowed and stimulated rural-to-urban migration. In 1830, the town's size surpassed 100,000 and at the end of 19th century over half a million people lived in Prague's metropolitan region. Growth concentrated behind

the fortification, where manufactures and residential districts were built. Beside working class districts, new higher-status neighbourhoods were established and the basic structure of contemporary residential pattern emerged. In 1900, three quarters of the population already lived in new communities beyond the limits of historical Prague.

In the 1920s and 1930s, a dynamic urban development continued in Prague and its hinterland and the population increased to nearly one million just before World War II. The historical core was transformed by incorporation of new government and commercial buildings and the construction of apartment blocks continued at the edges of the built up area. Around the compact inner city a new belt of *villa neighbourhoods and garden towns* emerged, influenced by ideas of Ebenezer Howard and his followers, who argued for the combination of urban advantages with a rural environment. The main function of garden towns was residential and inhabitants commuted to work in Prague's centre.

The development of a transport system between the world wars stimulated suburban growth and decentralisation within the Prague's metropolitan region. The sharp external contour of the traditional urban form of Prague, i.e., the compact city of high densities, was transformed by emerging suburbanisation and urban sprawl. A few decades later, the inter-war garden town districts were swallowed up by urban growth under communism.

During communism a ring of massive *housing estates* encircled Prague's inner city and sharply demarcated the external boundary of the urbanised area. The ring consists of prefabricated high rises, usually four-to-twelve-storey buildings concentrated in residential districts. The original idea of a neighbourhood unit serving a few thousand residents with housing and basic services, which was initially outlined by Clarence Perry, however, developed into the construction of massive housing estates for up to 100,000 residents with limited services and virtually no supply of jobs. At present, over two fifths of Prague's population live in such areas. The residents of communist housing were on average younger and better educated in comparison with the rest of the city population. It was the 'middle class of communism', which mostly concentrated in the new housing areas.

Beyond the concrete wall of communist housing estates but still within the administrative boundary of Prague, there is a rural landscape with *small towns and villages*. These settlements were amalgamated to Prague in the late 1960s and early 1970s to create land reserves for future growth of the city. However, the communist economy went into a decline after the mid-1970s, and investments in housebuilding were reduced. At present, this zone along with areas beyond the city boundary offer a great potential for both commercial and residential suburbanisation.

Major trends that have influenced post-1989 urban development

Post-1989 urban development in Prague was influenced first by government transformation policies, which changed the rules of the game, and later by a number of factors and

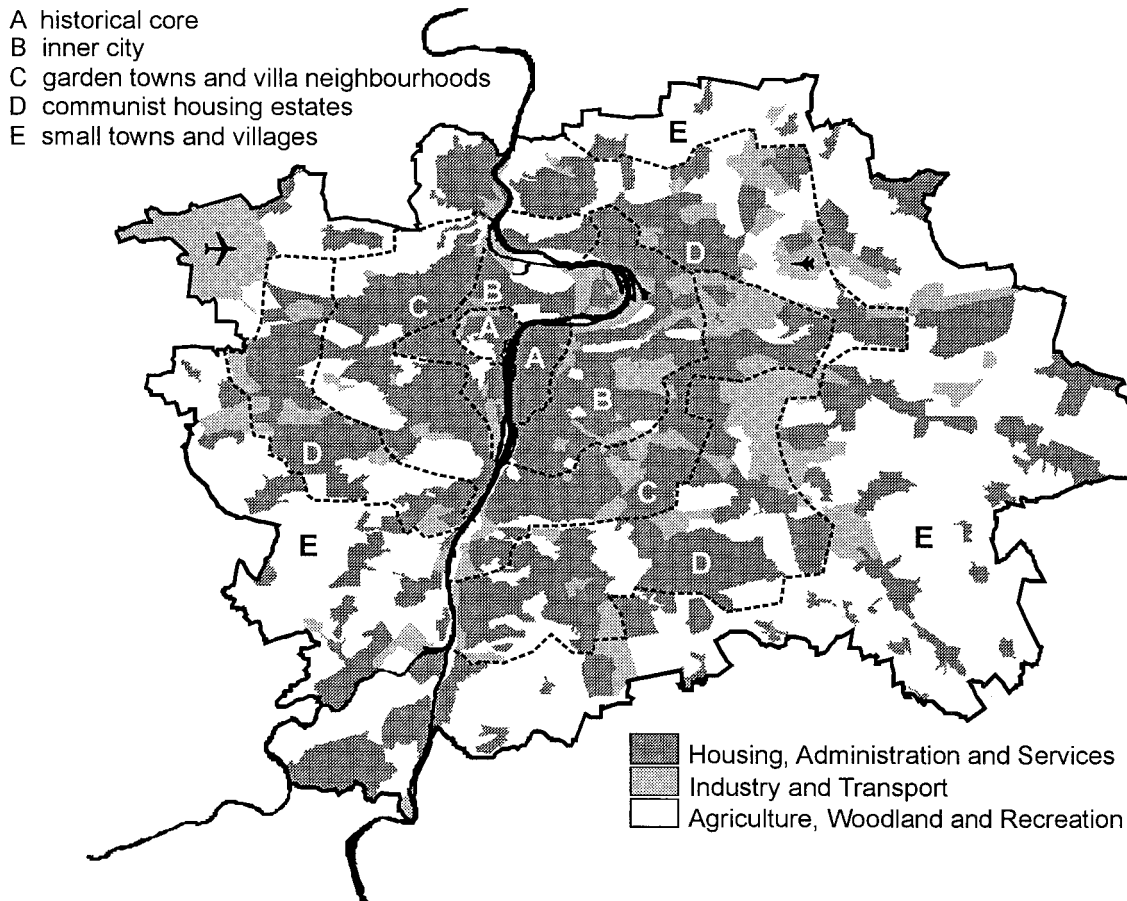


Figure 1. Prague: urban spatial structure and land use. Source of data: IMIP - Institute of Municipal Informatics in Prague and URM - The City of Prague Development Office.

processes, especially internationalisation and globalisation, public policies favouring unregulated market development, economic restructuring in terms of deindustrialisation and the growth of producer (namely financial) services, and increasing social differentiation.

There is a wide spectrum of literature on the impact of Czech *transformation policies* in urban areas (such as Barlow et al., 1994; Eskinasi, 1995; Reiner and Strong, 1995; Strong et al., 1996) and I have discussed it in detail elsewhere (Sýkora, 1993, 1994, 1995; Sýkora and Šimoníčková, 1994, 1996). The main pillars of transformation were privatisation of state assets and liberalisation of prices. Their main outcomes, which influenced urban development were (1) new societal rules established on democratic policy and (free) market principles; (2) a vast number of private actors operating in the city (including property owners); (3) an openness of local economic systems to international economic forces.

Internationalisation and globalisation, which started immediately after the political change and were speeded up by the pace of economic reform, have especially influenced Prague's economy and culture. The most important of these was internationalisation through capital investments by foreign companies which extended their operations into the Czech Republic and Prague. In Prague, foreign activities were particularly important in trade and producer services,

such as finance, audit, consultancy, real estate development and marketing, public relations, media, etc.

Foreign companies demanded office, retail and warehousing premises for their operation and foreign developers became very influential actors in the commercial property development. In many cases, attractive properties gained in restitution by domestic private persons were quickly sold to foreign investors and developers, who supplied office and retail space for lease or sale to foreign firms. The segment of the property market with a high specification office and retail space is now dominated by foreign owners, investors, developers, consultants, brokers and users.

Internationalisation has also had a profound impact on the labour market. On the one hand, there was an inflow of western managers and employees and, on the other hand, international economic migration brought workers from Eastern Europe, especially Ukraine, and small traders and vendors from Vietnam and China (Drbohlav and Sýkora, 1997). Employees of western companies, who receive substantially higher salaries in comparison with the rest of labour force, are an important force on the residential market, demanding new or reconstructed up-market housing, thus contributing to changes in the built environment.

Other factors contributing to internationalisation were a rapid growth in visits of foreign tourists attracted by the historical, architectural and cultural heritage of Prague,

and Westernisation and in particular Americanisation which penetrated daily life of population and influenced their consumption preferences and habits.

Concerning internationalisation and globalisation, there is an important distinction between the transitional and a capitalist city. There is a highly uneven balance between western and domestic actors in the transitional city, represented on the investment side by capital strength and access to western sources by foreign firms and on the side of employment by a highly uneven income balance between the average local employee and foreigners. This imbalance is increased by deregulation policies that favour capital-strong foreign actors and by measures used to attract foreign investments.

The recent changes in the urban environment of Prague were importantly formed by the character of public policy, i.e. by the approach of the state, city and borough governments to urban development, especially in the fields of urban planning, real estate development and housing policy (Sýkora, 1995, 1996). The decisions of the central government as well as local politicians have been grounded in a neo-liberal approach, which has seen the free, unregulated market as the only mechanism of allocation of resources, that would generate a wealthy, economically efficient and socially just system. Politicians in government perceived the state as the root of principal harms to society and the economy in particular. The crucial role of the government was to reduce state involvement in as many matters as possible.

In the urban setting, short term, highly individualised, ad hoc decisions of local politicians and administrators were preferred to the creation of basic rules of the game embedded in a long term plan, strategy or vision of city development. The ideological rejection of planning as contradictory to the market, along with the unwillingness of urban planners to adapt to new circumstances (see the discussion of master plan elaboration in Rehnicek, 1998), and opportunities for the realisation of individualised political ambitions and/or personal gains from bribery, have formed and maintained an unregulated, politicised, corrupt and unstable mode of 'wild' urban development practices.

Economic restructuring involves another set of processes which has determined contemporary urban change. Employment in industry declined by 36% between 1992 and 1996. Several industrial plants were closed or reallocated from central and inner city to out-of-town locations. The number of employees in financial intermediation increased by more than twice in 1992–1996 symbolising a quick transition to the post-communist urban service-based economy, which has been facilitated by internationalisation and globalisation. Finance and business services concentrated in the downtown area and contributed to rapid commercialisation of the city centre. The city economy has furthermore been influenced by the growth of a small entrepreneur sector including the self-employed, expanded retail services (stimulated by the underconsumption during communism) and hotels and restaurants (encouraged by a massive inflow of western tourists).

At present, Prague is characterised by one of the lowest unemployment rates and highest incomes in the Czech Republic. The city population is more wealthy than in any other region of the country. This is manifested for instance in the highest support for right-wing political parties. Despite the general wealth, there are rapidly growing income differences within the population, which are mirrored in the emergence of processes of *socio-spatial differentiation* (Sýkora, 1999).

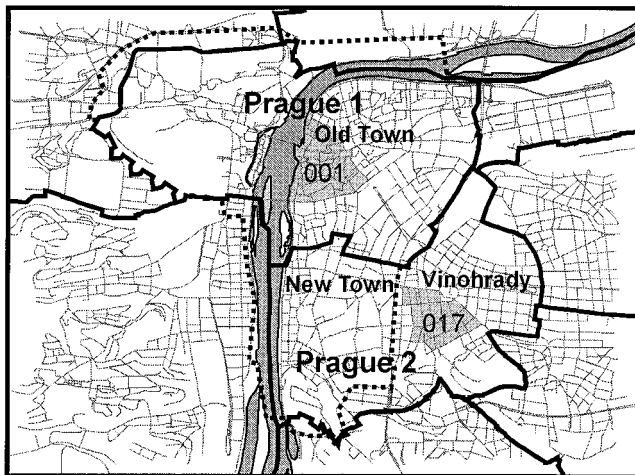
There has been a rapid growth in household income disparities, which are now higher than in the Netherlands or even in the U.K. (Sýkora, 1999). While there is a group of new owners, successful entrepreneurs and managers, employees in foreign-owned producer services, etc. on the upper end of the scale, there is also a growing number of homeless, unemployed and low-income households on the subsistence level. The reduction of the middle class or households who can afford a decent housing mortgage is another bitter part of contemporary social change.

The growing socio-spatial disparities are exhibited through the re-emergence of pre-war patterns of residential differentiation and the establishment of new enclaves of affluent population. Social and physical upgrading and gentrification in particular are present in inner neighbourhoods which had higher social status before the communist takeover. The construction of condominiums with apartments for sale in inner city enclaves and the growth of small suburban communities of expensive housing for new rich are new forms of separation that contribute to residential segregation.

In the 1990s, the three most visible processes of urban change in Prague have been (1) the commercialisation of the historical core; (2) the revitalisation in some inner city neighbourhoods, which has taken the form of commercialisation and gentrification; and (3) residential and commercial suburbanisation in the outer city. All the three processes are associated with a radical change of land use patterns in terms of the replacement of existing activities with new and economically more effective uses and, simultaneously, with physical upgrading.

Commercialisation of the city centre

The historical core of Prague performs the role of city centre with concentration of commercial and government functions (Figure 2). It contains over half of the total city office stock, it is a place where nearly half of Prague's retail turnover is realised and where approximately one third of all jobs is concentrated. Residential function is steadily declining since the beginning of the 20th century, while government buildings, banks and office buildings are increasing their share of land use in the area. This process has accelerated in the 1990s. At present, about three quarters of all floorspace in the historical core is in non-residential use. The highest concentration of business office space and downtown retail is in New Town (Nové Město) and Old Town (Staré Město) on the right bank of Vltava river. The left bank of the historical core is characterised by the concentration of governmental, parliamentary and presidential offices and numerous embassies.



- Prague's historical reserve
- administrative boundaries of boroughs
- 017 urban planning districts

Figure 2. Prague's city centre.

The most important process which has influenced the historical core since 1990 has been commercialisation – the increase of commercial functions (business offices, retail, restaurants, hotels, etc.) in the total land use of the area. The most common mechanisms of commercialisation are (1) the change from residential to commercial use within the existing building stock; (2) demolition of existing structures with residential and commercially less intensive uses and their replacement by new taller and larger buildings and; (3) land use intensification through new commercial developments on vacant land and densification through additions, such as filling in the courtyards within blocks of buildings.

Commercialisation has been driven especially by the development of offices and multipurpose commercial centres and tourist oriented facilities including hotels, restaurants and retail. The central city has attracted the attention of developers seeking valuable locations for business centres. The development of office space was stimulated by rapidly increasing demand from foreign trade and business service firms expanding to East Central Europe and domestic, especially financial sector companies. Supply of land and buildings for development and redevelopment was made available by the quick privatisation of real estate and sales or long-term leases of municipal land for private commercial developments.

In the first half of 1990s, the historical core was seen as the key location in which to have a company address. Consequently, nearly 70% of new and refurbished office space of international standard, which was developed in 1993–1996, concentrated in two central districts of Prague 1 and Prague 2 (Figure 3). At present, all the empty construction lots are built-up or in the final stage of preparation.

The development and redevelopment of real estate brought more economically effective utilisation of scarce downtown space and substantial revitalisation of the physical appearance of buildings and streets. Industrial units,

Supply of new and refurbished office space in centre and out-of-centre locations in Prague

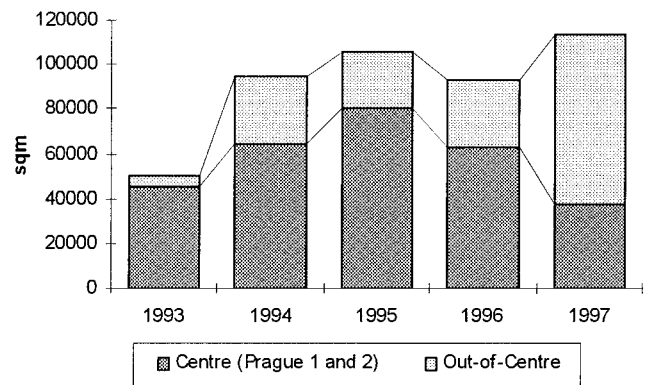


Figure 3. Concentration and decentralisation of office development in Prague (1993–1997). Source of data: Jones Lang Wootton, Prague.

stores and vacant places were replaced by advance service functions with highly intensive space utilisation, such as banks and other financial services, company headquarters, consulting and legal firms, etc. However, high concentration of new commercial developments also presents problems to the city. The major negative consequences have been (1) the reduction of residential function; (2) the damage to historical heritage and; (3) rapidly increasing car traffic.

Commercialisation has often implied functional *change from residential to office use*. The share of residential space in the city centre was reduced and the decline of population accelerated (Table 1). Property reconstruction for commercial uses has been the best option for redeveloping buildings for high returns, because the housing rent for the local population has been under regulation (for details see Sýkora, 1996). Leasing to commercial uses can generate as much as 50 times higher revenues than regulated housing rent. Therefore, there has been very strong pressure from owners and developers to transfer property out of regulated residential use. Due to nonexistent detailed planning regulations, which would prevent the change from residential to commercial uses, there has been a remarkable decline in residential function. The protection of tenants, who must be offered a replacement flat of similar or better quality, has limited the process, which would otherwise accelerate more quickly.

Unfortunately, there have been several cases in which the local government administration did not prevent the loss of housing and, on the contrary, promoted commercialisation. Furthermore, the city government sold or leased the last empty plots for commercial developments, instead of considering their use for public purposes.

There are now zones or blocks of houses in the historical centre which are without residential use or with a negligible share of housing. Commercialisation has also influenced areas which have been declared as isles of housing within the city centre. Table 2 shows the decline in the share of fully residential buildings and increase of buildings with commercial use in an urban planning district 001 Betlémský obvod (see Figure 2) the core of which is declared as the residential zone 'Anenská'. While the share of residential buildings

Table 1. Population change in two central districts of Prague

District	Population 3 March 1991	Population 31 Dec. 1996	Population change 1991–1996	Population change in%
Prague 1	42,590	37,953	–4,637	89.1
Prague 2	61,873	55,625	–6,248	89.9
Prague 1 and 2	104,463	93,578	–10,885	89.6

Note: The area of historical core consist of Prague 1 and about half of Prague 2 territory. The remaining part of Prague 2 is covered by a 19th century neighbourhood, which is now perceived as an extension of the city centre formed by an expansion of commercial functions.

Source of data: Czech Statistical Office, Census 1991 and annual registration of population.

Table 2. Functional use of buildings in Betlémský obvod (Prague 1) and Londýnská (Prague 2) (share of buildings in particular category)

Area	001 – Betlémský obvod		017 – Londýnská	
	1994	1998	1994	1998
Residential	17.8	8.2	29.9	13.6
Retail	2.7	4.5	1.5	1.2
Office	12.5	9.8	8.0	10.8
Retail and office	7.7	16.0	1.5	2.5
Resid., ret., office	13.8	17.8	12.3	18.2
Residential and retail	33.0	29.8	17.3	20.4
Residential and office	10.1	6.6	23.1	29.6
Other	2.4	7.2	6.2	3.7
Sum	100.0	100.0	100.0	100.0

Notes: (1) there were 376 buildings in 001 and 324 in 017 in June 1998 and according to the 1991 Census there were 5,721 people in 2,410 dwellings in 001 and 7,794 people in 3,523 apartments in 017; (2) 'retail' also includes hotels, restaurants and personal services (such as hairdresser); 'office' include public and private administration, schools, medical services, post offices, etc.; 'other' consists of properties where use is not known (for instance, in the case of total reconstruction or dilapidation of property) and properties with very specific uses (churches were excluded).

Source: annual field research in 1994–1998.

declined from 18 to 8%, the share of nonresidential buildings increased from 23 to over 30% in a period of four years between 1994–1998. The change of use is accompanied by rapid physical rehabilitation of buildings. Table 3 gives figures for physical changes of properties in 'Betlémský obvod'. The changes are represented by reconstruction of the historical stock. The demolition of old buildings and construction of new ones is strictly limited in this area, which is one of the oldest zones in the historical core, with a high share of individually protected buildings.

Developers of commercial real estate prefer to build large modern complexes. However, this is in the conflict with the nature of historical built environment and the architecture of Prague's historical core. The entire core is an urban historic reserve protected by law (Sýkora, 1995). The protection involves streetscape and over one third of all buildings in the core. Moreover, in 1993, the Prague's historical reserve was accepted on the list of UNESCO's world cultural heritage.

Since 1989, there have been many *conflicts between the interests of commercial developers and protection of cultural heritage* of historical buildings. Unfortunately, local government administration and local politicians have rather

Table 3. Physical state of buildings in Betlémský obvod (Prague 1) and Londýnská (Prague 2) (share of buildings in particular category)

Area	001 - Betlémský obvod		017 - Londýnská	
	1994	1998	1994	1998
Newly built	0.0	0.0	0.0	0.6
Reconstructed	3.7	30.6	4.9	18.8
Partially repaired	12.0	16.0	5.9	21.3
Under reconstruction	10.9	4.5	4.6	2.2
Original solid shape	69.4	46.2	79.9	55.2
Dilapidated	4.0	2.4	4.3	1.9
Vacant site	0.0	0.0	0.3	0.0
Under construction	0.0	0.3	0.0	0.0
Sum	100.0	100.0	100.0	100.0

Note: see note 1 in Table 2.

Source: annual field research in 1994–1998.

promoted commercialisation and neglected the limits imposed by historical heritage. Recently, there have been many controversial decisions concerning conservation. Public debate revealed that the recommendations and resolutions of institutions overseeing conservation during the development and redevelopment of real estate in the historical core were shaped by political and private interests.

Among the most discussed issues in the field of urban conservation is the intrusion of new, modern buildings into the historical setting. Disputes about the proposed architecture of the new Four Seasons hotel located on the Vltava river embankment next to the gothic Charles Bridge and with a magnificent view of Prague's castle have even involved president Václav Havel and led to a modification of the original proposal. The steel and glass facade of Myslbek office and retail complex on major shopping street Na Příkopě, the sterile architecture of Hypo-Bank on the Square of Republics and the recently announced construction of an office tower on the bottom of Wenceslas Square are other cases that increased public awareness of development pressures in the historical core.

Another factor that has contributed to the damage done to historical heritage is that penalties for not respecting the conservation rules and recommendations are low and form only a negligible part of development costs. Furthermore, the control procedures have not been well used and the power to execute punishment has been weak. Consequently, there

were cases in which a historically protected building was demolished and replaced by modern office centre or reconstruction severely changed the external features of buildings and destroyed valuable inner parts.

There has been a *rapid increase of private car traffic* in the city centre, caused by a mutual combination of several factors including a general growth in car ownership in Prague, a shift in modal split in favour of auto use in comparison with public transport and commercialisation of the city centre. The number of private cars in Prague increased from 336,037 in 1990 to 602,246 in 1997 and there were 502 cars per 1000 inhabitants by the end of 1997 (UDI 1998). The total distance travelled by car increased even faster than car ownership, greatly exacerbating congestion on Prague's streets. Public transport in Prague lost about one third of its passengers and its share of total trips declined from 75 to 60% (Pucher, 1998). Many well-off people with higher income now use private automobiles for commuting to work.

The increase of car traffic in the city centre was stimulated by commercialisation, which has brought an expansion in the number of jobs in the city centre and the growth of commercial use accompanied by underground parking spaces. Commercial space brings more people and cars than the same amount of residential space.

The planning regulations require a certain number of parking places for new or reconstructed office space and underground parking for hundreds of cars has been constructed below new commercial centres. A proposal to build a private parking tunnel below a major commercial street with capacity exceeding a thousand cars has been refused, but the local government plans to build large public underground parking within the limits of the historical core. Such measures will rather stimulate than prevent the inflow of private cars into the medieval street pattern.

The increase of traffic has caused severe problems. It brings noise and air pollution, that impacts on both residents and historical buildings. The car congestion also generates conflicts with pedestrians and public transport. In the case of the new commercial centre Myslpek which includes nearly 400 underground parking places, cars leaving the building use a pedestrian zone with flows of tourists.

Commercialisation is accompanied by *gentrification*. However, because commercialisation brings much higher revenues than reconstruction to luxury housing, the development of gentrification was slower. Research done in urban planning district 001 Betlémský obvod, located at the heart of the centre, revealed that the extent of residential revitalisation is smaller and has a lower involvement of property-development-led and foreigner-oriented gentrification than in the less central area 017 Londýnská in Prague 2 (see Figure 2).

Besides gentrification in the private property sector (to be described in next section), there is also gentrification promoted by the local government of Prague 1. A part of municipal dwellings have been declared as luxury apartments and are allocated to the highest bid. These apartments are out of reach of most households. The local government also supports the reconstruction of vacant and dilapidated non-

residential premises and under-roof spaces into apartments. These spaces are offered to households which bid for their allocation, and finance the reconstruction. The costs are then deducted from the future rent. Most of such spaces are large attics in nice locations and their reconstruction is affordable only for rich people. The local government argues that this is a major contribution by the municipality to keeping housing in city centre. An alternative approach based in housing reconstruction financed by the local government and allocation of refurbished dwellings to households in need is not considered viable pointing to limited municipal financial sources. However, the Prague 1 budget for 1998 shows that the income from local government properties generated higher revenues than were the expenditures for property management and maintenance. There is an unspoken conviction of local conservative politicians, that the centre is for wealthy people and those who can not afford centrally located apartments will have to move to more affordable out-of-centre housing.

There are also indirect forces which act as a push factor affecting out-migration of low income local residents thus contributing to gentrification. These include increasing rent and increasing costs of local services. Rent deregulation in the Czech Republic is differentiated according to the size of settlements with Prague's deregulation moving fastest. Rent in Prague 1 increased by 41% in 1998, 100% in 1997, 35% in 1996 and 31% in 1995 (annual inflation was around 10%) and now forms a large share of living costs of a growing proportion of local residents, especially among the elderly. The expansion of tourism and well paid office jobs in downtown producer services influenced radical changes in the profile of goods and services supplied in local facilities. The share of food stores and services focused on local residents radically declined, while new services targeted to tourists and affluent residents and employees mushroomed. The centre has become a locality which is favourable to tourists, well paid employees in financial and other producer services and high income residents, rather than to the original population with a high share of pensioners.

Revitalisation in the inner city

Since 1989, signs of physical revitalisation have appeared across all of the inner city. However, its spatial distribution has been highly uneven. It has concentrated along streets with shops, where physical change was associated with the development of retail businesses. Commercialisation and physical rehabilitation represented by office refurbishment has been dispersed, with some small clusters and concentrations. Since the mid-1990s, the development of large office projects has deconcentrated from the historical core towards out-of-centre locations, where secondary business nodes are being established in strategic locations near public transport and major roads. This spatial shift in office construction was determined by the lack of development spaces in the city centre and the changing nature of demand. The demand for offices is now generated by already established and expand-

ing companies, which prefer high volumes of cheaper offices in modern buildings.

Physical upgrading of certain parts of the inner city has been associated more with commercial functions than housing. Large part of the inner city is characterised by the dilapidation of housing and concentration of a population with lower education and a higher share of manual workers. However, there are also neighbourhoods with a higher quality residential environment, which have kept higher social status during communism. These are especially neighbourhoods with single family houses and villas and some zones of apartment housing dating from the 19th century. Residential upgrading and gentrification developed in these neighbourhoods since the beginning of 1990s.

Revitalisation of areas with low rise family homes and villas has been driven especially through *incumbent upgrading* by existing households. The lease or purchase of homes by western foreigners, which has concentrated in certain areas of family housing, especially in north-western sector of Prague 6, have also played an important role in this process. Because these areas have always exhibited substantially higher than average social status, we can hardly speak about gentrification. The upgrading in these areas strengthens the existing socio-spatial differences, but does not change the spatial pattern itself.

In some zones of 19th century inner city neighbourhoods with apartment houses, older buildings are redeveloped and transformed into office space, and private rental houses with local tenants are reconstructed into luxury apartments sold or rented to high income residents, especially foreigners. Residential *gentrification* of these zones had no pioneer stage. It started as a property-development business targeted to a specific group of customers – western foreigners. Recently, this market segment has reflected a gradually increasing demand from wealthy Czech professionals. Gentrification is spatially and functionally associated with property-development-led commercialisation. Development projects often involve both offices and housing, and old properties are converted to offices and luxury housing by the same group of investors and developers, which are often foreign companies. Gentrification created a specific segment in the local residential market, which is mostly in the hands of foreigners and substantially contributes to the socio-spatial differentiation in Prague.

This process is, however, very selective affecting only a small portion of the inner city. The most developed gentrification and commercialisation of a 19th century neighbourhood can be seen in Vinohrady at Prague 2. Tables 2 and 3 indicate physical and functional changes in a small part of Vinohrady, within urban planning district 017 Londýnská (London street, see Figure 2) between 1994 and 1998. In this zone in June 1998, western foreigners lived in nearly one third of residential properties, and 5% of apartment houses were inhabited mostly or exclusively by foreigners. Of 324 properties (4–5 storey houses), 6% were commercialised and 5% gentrified (with some buildings composed of commercial use as well) involving full property reconstruction and change of users.

Since the mid-1990s, residential developers (both domestic and foreign) have explored the opportunity of a market segment of apartments for sale in *condominiums* (nearly no new private rental housing has been built), which are sometimes clustered into residential complexes. New residential buildings are constructed on vacant zones in the inner city and sometimes at the edge of communist housing estates. Their location is not concentrated in certain areas but rather dispersed – the local residential property developers as well as their customers are less sensitive to the existing ecological pattern in Prague than foreigners. This form of living attracts especially a generation of local ‘yuppies’, who have relatively high earnings, prefer urban life linked to their professional career and value the vicinity of city cultural opportunities. However, this kind of housing is affordable only for a small segment of affluent people, such as entrepreneurs, managers, professionals and better situated employees in foreign firms. New residential complexes of condominiums form enclaves of well-off population in the existing ecological structure of the city.

Residential upgrading and gentrification also concerns small isles of old village housing in some settlements which were swallowed by the 20th century urban growth. There are small areas in which old dilapidated properties were purchased by well off people, demolished and replaced by a new building or rebuilt as luxury family housing. This process rather resembles the pioneer stage of gentrification. From the cultural point of view, it involves a spirit of alternative lifestyle, formed by a nostalgia for quiet and green village life, while keeping the advantage of being within a few minutes of the rush of the city.

It should be noted here that the vast areas of communist housing estates are not a subject of major physical and social changes, however, there are signs of their differentiation. While at some housing estates new apartment houses, offices and retail are being constructed, residential districts with higher concentration of manual workers and with worse accessibility by public transport show signs of decline. The major changes in these areas concern retail structure, which was undeveloped during communism. At the beginning of transition, small entrepreneurs adapted empty places on the ground floors of high rise housing, which originally served as storage, to small shops supplying all variety of goods. The potential purchasing power of large concentrations of middle class population was soon explored by major international retail chains. They turned former state-owned shopping and service centres into modern supermarkets, in some places adding newly built facilities. However, future retail development in Prague will concentrate on suburban hypermarkets and shopping centres.

Suburbanisation in the outer zone

The outer parts of Prague and the adjacent zone of the metropolitan region is an area with developing residential and commercial suburbanisation. Agricultural land use is being replaced by residential and commercial uses. New residential districts and reconstructed village properties are

accompanied by mushrooming shopping centres, hypermarkets, supermarkets, warehousing and industrial zones.

Residential suburbanisation takes several forms. There are districts of speculatively built housing for sale. Developers also assemble land, add infrastructure and sell plots for housing construction, often on a turn-key basis. Both of these forms create new residential districts of wealthy population, which are spatially attached to existing settlements. There are also individual developments, which transform the existing villages. Households purchase vacant lots within villages and build new homes, or purchase existing properties which they demolish and replace with new luxurious homes or reconstruct and expand as modern housing.

The involvement of foreigners in suburbanisation is very limited. There has been only one example of suburban community purposefully build for foreigners by a foreign developer. This residential community, a 'golden ghetto' Malá Šárka in Nebušice, Prague 6 also includes the large International School of Prague targeted to children of English speaking expatriates. The advertisements for this development used to refer to the location of the community as a 'world outside the city but still in Prague 6'. It is placed outside the compact city, but within the administrative boundary of Prague in commuting distance from centre and, importantly, within Prague 6, which is the district with traditionally the highest social status. Homer Hoyt would be happy to see how American developers reflect principles described in his sectoral model. In another advertisement, the development company attracts customers by arguing that purchase of residential property brings not only use value, but it is a secure investment, which generates higher revenues than bank deposits or shares in investment funds. In the new capitalist society, housing is not only purchased for shelter, but also as a good investment. However, only by those who can afford it.

Residential suburbanisation has not developed as quickly as was expected at the beginning of the 1990s. The expectations were based on public opinion polls, which said that people prefer single family homes, and a comparison with western cities, where suburbanisation developed. However, the development of residential suburbanisation has been very slow, limited by the low purchasing power of population. Suburban housing is affordable only to affluent households. Even the introduction of mortgages, which are supported by a state contribution that covers part of the interest, has not stimulated massive development of suburban family housing. Mortgages for new single family houses are available only to households with three times higher than average incomes.

While in the first half of the 1990s, single family houses accounted for a majority of the new starts of dwelling construction in the Czech Republic and Prague, the situation has changed in the second half of the 1990s. In both the country as a whole and Prague metropolitan area (the city of Prague and surrounding districts Prague-West and Prague-East), the share of dwellings started in single family homes declined in favour of dwellings in apartment houses (Table 4, Figure 4). This shift was influenced by the lower price

Table 4. Share of dwellings started in single-family housing and apartment blocks within new housing construction in Prague and the two surrounding districts of Prague-West and Prague-East

	1995	1996	1997
Single family houses	55,6%	50,3%	35,2%
Apartment housing	44,4%	49,7%	64,8%
Municipal social housing	25,9%	18,6%	16,1%
Co-operative apartment blocks	2,8%	2,4%	1,9%
Private apartment blocks	15,7%	28,8%	46,8%

Source: Czech Statistical Office, annual statistics of housebuilding

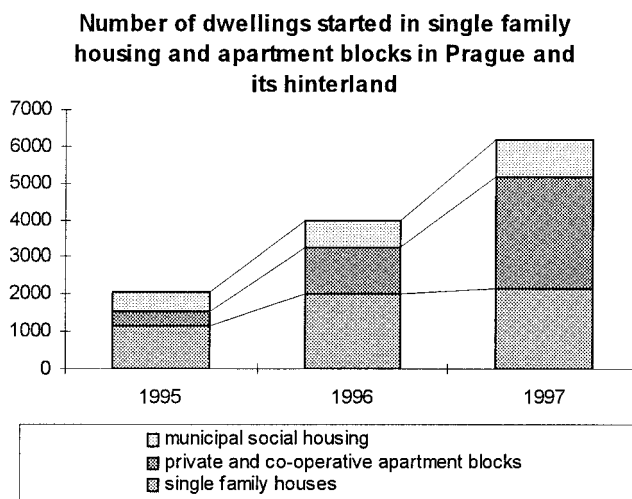


Figure 4. Suburbanisation or urbanisation? Source of data: Czech Statistical Office, annual statistics of housebuilding.

of apartments, changing life values and life styles of the younger generation and of employees of downtown producer service sector and the continental European tradition of urbanisation based on more compact cities with a significant proportion of dwellings in apartment housing.

Residential suburbanisation contributes to a reversal of the traditional socio-spatial pattern of the socialist city, characterised by the socio-economic status of population declining with distance from the centre. Concerning intrametropolitan migration, the suburban zone is now gaining a better educated population with high incomes. The suburban settlements with newly emerged residential districts now consist of two very distinct types of areas with contrasting population – rich newcomers and lower income, less educated indigenous inhabitants.

Commercial development has more important impacts on the transformation of outer city areas and Prague's hinterland than housing construction. While the residential developments are scattered across the suburban area, commercial projects concentrate in complexes built along major highways and important transport intersections. Another important location factor is the existence of an underground (Metro), which extends to the city outskirts. Two newly built regional shopping centres, one with Ikea, Tesco and Globus hypermarkets at Zličín on the western edge of the city and the other with Globus and Hornbach hypermarkets at Černý Most on the eastern edge, are located next to both

major highways and Metro stops. Two other regional shopping centres within the city administrative boundary are in preparation in north and south, with Tesco pursuing quick development in the north of the city.

There are other retail zones developed outside Prague. Business Zone in Průhonice, a settlement on the D1 highway to Brno is a good example of a rapidly developed suburban business park, which includes several retail outlets, warehouses, Makro cash-and-carry, Euronova (Dutch Ahold) hypermarket and Spectrum Shopping Centre. A very radical development has been the expansion of do-it-yourself stores such as OBI, Baumax, Bauhaus, Globus Baumarkt, etc., all located in suburbs. Until recently most retail turnover was concentrated in the city centre (nearly 50% in 1989), but now an important proportion of shopping is moving to the suburban zone. The spatial distribution of retail space in Prague is likely to be transformed by rapid decentralisation within the next few years.

Beside retail, there is development of warehousing and distribution complexes, which concentrate along highways and in the vicinity of airport. The expansion of Prague's international airport stimulated development of offices in the area, which is the first example of office decentralisation to the suburban zone.

Suburban projects are not co-ordinated with developments in Prague. There is no regional or metropolitan government and no land use plan for the metropolitan area. After 2000, there will be two regional governments overseeing Prague's metropolitan region. The city of Prague will have the status of region and there will be a regional government of Central Bohemia covering a large territory around the capital city. At present, there is virtually no co-ordination between the city government and local governments of a huge number of surrounding municipalities. Consequently, if the city government restricts housing development in a particular locality at the edge of Prague, an alternative district emerges just beside the administrative boundary. The negotiation with a small municipality is easier, costs of changes in land use zoning are cheaper and the project can be realised more quickly.

Suburbanisation is adding another ring to the existing internal spatial structure of the city and the suburban zone is becoming a textbook example of the creation of new post-communist urban landscapes.

Summary

The intensification of land use in the city centre and the reduction in contrast between the high rise, prefabricated edge of the compact city and the surrounding rural landscape are the dominant changes in urban morphology since 1989. Suburban areas and the city centre are territories with the most radical urban change.

During the first half of the 1990s, virtually all developments were concentrated in central districts Prague 1 and Prague 2. Urban development was characterised by the accelerated concentration of advance functions through commercialisation and densification of the city centre. It has

been accompanied by small-scale, foreigner-led gentrification in certain central and inner-city neighbourhoods and villa areas.

At present, the possibilities for further commercial developments in the central city are nearly exhausted and office developments are moving to inner city sub-centres. New up-market residential projects of condominiums with apartments for sale are constructed and planned in the last vacant zones in the inner city and at the edges of those communist housing estates with 'a better address'.

There is rapidly growing development activity in outer city areas, where light industrial, warehousing, distribution and high-turnover retail facilities accompany residential suburbanisation. The decentralisation of commercial developments is the major trend, which will have strong impact on the urban structure in coming years.

The residential development is likely to include both urbanisation within the compact city through refurbishment of old and construction of new apartment housing and suburbanisation represented by the establishment of new residential districts, individual infills to built-up areas of existing communities and through reconstruction and refurbishment of rural properties.

New office and retail developments, reconstruction of luxury housing and construction of new condominiums and suburban single family houses represent the visible bright parts of post-1989 urban restructuring. However, the contemporary urban change also has its darker side. A radical increase in private car traffic has brought such congestion, that traffic on some major arteries often comes to a standstill. A rapid decline in overall housebuilding worsened the housing shortage and affects especially households at the beginning of their life career. Last but not least, the revitalisation has been very selective within urban space and there are vast urban areas that are stagnating or even declining.

Notes

¹From academic literature devoted to pre-1989 Prague I recommend Carter (1979), Hruza (1994), Kára (1992), Lichtenberger (1993), Mateju et al. (1979), Moscheles (1937), Musil (1968, 1987).

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