

# **Gentrification in Józsefváros**

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## ***Chapter 1: Introduction***

### ***1.1 The Problem Field***

Since Ruth Glass (1964) first defined certain urban changes occurring in London as 'gentrification', the term has been continuously debated by academics. Urban theorists copiously describe the signs of gentrification, and these works in the literature mostly agree when describing the main features of the process. Gentrification generally refers to certain urban changes when previously abandoned or poorly maintained inner-city areas are renovated and turned into middle-class homes, meantime the working-class populations are being displaced by middle class residents. New shops, cafes and restaurants open offering suitable and affordable services for middle class residents primarily. Thus during the process not only the physical, architectural characteristics are changing in the neighborhoods, but it also affects the social composition of the area and the market value of the properties.

Much of the conceptual literature agrees on a set of key processes involved in gentrification, namely: rising property prices; population movement/social displacement; spatial and architectural transformations; cultural changes in infrastructure and changes in retail/consumption services. Nevertheless, it appears that this is where the research consensus has ended, and further points and features of gentrification are the subject of vigorous debate.

Two main competing camps on the battlefield of urban studies are the liberal humanists emphasizing the role of the 'gentrifier' with his rationalistic choices on culture and consumption (Ley, 1994), and the structural Marxists who argue for the significance of capital, production and

class (Smith, 1987). The two competing approaches - and those who took either side and joined the debate, or offered an alternative approach – attempt to explain *why* gentrification occurred, and their concepts still largely determine the context of the conceptual discussion.

The context for much of the theoretical literature has been based on urban studies of Anglo-Saxon cities. The significance of this fact lies in the difference between the history and the urban spatial structure of Anglo-Saxon and European cities, and that these early studies mainly determined the nature of the debate. While in the United States, United Kingdom and Ireland, the term "inner city" (the central area of a major city usually subject to gentrification) is often used with the connotation of being a run-down area, often referred to as the ghetto, a place primarily inhabited with poor people with low status, neighborhoods of crime, and a lack of social justice. Due to large-scale migration of the middle class to suburban areas, whole neighborhoods became abandoned and overtaken by the poor who often lack resources for property maintenance, infrastructure development and historical preservation. This pattern is certainly replicated across large North-American cities where middle class people preferred to move out to the suburbs due to policies of the Federal government (Smith, 1996).

By contrast in many European cities like Paris, Amsterdam, Vienna – and even Budapest, the inner city (downtown) areas are the most desired expensive and richest parts of the cities with high magnificent and well-maintained buildings and property prices. In European cities, the suburbs are usually more associated with crime and poverty than the downtown area. While urban studies focus strongly on western and particularly on Anglo-Saxon cities, post socialist cities have not been studied in the same extent.

Why is it interesting to study gentrification in post socialist cities? First of all, for the fact that urban developments and policies in these cities differed quite significantly from the western model (Atkinson & Bridge 2005). During socialism cities were planned and developed and regulated on an more ideological basis and perhaps in a more unified manner than elsewhere. The population size and the growth of cities were carefully monitored, and controlled, and all the constructions were centrally planned. Planners put a great effort to eliminate differences between the city and smaller towns and villages. Architecture was characterized by a strong emphasis on national and ideological traditions manifested the socialist-realist style, and the utilitarian “for use” rule was prioritized for residential units. Social inequalities were not eliminated during the Marxist-Leninist socialism, rather the system produced its own type of inequalities (Smith, 1989; Szelenyi, 1983). Despite the strong control, socialist cities sometimes did form in organic, “unplanned” ways, thus continuously modifying the planners’ and politicians’ future image of the city. While newly built socialist cities with their weak city center, less social segregation and very little suburbanization (like Sztalinvaros in Hungary) differed from capitalist ones, older cities like Budapest showed more similarities. After the socialist system became history, these cities experienced a rapid transformation from a centrally controlled authoritarian and non-pluralistic political governance, to market driven economy led by democratic and pluralistic ideas. Additionally globalization processes resulted in even more complex changes.(Musil, 2005). It is predictable then, that urban processes observed in western cities might differ from those in post socialist cities. My study examines gentrification in a district of the post socialist Budapest.



## **1.2 Research Context**

In the case of Hungary, the post-socialist era resulted in intense changes and development in the urban core of Budapest. The city center expanded and residential units came to be converted into office space due to the demand for increased supply of non-residential inner-city buildings for commercial use. Consequentially the number of downtown residential areas decreased and residents moved to less central districts of the city. While suburbanization never reached the same extent as in the typical Anglo-Saxon model, Budapest did experience population migration from the city to the agglomeration (Kovacs, 2006). Recent studies on Budapest verified that there are certain urban regeneration processes, yet there is an ongoing debate whether it is gentrification or not (Smith 1996, Kovacs and Wiessner 1999).

Districts have been unevenly affected by this process losing less/more, or gaining residents. The area recently experiencing large-scale population movement is district 8, also called Józsefváros. It is regarded as one of the most problematic parts of the city owing to its low quality housing stock; low average income of its residents; concentration of large Roma population; high unemployment rate; low education, and high recorded crime rate,. The locals often refer some of the areas in the district as a “slum” or “ghetto”. This feature re-occurs in the gentrification literature as a starting phase of gentrification (Glass, 1964, Smith 1987) suggesting that the place may faces similar processes. Recently Józsefváros is going through rapid economic, social and environmental changes, although in a spatially uneven manner. This district has been chosen for my case study for its unique characteristics and intense transformation, providing an interesting and colorful field for the research.

### ***1.3 Research Question and Methods and Contribution***

My paper examines the current gentrification process in three sites of the district in order to explore the following research question(s): “How is gentrification manifested in a district of the post socialist Budapest? And how does it differ from those described in western countries?” I will identify several indicators in order to verify gentrification, analyze and measure the extent of the process in three neighborhoods of the district by looking at social demographic and economic data, examining long-term development plans, conducting semi-structured interviews local business owners and public service workers, and examining visual transformation by analyzing photos of each area.

My study contributes to the expansion of empirical understanding of gentrification by examining the current process in a post socialist city. The choice of Józsefváros is instructive for three reasons: first, for scholars interested in gentrification processes, an empirical study of Józsefváros will contribute to the important task of documenting the gentrification adding new data to the existing literature. Second, Józsefváros has similar features to several Post-Socialist districts of capital cities in Central and East Europe. An empirical study of this district may help us draw more general implications for other Post-Socialist cities in the region. Third, a study of Józsefváros, as a Post-Socialist urban space, may allow us to develop comparative insights with West European and North American research on the topic.

## ***1.4 Research Paper Structure***

My paper is organized as follows. Chapter 1 introduces the study. Chapter 2 provides a review of the extant literature on gentrification with a special focus on competing explanations of the process and their implications for my study of Józsefváros. Chapter 3 provides a general background on the geographical, economical, social and political characteristics of Józsefváros in order to identify the main forces that could indicate that the district is undergoing gentrification. Chapter 4 details the research methodology used in my study. Chapter 5 presents the findings of the empirical work, providing an interpretation on the findings. Chapter 6 outlines the conclusions of the study in particular stressing the ways in which the empirical research has provided us with implications for the local context, the broader post-socialist urban context and the comparative context of developed country and post-socialist experience of gentrification.

## **Chapter 2: Literature review**

The concept of gentrification was born in London, when British sociologist Ruth Glass (1964) observed the phenomena that working class neighborhoods after long years of disinvestment were being renovated and re-settled by middle class residents changing the physical and social characteristic of that area. Since then, gentrification became the battleground for urban sociologists. While empirical research did support the existence of the phenomenon and its basic characteristics such as physical upgrading of historical neighborhoods, displacement of pre-gentrification residents by ‘gentrifiers’, and change in the neighborhood’s character, the attempt to find a broader analytic framework have been difficult.

Early debates on the causes of gentrification were similar to that of the “chicken and egg” puzzle. The argument about the agent in the gentrification process was concerned with the question whether reinvestment caused a new class of people to move into the earlier deteriorated neighborhoods, or this new class of people act like agent in the gentrification process and investors and developers merely satisfy their demand; or the solution lies in the mixture of both explanations. Recent debates on gentrification are continuing to circle around these early ideas based on Neil Smith’s rent gap theory (Smith, 1987, 1996) and David Ley’s (1986) consumption-side theory.

### **2.1 The Rent Gap**

Geographer Neil Smith’s (1987) *economic based theory* suggests that gentrification is a result of the ‘rent-gap’, the uneven development of areas in the cities creating a difference between the present ground value (rent) under the current land use and the possible income the same property

could make under better conditions. He argued that because of the massive suburbanization of industry and population the value of inner-city areas are significantly decreased creating a gap between the land value and property value calling for profitable reinvestment. When the gap is wide enough, gentrification can be initiated by individual actors or groups. Neighborhoods are renovated and re-sold on higher price, which leaves the pre-gentrification population with little choice. Not being able to pay a higher rent or higher price those with lower income are swept out of the neighborhood, which is now - completely renewed – overtaken by a new population, the middle class.(Smith 1987). The local services, shops, cafes and restaurants change also, having their clients removed they either change profile and offer a higher quality service, or close down giving space for new ones serving the needs of the new population (Smith 1992).

Rose (1984) claimed that the most significant contribution of the rent gap theory and the other neo-Marxian theories is that they pointed out that studies on gentrification must include the examination of the flow of capital and, that the process cannot be merely explained with choices and behaviors of individual actors. Smith's early ideas, the economic, production-side approach, or at least emphasis on that can be still found in recent publications, and the rent gap theory influenced a great number of current research on gentrification (Hamnett, 1992).

Opponents of the rent-gap theory often criticize Smith that his explanation does not count on individuals and their choices. *"[A]lthough the gentrification process does involve capital flows, it also involves people, and this is the Achilles heel of Smith's supply side thesis"* (Hamnett, 1991).

Ian Munt (1987) responding to Smith's theory, after conducting research in Battersea concluded that individual consumers "respond passively to capital movements" suggesting that one-sided

economic based theories may not be able to explain why people move into low-status neighborhoods. Others criticized Smith for he claimed that gentrification has to be seen as a reversed suburbanization. Smith (1986) argued for the structural similarity between suburbanization and gentrification, as both are the result of uneven spatial development, while others talked about typical suburbanites moving back to the city or not leaving it (Ley, 1991; Zukin, 1987). Several study found however, that gentrifiers are primarily coming from similar urban neighborhoods (Laska and Spain 1980; Ley, 1986; Nelson, 1988) and not from suburban areas.

## **2.2 Consumer in action – the role of the gentrifier**

The other explanation provided by David Ley (1994) emphasized the importance of the *demand-side*, the choice and actions of the gentrifier as the key figure in the process of transforming spaces in the historical part of the inner cities for demographic and cultural reasons. Whereas Smith and other Marxists followed a structural approach for explaining gentrification, Ley argued that gentrification was a natural consequence of the rise of professional “white collar” employment in the in the inner city. Unlike the supply-side theory, the demand-side considers individuals’ choices and consumer preferences more important as a driving force than economic factors. While certainly – Ley suggested – the property and the neighborhood must be “vulnerable” for gentrification, without the choice of the consumer (to be want to move in to that particular area) the process will not occur. Why would individuals get interested in upgrading run-down buildings and moving into a very possibly culturally challenging neighborhood? In order to answer this question Ley (1986) described the characteristics of the gentrifiers as the new middle class, a so-called new cultural class including artists, educators, cultural professionals, “yuppies” . They come in the first wave and occupy the historical yet poorly

maintained neighborhood, seeking cultural challenge, ethnic diversity and affordable housing in (or near) the inner city.

While the debate between the polarized economic vs. social explanations ruled the field for long years, Berry (1985) already pointed out that gentrification is a result of both the “contagious abandonment” of inner-city neighborhoods and the continuous suburbanization, besides the new consumption pattern of a new middle class. His approach is an attempt to fuse the economic and culture side theories, offering an descriptive model. He was not alone by departing from the “one phenomena-one theory” approach, trying to explain gentrification as a complex phenomenon.

### ***2.3 Integrated theories***

Despite the continuing debate on why and how gentrification takes place, there is an increasing agreement among scholars that gentrification is a highly complex, multi-faceted process needed to look at from a wider holistic view, rather than attempting to find a solution based on a single theory (Butler and Robson, 2001; Wyly and Hammel, 2001; Slater, 2002).

Zukin (1987) and Hamnett (1991) also claimed that gentrification can only be approached by taking the cultural and economic causes and implications into consideration since both explain the phenomenon only partially. Hamnett (1984) outlined five major factors by fusing previous theories and his own assertions in order to explain the gentrification process. These factors are the following

1. The impact of the city’s size and its effect on consumer preference (i.e. people prefer to live close to the place they work);
2. Population’s changing in demographic characteristics and household structure;
3. Changes in lifestyle and consumer pattern;

4. Changes on the property market including the relative house price inflation and investment opportunities;
5. Changes of the occupational structure of the cities.

Hamnett (1984) claimed that with his list of factors could work like a “conceptual map” for providing an answer “Why gentrification occurred when and where it has?” He pointed out that the housing preference of the new middle class was a product of the changes in the division of labor in the cities going through deindustrialization, and also that these changes occurred in a spatially uneven matter. Thus, he suggested later, gentrification could be understood as a residential manifestation of the changing economic, occupational and income structure of the post-industrialized city (Hamnett, 2003).

## ***2.4 The Global City***

Other theorists like Robson and Butler (2001) also link gentrification to global processes, supporting the consumption side theory, especially emphasizing the current changes in political, economical and social structure of Western society. Because of the decline of the significance of the industry in the cities, and the shrinking number of the industrial workers represented in the society, a new form of a service-class is emerging. The characteristics of this groups typically is that they are generally between the ages of 25 and 40, working in the service (or service oriented) sector in the urban core. The key for their housing preference – according to this theory is - that instead long hours of commuting, these people prefer to live close to the CBD where they work.

Atkinson and Bridge (2005) also emphasize the link between of globalization, international migration and neighborhood change, claiming that the process should be seen in a greater global context. They point out that while gentrification once was looked at as a local process, after forty



years of research piling up in the literature, it seems that the phenomena can only be understood as a process where cities interlink on a global fabric with connections between cities and neighborhoods. Cities are influenced by global forces through migrant workers, like nannies, construction workers, international students, traveling academics, journalists publishing for the global media, international environmental and human right activist, and corporate workers.

## ***2.5 Effects of gentrification***

Costs and benefits of gentrification has been widely studied and, often considered as a negative process in academic debates, for its harmful effect on the poorer pre-gentrification residents, who face pressures to leave the area, because they cannot pay for the increased rents observed during the gentrification process. While few studies identified positive features of gentrification, notably: stabilization of the declining neighborhoods, decreased crime, cleaner and safer city centers, changes in social services and increased property values and increased social mix (Atkinson & Bridge, 2005), critics of gentrification perceive it as a form of ‘urban cleansing’ with potential dangers to the neighborhood resulting in social displacement, homogenization, loss of social diversity and affordable housing (LeGates and Hartman, 1986; Ley, 1986). It was also depicted as the manifestation of the menacing, aggressive, “revanchist” upper-class families claiming back the city centers from lower class inhabitants (Smith, 1996; MacLeod, 2002; Harvey 2003).

## ***2.6 On the other side of the Atlantic***

European authors describe similar phenomena to the Anglo-Saxon experience on gentrification in major European cities like Amsterdam (Smith 1996, Treanor, 2005), Oslo (Hjorthol & Bjørnskau, 2005), Paris (Smith, 1996), Berlin (Bernt & Holm, 2005), Stockholm and Hamburg

(Matz, 2005) documenting a wide variation of the manifestation. Lees (1994) highlights the contrast between the American and European manifestations of gentrification referring to it as the “Atlantic Gap”.

Similarly, gentrification has been observed and studied by scholars in post-socialist countries, although not to the same extent as in Western Europe or especially in North America. Authors like Kovacs (1998) or Bodnar (2001) in Budapest or Sykora (2006) in Prague report common urban phenomena in post-socialist cities like revitalization of the inner city, commercialization of the historical core, and residential and commercial suburbanization.

Recent urban changes attracted urban theorist to study gentrification in the post-socialist Budapest. Hegedűs and Tosics (1991) described the ‘socialist gentrification’ with heavy influence of public rehabilitation. Neil Smith (1996) also found Budapest worthwhile studying and claimed that the major determinant of how gentrification takes place is the privatization of housing market, and stressed that gentrification is taking place along well-documented western lines (Bodnar, 2001). Interestingly, Kovacs and Wiessner (1999) have not supported his findings later, because they concluded that upgrading and revitalization was not linked to the housing sector, thus “‘*gentrification*’ so typical to the western cities are practically unknown in Budapest until now.” Douglas (1997) also arrived to similar conclusion after studying urban processes in Budapest, claiming that there was no gentrification in Budapest in the western sense.

The verification of the phenomena was not the only point where urban theorists disagreed in the case of Budapest. While some stressed the rapid market driven gentrification in the inner cities (Smith 1997), others pointed out to that the same time the upper middle class was leaving the

center, and the vacated properties was re-populated by lower status groups. (Ladanyi and Szelenyi 1998). When talking about the regeneration projects in Ferencváros (district 9), Sykora (2005), stressed, *that it was rather a publicly administered cleansing of the area in favor of the wealthy*, than something beneficial for the neighborhood, however, he adds, that these regeneration projects might boost up the property market and will result in the traditional, market led gentrification.

These studies with such contrasting conclusion on Budapest indicates that there are certain gaps in the understanding of gentrification once we leave the well researched and documented western city. This study provides a detailed description and analysis on recent urban changes in one district of Budapest as an attempt to narrow such gaps in the knowledge of gentrification.

## ***Chapter 3: The Study Area***

### ***3.1 Budapest***

After 1990, the transformation from state socialism to capitalism brought fundamental economical political and social changes to Hungary. The capital city Budapest [see map 1 in appendix] faced similar spatial and social changes as other post socialist cities, caused by massive property privatization, de-industrialization of the urban areas, an increasing influence of foreign investors, growing social inequality and the decreasing support from, and in some instances collapse of, the welfare state system. Additionally the transformation of the public transportation, decentralization of city governments, more emphasis on environmental quality, and individual choices on life styles, internationalization and globalization, also heavily counted in the restructuring processes. (Musil 2005)

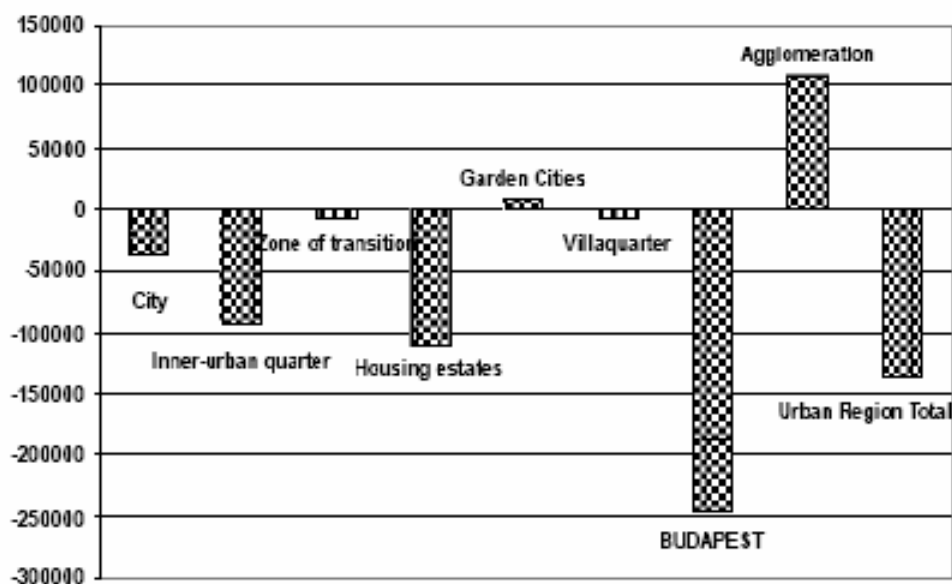
Due to liberalization of the housing and labor market between 1990 and 2001 the population of Budapest city decreased by 14.3 percent, while this number grew by 18.9 percent in the agglomeration areas. Due to such population movements, the spatial structure of the city has changed, and the function of the city center shifted from mainly residential to heavily non-residential (banks, offices, hotels) losing its population by 29 percent between 1990 and 2001.<sup>1</sup>  
[see table 1]

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<sup>1</sup> CSO data (Statistical Yearbook of Budapest 2006)

**TABLE 1**

Change of populaton by functional zones 1990-2001



Different zones of the city were affected by the transformation in an uneven manner with the result of simultaneous upgrading and downgrading of certain neighborhoods.

While the Central Business District (CBD) and the suburban areas experienced upgrading forces, areas lying between these two have been often neglected giving way to further decline and social segregation. (Kovacs, 2006). One of the most problematic areas among the city's twenty three districts is Józsefváros (Joseph Town)

### 3.2 Józsefváros

The more than 225 years old Józsefváros occupies a 6.8 square km territory on the Pest side of the city, between the 7<sup>th</sup>, 5<sup>th</sup> and the 9<sup>th</sup> districts<sup>2</sup>. It has about 80 000<sup>3</sup> residents and gives home

<sup>2</sup> CSO data (Statistical Yearbook of Budapest, 2006)

<sup>3</sup> *ibid*

to such remarkable places like the National History Museum, the central buildings of the 350 years old ELTE University, the Semmelweis University, hospitals and several other universities, Ervin Szabó Library, the Erkel Theatre and Hungarian State Radio. Despite this apparently vivid cultural life, the district has the worst reputation among all districts of the city. Józsefváros is mostly associated with crime, prostitution, drugs, high unemployment rates and inter-ethnic tension caused to a great degree by the high concentration of Roma among its residents.

<b>Table 2. Percentage of social housing in the study areas, in Józsefváros and in Budapest All residential units = 100%</b>	
<b>Quarter</b>	<b>Percent of social housing</b>
Palace Quarter	13,3%
Market Hall quarter	25,8%
Józsefváros Center	38,9%
<b>Józsefváros</b>	<b>26,6%</b>
<b>Budapest</b>	<b>8,5%</b>
<b>Source: 15 year developmental plan of Józsefváros</b>	

Since the state socialist system collapsed, the number of housing units with local government ownership decreased from 97 percent to 25 percent. This 25% is still one of the highest among all districts of the city [see table 2], and about three times higher than the average number in whole of Budapest. These facts alone make

Józsefváros a unique and interesting area to study the extent (if any) of gentrification taking place in the district.

The majority of the buildings (eighty percent) was built before 1920 and survived both the world wars and recent modernization. The building stock inside the Grand Boulevard was always considered as better than the neighborhoods over the Boulevard where housing was traditionally associated with low status.

In 1997 the local government with the Budapest City Council established the Rev8 Józsefváros Rehabilitation and Urban Development Co., partially owned by the local district council (60.9%)

and the Budapest Town Hall (39.1%) a non-profit, non-governmental joint stock company for the purpose of the revitalization of some part of the district<sup>4</sup>. Rev8 carries out the whole process of rehabilitation containing several projects, starting them from the preparatory works, to the actual physical renovations, and the planning and development of public spaces and infrastructure. In the following sections, I will introduce three parts of the district hosting my selected study areas [see map 2 in Appendix II].

### 3.2.1 The Palace quarter

The so-called Palace Quarter is the district's most developed area with a strong social identity. Its housing stock is the best among all neighborhoods characterized by 4-6 story houses in good or average condition with parked areas and pleasant inner courtyards. The cultural and educational institutions on its territory and the key strategic main roads and the fact that the quarter was never challenged by social problems so typical to the other quarters, and its good location adjacent to the fifth district and the newly renovated Ráday utca<sup>5</sup> area of the ninth district created a completely different atmosphere and socio-economical status than neighborhoods on the other side of the Boulevard. This area has a vivid cultural life accommodating two universities, several museums and theaters. Houses with neo-Renaissance, art nouveau and gothic styles, mostly from the turn of the last century escaped modern constructions more successfully than other districts; the architecture was preserved during those years when the inner Józsefváros was filled with wealth and rich architecture for aristocrats and industrialists<sup>6</sup>. During the last years this area was (and still is) undergoing rapid transformation, property prices have increased substantially widening the gap between the two sides of the district – divided by the Grand Boulevard.

<sup>4</sup> Data from Rev8 from <http://www.rev8.hu>

<sup>5</sup> 'utca' means 'street' in Hungarian

<sup>6</sup> Financial Times [online] (January 26 2007) A Palace Quarter uprising retrieved from <http://www.ft.com/cms/s/801c099e-abc9-11db-a0ed-0000779e2340.html>

### **3.2.2 Rákóczi tér<sup>7</sup> - Market Hall quarter**

Probably no other of Budapest's squares has gained such notoriety as Rákóczi tér. Its name was heavily associated with crime and prostitution for decades. The situation has significantly improved in the last 5 years, yet probably another decade is needed to change the public's attitude toward this place. In these days, the square is undergoing major construction due to the building of the fourth metro line in the city with a station planned for Rákóczi tér. In the middle of the square, the old city market can be found hosting a great number of shops and fresh food stands. Around the square small shops and restaurants offering affordable services for the local residents have developed.

### **3.2.3 Harminckettesek tere<sup>8</sup> - Central Józsefváros**

In recent decades, the traditional center of the district experienced a negative transformation up until year 2000 with serious deprivation in its housing stock and intense social problems of its residents especially in the southern part of the quarter. In year 2000, the local government initiated rehabilitation programs to arrest these tendencies and during the last six years these programs resulted in some positive changes. The quarter has great potential to return to its status as a central place again. Surrounded by three major roads The Grand (József) Boulevard, Üllői út<sup>9</sup>, and Baross utca functions as the “heart of the district” dealing with major transportation lines. The area has several important institutions on its territory such as schools, universities, and the central building of the local government. The Harminckettesek tere lies on the crossroads of Baross utca and the Grand Boulevard with a significant traffic flowing through all day and night long. It can be described as a widening of Baross utca, rather than a regular square. There are

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<sup>7</sup> ‘tér’ means ‘square’ in Hungarian

<sup>8</sup> ‘tere’ means ‘the square of’ in Hungarian

<sup>9</sup> ‘út’ means ‘road’ in Hungarian



several shops around, bus and, trolleybus stops joining the tram line number 4 and 6 that travels the length of the Grand Boulevard.

### 3.3 The Corvin Project

While the Corvin project does not belong to my selected study areas, it should be mentioned here as a major development and catalytic factor in the district's urban regeneration process. It lies on the south part of the district in a zone was previously considered as a crisis spot. This area now hosts the largest integrated urban renewal program in Central Europe, called the Corvin-Szigony Project. During the constructions 1400 of total 2500 existing apartments will be demolished and a new residential and commercial area in the district will be built within the next 15 years [see photo 1 and 2].

**Photo 1 and 2. The Corvin Promenade - past and future**



Below, I will discuss my primary research findings from these neighborhoods with special attention paid to the empirical indicators previously defined. My aim is to emphasize that while

these areas are relatively close to each other and part of a single district; changes may not take place at the same speed and to the equivalent degree, and may not be “typical” according to models of gentrification based on West European or North American experiences. This can be attributed in part to the controversial uniqueness of the district and the fact that post-socialist cities may offer some new aspects in the study of urban changes.

## ***Chapter 4. Methodology***

### ***4.1 Indicators defined***

Gentrification occurs in a spatially uneven manner depending on social, economical, political and environmental factors. (Lees, 2000; Ley, 1994) While there is no single method to detect whether or not one particular area is undergoing gentrification, the broad literature provides a description of the measurable social, economical and environmental indicators of the process. In order to measure this phenomenon the following four most common indicators have been used:

1. Spatial and architectural transformations (Smith, 1996)
2. Rising property values (Smith 1996, Hamnett, 1991)
3. Population movements and social displacement (Paccione, 2005; Ley 1994)
4. Changes in retail/consumption services (Smith 1996, Hamnett, 1991)

I have examined the unique characteristics of each area, using maps, images, previous studies and the long-term developmental plans of Józsefváros to provide a multidimensional description of the ongoing processes, and to discuss the possible reasons for the different extent of gentrification of these neighborhoods.

### ***4.2 Data gathering***

#### ***4.2.1 Spatial and architectural transformations***

To measure how neighborhoods have been renewed and transformed, photos taken by the author are analyzed in order to detect spatial and architectural transformations in each study area. While

visual examination in itself does not tell about the underlying process, analyzing these visible transformations together with other indicators can provide adequate information about it.

#### **4.2.2 Rising property values**

In order to observe and document changes in property prices in Józsefváros, I examined several previous studies on housing dynamics in the region. The quantitative data on property price trends were gathered from major property agencies, and the Central Statistical Office's library and website. Other valuable information source were obtained from the local government of Józsefváros, and newspaper articles. Additionally, semi-structured interviews were conducted with local shop owners and local service workers in the hope that they can add some valuable information to my research on housing in the area. While the purpose of this study is not to document exact property prices, I analyzed a general trend in the district and in the selected areas.

#### **4.2.3 Population movements and social displacement**

In order to capture the effect residential change in certain neighborhoods, it is necessary keep track of those moving in and out the area. The problem with finding and interviewing people pressured to move out, that they have already moved, and there is no way to keep track on their whereabouts. Gentrifiers are also hard to find for the same reason, a systematic survey of each household regarding the questions when they moved in, and whether or not they representing a new middle class would have been rather difficult.

For this study, the most practical method to measure the intensity of such changes was to survey and interview local shop owners about local residents as a proxy measure. The assumption was that while these shop owners and service providers may not live in the area, they know the local

residents and can provide reasonably reliable data. Statistical demographic data from the Central Statistical Office were gathered to provide a general quantitative background of recent population movements in Józsefváros.

#### **4.2.4 Changes in retail shop profiles and consumption patterns**

These markers indicated that shops and services previously focusing on the needs of the working class would change their profile and service according to the needs of the new middle class residents. Interviews and surveys with shop owners and service providers were conducted to detect such changes. Surveys and interviews were documented, and tables were created to summarize the results.

### ***4.3 The role of the local government***

I examined role of the local government in the current urban transformation processes in Józsefváros by looking at the long-term development plans of the district, on the assumption that it would act as a significant agent in the regeneration process (Sykora, 2005). The document “15 year developmental plan of Józsefváros” summarizes the major characteristics, problems, and future plans of the whole district and each quarter including the three study area.

### ***4.4 Survey and interviews***

The author of this study constructed the survey questions (see in Appendix) to capture the indicators referred to above. The short questionnaire sought answer why shop owners opened business in that neighborhood and when. I asked them about the atmosphere of the neighborhood, the locals, certain dynamics, and the previous business in their unit. The end of the survey gave an opportunity to continue the conversation as a semi-structured interview, to provide some

important additional information if necessary. The reason I constructed a two-step method was my concern that shop owners and workers are usually busy and they may not have time to have a long discussion.

In the following, I will present and analyze the results of my research, organized by indicators discussed above. First, I will provide a short analysis on visual transformations using photos of each area, then I report property price changes, followed by interviews indicating social displacement, data concerning changes in the profiles of retail shops and services. Additionally I describe the local government's role in the rehabilitation of each neighborhood, and at the end of this chapter, I will summarize the findings in a table.

## Chapter 5: Results and analysis

In the following section, I will present the findings from the three selected areas of this study. All these neighborhoods display different characteristics with varying strength and weaknesses (discussed in the previous chapter), and the local government tailored the regeneration strategy based on assessment of these needs.

### 5.1 Spatial and architectural transformations

#### 5.1.1 The Krúdy-Mikszáth area

The Krúdy Gy. utca was one of the first areas where the regeneration had already begun<sup>10</sup>, thus the area already manifests clear signs of gentrification, offering upgraded residential units, and quality shopping and dining in a pleasant *milieu* (See photos 3 and 4).

**Photo 3: Shops and cafés on Krúdy utca**  
Source: author's own



**Photo 4: The Mikszáth tér**  
Source: author's own



<sup>10</sup> ibid

### 5.1.2 Rákóczi tér

Currently, visible signs of upgrading includes large-scale constructions of the metro, one completed house-restoration and a limited attempt to emphasize the new „café culture”. [Photos 5 and 6]

**Photo 5. Old houses and construction works**  
Source: author's own



**Photo 6 The Csiga Café**  
Source: author's own



### 5.1.3 Harmincketteses tere

Visible changes as yet do not characterize this area, since the construction scheduled by the municipal government has not yet begun. Only some partial restoration on the façade of the buildings has been undertaken on a private basis by local shops. [Photos 7 and 8]

**Photo 7. Harminckettesek tere**  
Source: author's own



**Photo 8. Partial renovation and new development**  
Source: author's own



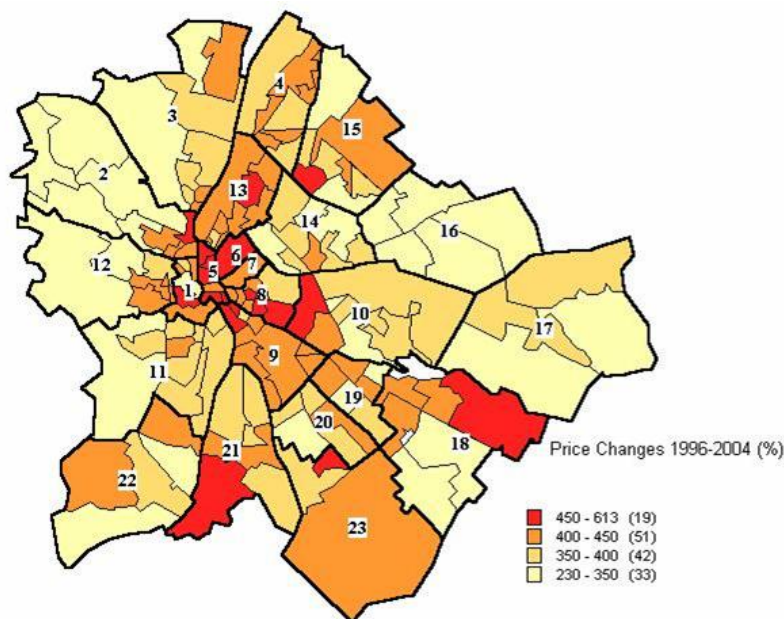


## 5.2 Rising property values

According to leading property investor databases, property prices skyrocketed within the last 6 years in Józsefváros. This growth is relative, because the starting price in 1996 was the lowest in

Budapest.

**Figure 1. Changes in property prices from 1996 to 2004 (Source: Toth, 2005)**



While properties of the districts are sold for one of the lowest price per square meter, that number is growing fast and subsequently placing district 8 at the top of the growth list.

This growth has varied within the district, but in general, the value of the properties has gone up significantly – especially when comparing the growth of house prices in other districts of the city. [See Figure 1]

### 5.2.1 Krúdy utca and Mikszáth tér - Close to the City

The fastest growing process can be found in neighborhoods over the Grand Boulevard. According to local residents, this part of Józsefváros (the so-called Palace quarter - referring to its original status and characteristics of the area) was always considered as an area belonging to the city (i.e. district 5), rather than to the ill-famed district 8.

In 1998, the local government of District 8 and the Budapest City Council started a complex urban rehabilitation program thereby affecting nearly the whole district. One of the study areas

namely the area from Krúdy utca to Mikszáth tér is situated in the neighborhood where one phase of the upgrading process has been already completed. The program included both the physical upgrading of buildings and also the creation of green and pleasant looking public spaces with benches and trees.

*“The surrounding streets are desired more than any other neighborhood in the district, either to invest or to buy an apartment in a pleasant quiet street near to the city center. Apartments with good characters are sold in weeks, and buyers cannot really negotiate on the price”. – B. Gyula tells me who works for one of the biggest property agencies in the district. He adds, “this area was always better than those “up there” [reference to the neighborhoods over the Boulevard], but now, it is truly visible how the place improved, and it will continue to improve, and the prices with it”.*

Apartments close to or on the Boulevard have always enjoyed higher status than those over the Boulevard. Neighborhoods beyond that had been considered as the slum, the “ghetto” and had the lowest property prices in Budapest. While apartments in the Palace Quarter without basic amenities are only 13% among all residential units, this number almost doubles at the other two study area, 23,3% at Rákóczi tér and 23,8 % around the Harminckettesek tere<sup>11</sup>. Besides the difference in location, the condition of the property and the level of amenities also help to explain the wide range in prices.

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<sup>11</sup> Source: “Józsefváros - 15 éves területfejlesztési stratégia, 2004”

### 5.2.2 Rákóczi tér – Waiting for the Metro

On the Rákóczi tér, I encountered the same trend. The residents and investors in the area expect even higher price rises because of the developing new metro line 4 with one of the stations on the square itself. Although the reputation of the area still suffers the stigma of ghetto with prostitution, crime and ethnic battles, prices are solidly going up, especially those directly looking at the square.

*“I decided to invest in several residential properties in this district.... [this] trendy, hip part of the city isn't as dangerous as they once thought... This, along with the government's assistance (metro 4 and other policies) should help increase the property values in the next few years. Rákóczi tér seems to me to be the clearest example of a place with a poor reputation that may turn into something quite nice”. (C.D. foreign investor)*

According to M. Zoltán manager in the P&T shop selling electronics in Rákóczi tér 2, prices went up that it is no longer a “place for the poor”. He says that good apartments a couple of years ago could not sell for long time, even for significantly cheaper than others on the Boulevard. The place had a very bad reputation and its name meant “prostitution and crime”. One or two years ago however, people started to buy up these places, renovating and selling them for a higher price. He says he would invest here, if he would have the money.

The square is currently under construction because of the metro 4 - one station of the metro will be here under the square. Now practically the whole inner part is closed down and the traffic flowing through the square is limited. Shop owners and the residents around this area are looking to the future with great expectations, hoping that the greater traffic will affect the businesses positively and the square will get back its original higher status. The overall opinion is that the place improved a lot since the crime rate dropped (due to the police's supervision through monitoring cameras around the area), and the square “*will be finally cleaned*”.

I can conclude that there is an overall elevation of property prices in district 8 in general, including my study areas. While the places in the Krúdy-Mikszáth area already enjoyed greater price rises, the other two neighborhood experiences greater price appreciation more recently. The most significant change can be observed in the case of Rákóczi tér where the negative reputation of the past served to keep prices relatively low.

### 5.2.3 Harminckettesek tere – Good Location

There had been some individual house upgrading on Harminckettesek tere that is considered as a “good location” because of its key position to the Boulevard. Prices went up quite significantly, just like everywhere on that part of the Boulevard running through Józsefváros. This tér is near to the recently upgraded Futó utca and the future Corvin Project which fact somewhat explains why people are more interested in buying.

*“I wanted to buy a place on this [Harminckettesek] tér. I grew up here in number 3. I would move into other houses here also, but there are no places for sale right now I could afford. I feel stupid that I did not buy it couple of years ago. There were many for sale, you could see the signs in the windows, and they were cheaper. Much cheaper. I should have bought it then, now I will have to wait to see what comes up, and pay a ridiculous amount. I don’t know. I wait, though. This area will be good.” (Angela, 38)*

Interviewees expressed that even though the square is very noisy because of the traffic and there few trees, the good location and access to public transportation make it wise to invest or establish business here.

*“This place was originally the doctor’s own property. His parents’ owned it. It was not the best spot, but now he is thinking on expanding the office here. Unfortunately, the neighbor [youth club] does not want to sell.” (Assistant Veterinary on Harminckettesek tere no. 2)*

### **5.3 Population movements and social displacement**

District 8 has been heavily affected by in and out migration. Compared to other districts in Budapest, Józsefváros lost the most significant amount of residents; between 1990 and 2006 the population decreased by more than 10 percent<sup>12</sup>. The reference to data needs to be more precise and specific. Once almost exclusively populated by working class families, the district went through a series of changes affecting both the number and the social composition of its residents. (Földes 2005)

Two methods were employed to gauge social displacement in Józsefváros. First, I interviewed local service workers and shop owners, asking them to share their observations on population movement in the neighborhood. My assumption was that while I cannot easily reach property buyers ('gentrifiers'), local shop owners who spend time in the area and know their clientele quite well could offer important, albeit impressionistic, insight. And while such information might be anecdotal, it can accurately indicate trends and changes.

#### **5.3.1 Krúdy utca and Mikszáth tér – „We have some famous people coming here”**

Twelve interviews conducted in the Krúdy – Mikszáth neighborhood yielded a general sense amongst shop owners that the area has become desirable for investment, residence and dining. While they mentioned that the area usually attracts all kinds of age and occupational group, some of them added that the locals are changing and “due to the high property prices” poor people are leaving this neighborhood.

*“We have a great variety of guests, but mostly students, intellectuals, tourists and some of the locals. Daytime younger people, in the evening older couples sit down here*

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<sup>12</sup> CSO data (Statistical Yearbook of Budapest 2006)

*for a dinner or for a drink. We have some famous people coming here too, politicians, and people known from the media. Nevertheless, we serve everyone.” (P. Zita, owner of Café M2)*

This theme of the “leaving poor” was less detectable than what I observed it in the other two neighborhoods. It was probably due to that fact that traditionally the Palace Quarter always enjoyed a good reputation and poverty did not manifest on large scales. Here, in the Krúdy-Mikszáth area the great majority of the shops are cafes and restaurants. The interviewees are stressed that their businesses attract mostly people “from outside of the area”, emphasizing the closeness of the city and the role of the cultural institutions in the area. They often pointed out that their neighborhood has little in common with the rest over the Boulevard.

*“A couple of years ago the area was more mixed. All kinds of people. I mean it has never been that bad as over the Boulevard. That is a slum. However, here, it was always better, not that much poor and Roma. It is even better now. They [the poor and the Roma] come here too, but they live somewhere in the ghettos. Here the locals are good people, no problem with them.” (The owner of the Leonardo Pizzeria)*

To the question if they can notice any changes in the social profile of the locals, 7 interviewees reported observation of “*less poor and more well-to-do*” residents in the neighborhood than 5 years ago. 4 interviewees did not notice any changes, and 1 reported “*getting worse, more poor and penniless beggars*”(Owner of Darshan Udvar)

### **5.3.2 Rákóczi tér – great expectations**

On Rákóczi tér, four interviews were conducted in shops, and also four in the open market hall. All interviewees agreed that the neighborhood went through (and is currently undergoing) changes in terms of social composition of its residents. Business owners and workers of the shops stressed these changes even more, saying that the population has changed significantly during the last two years.

M. Zoltan, The general manager in the P&T shop selling television and other electrical appliances, considers himself an expert on recent changes in the building, thinks these changes represent a wider trend in the vicinity. *“Before,” he said, “my customers were only interested in goods belonging to the low price range. Now I can sell better quality stuff. The first questions of the customers are not about the price, but the quality.”*

The owner of a Rákóczi restaurant likewise tells me how he deliberately established his place on the square in a unit previously occupied by an ill famed bar, a meeting point for pimps, prostitutes and other “criminal elements”. He bought the place and turned it into a pleasant restaurant with moderate prices, mainly serving locals, but that these locals include business people, intellectuals, foreigners living nearby and students. He is having the food menu translated into English, and has established an active website for the restaurant. His example is not unique on the square: the unit next door is the well-known Csiga café, owned by an Irish businessman.

The postal worker of the area has worked here for over 10 years. His territory covers both Rákóczi tér, Harminckettesek tere and the streets in between, and knows the neighborhoods quite well. He said:

*“The color of this square is changing, if you know what I mean... [reference to the leaving Roma population]. There have been a lot moving in and out in the last one-two years, which makes my work difficult. So many new names! But I don’t complain [L]ess Roma and more of the Magyars from other districts, guys in business suits – (he laughs) you could not see such a thing here before! And foreigners too. They love this square, especially those not knowing about its bad reputation.”*

His view of why all this is happening is quite straightforward. People like nice squares with trees and pretty old houses, he says, and the proximity to the city is a factor too. He is also confident that the new constructions and renovations will improve things further still.

### 5.3.3 Harminckettesek tere – fast traffic and slow changes

On the Harminckettesek tere 10 interviews were conducted. Shop owners reported “slow changes” in general and mentioned that their shops are at the crossroads of two major streets Baross utca and József körút<sup>13</sup> with heavy traffic and pedestrian flow. Because of the great traffic on the busy streets, it is difficult to observe who is local and who is not. Additionally most shops have “regular customers not from the area” or those “shopping while waiting for the bus, tram or trolleybus”.

Nevertheless, 8 out of 10 reported that the neighborhood is transforming into “something better”, and higher income people frequent the area and that there are generally more well-to-do people in the neighborhood than 5 years ago. One interviewee did not notice any changes, and one could not answer the question.

*“I never had problem with the Roma people,... you cannot see as many as before... [T]hey moved out when the builders started to demolish their homes. Maybe they got better ones somewhere else. Now with these new developments, there is no space for them”* (M, local locksmith)

*“This square is good. People are here normal, and these apartments are not cheap here. The problem comes from the ghetto. They come here and steal. However, these poor people have to go. Now it is decided up there, that they will make an example with this area.”* (Seller in the textile shop)

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<sup>13</sup> Name for the Grand Boulevard in Józsefváros



There was an interesting distinction between the right and the left side of the square when I asked how they could evaluate the area. Do they like it or not? Surprisingly, the right side (5 shops) was very positive and considered expansion or opening another business nearby, while the left side (5 shops) did not share this positive attitude. The right side did not mind the “poor and the Roma” but thought that they are slowly disappearing, while owners on the left side often expressed fear of robbery and a general negative attitude toward people with low status. Here on the right side 4 shops did not wish to participate in the survey, while on the right all shops did, engaging in longer conversation about the area and its potentials. These findings are fascinating; however, I have not arrived at a clear explanation. Maybe it has something to do with the closeness of the bus stop, with people standing all day long front of these shops. Or probably the fact that businesses on the left side in a modern building usually do not own their shops (the unit) but rent it, while the left side with old buildings and old shops usually work in their own property therefore more being able to associate themselves as a “local”, attached to the square? This attachment might help owners to think of the neighborhood as “ours”, keep interested about its future (affecting his business) and get involved in certain local actions (protests, decision making, local elections).

#### ***5.4 Changes in retail / consumption services***

Changes in the shops’ profile can also indicate that the neighborhood’s social composition has changed. A method used in this study to detect such changes was the observation and documentation on the type of commercial and retail services provided. Works of Neil Smith and other theorists provide a wide range description on how gentrification changes the consumption profiles of residents, and that local shops try to attract new middle class residents by offering services and goods in line with new consumption patterns. (Smith, 1996, Ley, 1994, Paccione

2005). Thus the appearance of cafes, quality dining restaurants, bookshops, boutiques and other specialties considered to be attractive for middle class consumers are obvious indications of gentrification and displacement. In order to trace this shift, shop owners interviews were specifically asked about the timing of establishing their business as well as about whatever they knew of the profile of the shop before (or since) they opened it.

Based on the data provided by the interviewees, three table was made [see table 3, 4 and 5 below] indicating the previous and current business, the date of the shop's establishment and under GI (gentrification indicator) the relative upgrading from working class service to middle class one<sup>14</sup>.

#### **5.4.1 The Krúdy-Mikszáth neighborhood**

This limited amount of data based on the interviews and profile changes of the shops does indicate some degree of population movement, seen in a shift of consumption patterns from working class to middle class ones. It is hard, however, to determine to what extent the shops profile reflect local consuming patterns rather than the consumption patterns of visitors to the area. While shops, cafes and restaurants show a strong upgrading to middle class services, this could be a result of that daily major tourist and “outsider” flow.

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<sup>14</sup> This last point is somewhat problematic and the decision was based on the author's perception of “upgrading/downgrading”. If there was no data of the quality of the service was given before, it was difficult to decide which to be considered as a “shop attracting the middle class” or “serving the needs of the working class” for example a bar to bar, or clothing to bookshop change. In these cases, the indicator was given as uncertain (~~).

**Table 3. Profile changes of shops in the Krúdy-Mikszáth neighborhood<sup>15</sup>**

Address	Name of the shop	Current Profile	Date of establishment	Previous Profile	GI
Krúdy 1	“Krúdy Söröző”	Bar	2006 Nov.	Low quality bar	+
Krúdy 1	“Rock Café”	Café / Bar	2007 Jan	No business	+
Krúdy 6	“Nothing But the Blues”	Café / Restaurant	1993	Coal Cellar	+
Krúdy 6	“Kék Frontosa”	Fish Shop	1997	Storage	+
Krúdy 7	“Biopont”	Organic food Shop and Restaurant	1999	Pub	+
Krúdy 7	“Darshan Udvar”	Café / Restaurant	1998	Local Bakery	+
Krúdy 7	“Könyv”	Book shop	2006	Clothing	~~
Krúdy 8	“Leonardo”	Pizzeria	1994	Coal Cellar	+
Krúdy 8	“Darshan Café”	Café	2002	Bar / Butcher	~~
Krúdy 9	“Iguana”	Used clothes	1997	Vegetable shop	~~
Mikszáth 2	“Zappa Caffé”	Café	2003	Bar / Café	~~

(Source: Author's own)

#### 5.4.2 Rákóczi tér

The following table summarizes shops and profile changes on Rákóczi tér<sup>16</sup>. Businesses in the market hall are not included.

<sup>15</sup> Shops did not wish participate in the survey: convenient shop, optician, vegetable shop, music CD shop, grocery shop.

<sup>16</sup> Shops not participating: musical instrument shop, pharmacy, shop selling household and kitchen appliance, child cancer foundation, transportation company.

**Table 5. Profile changes of shops in the Rákóczi tér**

Address	Name of the shop	Current Profile	Date of establishment	Previous Profile	GI
Rákóczi 1	“Alfa-sat”	Antenna	1996	Fishing	~~
Rákóczi 2	“P&T”	Electronics	1995	Household Accessories	+
Rákóczi 1	“Rákóczi Étterem”	Restaurant	2006	Bar (ill famed)	+
Rákóczi 1	“Csiga Café”	Café	2002	Chinese Pastry	+

Source: author's own

Based on the data collected in Rákóczi tér I can conclude that for few shops I studied, profile change did occur as an upgrade. The most significant a marker of middle class consumption is the Csiga Café, unique atmosphere. Csiga café appears in several restaurant reviews online, one of which labels it “a nice little artsy café/pub”, and mentions the sign “English friendly” featured in the cafe. The emphasis on English is not only due to the fact that the owner and the waiters speak good English, but also for the diverse mixture of guests, locals and tourists, many of them expatriates.

#### **5.4.3 Harminckettesek tere**

In terms of changes in shop profile (see table 4 below), it would appear that those opened more recently are more upgraded. As indicated earlier, this observation is somewhat subjective, since the table does not show the quality of the business, only the profile. In the case of the butcher shop for example, one could ask what kind of improvement is from a convenience shop to a meat shop. Here I had to obtain information of the previous business and (often visually) evaluate the current one.

**Table 4. Profile changes of shops in the Harminckettesek tere neighborhood**

Address	Name of the shop	Current Profile	Date of establishment	Previous Profile	GI
Harminckettesek 2	“Állatorvos”	Veterinary Office	1993	Siphon bottle repair	+
Harminckettesek 3	“Húsbolt”	Butcher Shop And Cookery	2007	Convenient shop	+
Harminckettesek 4	“Farmer Irregular”	Jeans Clothing	1992	Clothing	~~
Baross 59	“Makai”	Metal, locks, nails.	1984	Shoemaker	~~
Baross 59	“Éden Biobolt”	Organic / vegan food shop	2002	Furrier	+
Harminckettesek 5	“Tapéta”	Wallpaper	1987	House equipments	~~
Harminckettesek 5	“Ékszer”	Jeweler Shop	1997	N/A	~~
Harminckettesek 6	“Első Lakáshitel”	Financial Services	2004	Furniture Shop	+
Harminckettesek 6	“Méteráru”	Fabric shop	N/A	Book shop	~~
Harminckettesek 6	“Ajándék”	Souvenir / Sweets	2006	Chinese Clothing	+

(Source: author's own)

On the Harminckettesek tere, the voices of shop owners reporting changing population characteristics have been stronger than in the Krúdy-Mikszáth area, however, these shops showed less typical middle class profile or only few changes occurred recently.

### ***5.5 Rehabilitation – the role of the local government***

According to the district rehabilitation plan of Józsefváros, the future vision to achieve is a district with 11 quarters (with distinct characteristics requiring differentiated strategies of rehabilitation) “liveable” and safe for all the culturally and socially diverse sections of the

population. In order to achieve the re-birth of Józsefváros, the plan set the following goals: to elevate the status of the district to regain its original metropolitan atmosphere; to improve the area's socio-economic condition; to stop the social segregation and to help individuals to break out the poverty spiral<sup>17</sup>.

The plan recognizes the significance of the built environment including public spaces like streets and parks, and residential and non-residential buildings. The basic strategy therefore was to create functional and pleasant green areas, an adequate number of parking spaces, and build attractive and affordable residential units in all the quarters. In the next sections, I will discuss the municipal government's long-term development plans for each study area.

#### **5.5.1 Krúdy Gy. utca – Mikszáth tér (Palace quarter)**

This quarter has the best situation and economic potential among the eleven in the district. This fact can explain its ability to undergo continuous development and renewal, thus there was no need for long-term direct intervention and investment from the municipal government in this particular area, other than helping the development of this neighborhood with certain regulations and providing adequate services to attract investors and residents interested in this quarter famous for its vivid, colorful, culturally diverse character with popular cafés, restaurants and cultural life.

The strategy targeting this area includes support for renovations of privately and publicly owned buildings, regulation and support the development of underground parking spaces, strengthen the area's cultural significance with the involvement of different educational and cultural institutions,

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<sup>17</sup> 15 year developmental plan of Józsefváros (Józsefváros 15 éves területfejlesztési terve)

establishing good working relationship with local NGOs and associations. The reconstruction of streets, living units and the adaptation of environmental regulations are expected to be complete in 2014.

#### **5.5.2 Rákóczi tér (Market Hall Quarter)**

This area has experienced rapid development in the recent years. With significant improvement of its crime statistics (due to video monitoring systems on the square set up by the police), this quarter finally departed from its degrading reputation, and became a popular target on the housing market. The completion of the metro station construction works on Rákóczi tér will intensify the dynamic regeneration of the neighborhood.

The municipal government provides financial support for renovating owner-occupied blocks and initiates a grand scale social housing project with the involvement of private investors, supports small retail businesses to strengthen the area's economic status and create local jobs. Similarly, to the previous study area, plans include the developments of underground parking spaces, and the co-operation with NGOs and civil associations. The regeneration of the square will be completed in the next 7 years and will elevate the status of the area<sup>18</sup>.

#### **5.5.3 Harminckettesek tere (Central Józsefváros)**

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<sup>18</sup> ibid

The local government has decided to play a significant role in the development of this quarter for its spatially central position. The future image of this area is a socially and economically important center of the district characterized primarily by small retail businesses with a special emphasis on Harminckettesek tere and Futó utca. Other goals are concerned with improved quality of living; development of underground parking spaces; financial support on the regeneration of privately owned buildings and also the partnership with local NGOs and associations as well as general improvement of the environment.

### ***5.6 Summary of the findings (Analysis)***

Based on the gathered and analyzed data, I can conclude that Józsefváros, including my three selected study areas, are undergoing differing degrees of urban renewal. While the market definitely influences the development of these areas, the municipal government keeps control of the changes affecting the quality of living units and public spaces. In all three areas, the local government initiated the regeneration process. The great potential of Krúdy utca and Mikszáth tér results in fast and visible upgrading, soon achieving the projected future image of a cultural center in the district with quality dining and shopping, important educational and cultural institutions.

Because of the different social, economical and spatial characteristics of the other two areas, gentrification manifests itself in a different way. The local government has a greater part to play and exerts greater direct control over these neighborhoods, which are still considered as slums and “ghettoes”. Therefore, development plans in these deteriorated areas are targeting socio-economic concerns with a claim they reduce troubles.



The location of a neighborhood determines whether a neighborhood can react to the housing market due to the municipal government's interest to intervene. This offers incentive and attracts private investors like at Krúdy Gz. Street and Mikszáth tér. The Harminckettesek tere, associated with the Boulevard, has experienced moderate growth, yet still requires ongoing support from the local government.

In my third case, Rákóczi tér is still considered a problematic area, strongly requiring the help of the local government both in the regeneration process and for the elimination of social problems, like segregation, lack of social housing and inter-ethnic tensions. The extent of gentrification in these areas can partially be attributed to the differing pre-gentrification stages of these areas. Nevertheless, I found that the most rapidly developing area currently is Rákóczi tér, starting with a very low status but having good potential and having been recently discovered by private investors also.

All main gentrification indicators were present studying the three study areas but on varying scales [see table 6]. This fact in itself shows that gentrification appears as a highly complex phenomena, suggesting that timing and the physical and social characteristics of the area make a difference, and that other factors not examined in this study are also influencing urban regeneration processes.

Table 6. Summary of findings of the study areas

Study Area	Upgrading of Built Environment	Property Price Rising	Changes in Retail (profiles)	Population Movement/ Social Displacement	Planning status	Future image
<b>Krúdy - Mikszáth area</b>	Partially restored housing stock, regenerated streets and newly re-built square	Originally higher prices, moderate rise	already showing the characteristics of a gentrified area with cafés, restaurants and cultural importance	Area already enjoyed higher social status	Initiated and completed by the local government, encouraging private investors for further renovation and upgrading	Cultural center characterized by cafés, restaurants, and increasingly affluent milieu
<b>Harmincskertesek tere</b>	Not detectable except partial renovation on the surface of a few buildings.	Solid continuous rise, influence of the Boulevard	The profile of the newly opened shops can indicate some shift from working class services to middle class ones	Moderate changes detectable due to its position to the Boulevard	Constructions have not started yet, completion is scheduled in 2010	Busy central area, organically linked to the Palace district, dominance of small retail businesses
<b>Rákóczi tér</b>	Ongoing construction work (metro), one fully renovated building	Dynamic changes on the property market, prices are rising rapidly	Few but important changes, ("arty" café, high quality electronics)	Significant movements, social displacement	Local government initiated constructions, scheduled completion in 2014	"Metropolitan" square with attractive historical housing stock, green area, key position in transportation

After examining the findings, the question should be raised: can recent urban changes in Józsefváros be interpreted as 'gentrification'? To answer the question one must return to the definitions of this term and realize that since urban theorist still debate how to define gentrification, there would be no easy answer.

Using David Ley's (1994) cultural explanation, it would be difficult to see these neighborhoods as being gentrified by the "new cultural middle class". Young intellectuals, yuppies and artists have not invaded these areas to that extent that would cause serious changes. The initiator, planner and often the developer of these changes and regenerations in Jozsefvaros was the local government and it was not designed in the realm of the free market as Neil Smith (1987) describes the process. Yet certainly, as Sykora (2005) pointed out, this intervention has a potential to induce "normal" market led gentrification, thus at the end of the process, the neighborhood is experiencing the same result. Smith's (1996) "revanchist city" theme, not observed in the entire district can explicitly be observed in the Corvin Project where poor tenants whose houses were demolished were not offered a new unit in the development. Using Hamnett's (1984) conceptual map which lists five factors [see in **Chapter 2**] the answer could be yes, we can interpret the current processes in the study areas as gentrification, because all factors can be traced in the district. Due to recent changes of the occupational structure of de-industrialized Budapest, people like to live closer to the CBD, and experience a city-life. The demographic data provided in this study did show changes in the characteristics of the population. Investing in these areas is promising, and local residents are aware of that their neighborhood is "vulnerable" for an upgrading rejuvenation wave.

In order to answer the question posed above, it is probably a better approach to put more emphasis on *what* is happening instead of focusing on *why* those changes are taking place. Although despite four decades of research did not seem to have come to an agreement on why the phenomena occurs, the key features of the gentrification process are well documented and generally accepted by urban theorists. In this study, all these features based on the literature were examined in the study areas, discussed and analyzed, and the following chapter will present the conclusion.

## ***Chapter 6: Conclusion***

This paper is a response to a growing call for expanding gentrification research to post-socialist cities in order to gain a more complex empirical understanding of the process, and on urban changes in post socialist cities in general. Additionally by supplying new data to the existing literature on post-socialist cities might serve as contribution for wider comparative studies on this topic.

By reviewing the relevant literature and analyzing the collected data, it is clear that certain urban process in Józsefváros can be interpreted as gentrification. Since there are still quite a few differences between the social, political, and spatial structure of the western and post-socialist city and as it appeared from this study that the role of the local government also play a role in the regeneration processes, it should not be surprising that researchers find different manifestations of the same phenomena in these cities. The realization that gentrification varies by cities, even by neighborhoods within a single district, must enable the researcher to predict and accept a great number of variations of the same process.

There are a few limitations of this study. Due to time constraints, a more complex longitudinal observation on the gentrification process in Józsefváros was not possible, and for the same reason tracking and contacting the gentrifier and the gentrified would have been difficult. My results based on interviews are documenting the participants' subjective perceptions on certain transformations in their neighborhood, thus it is not known that to what extent these reported changes are accurate or simply wishful thoughts as a result of being exposed to advertisements,

gossips and promising development plans about the “new district”. I did not address question of gender in relation to gentrification, nor discuss the wider political background of the regeneration programs.

During the interviews, I did not meet any resistance to gentrification. Does it mean that social displacement operates in a less harmful and destructive manner in Budapest? Not necessarily. Unlike Western cities where gentrification often results in strong resistance (Williams, 1988), the post-socialist Hungarian civil society is less organized, and NGO's are less powerful and successful in the defense of the poor. The displaced peoples from Józsefváros very possibly are just as dissatisfied and desperate as displaced peoples of Western cities. Most likely, the voices of discontent fail to find the appropriate channels for expressing their concerns. Another very important factor is that my participants were business owners and workers, and not the poor being swept out from the neighborhoods. These limitations with my conclusions should serve as a possible compass for further research on post-socialist cities.

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## **APPENDICES**

### **A.1 List of interviews**

	<b>NAME</b>	<b>PLACE OF INTERVIEW</b>	<b>SHOP</b>	<b>POSITION</b>	<b>CONTACT</b>	<b>DATE</b>
001	N/A (woman)	Harminckettesek 2	Állatorvos	Assistent Vet		April 13 2007
002	D. Gabor	Harminckettesek 3	Húsbolt	Owner		April 13 2007
003	N/A (woman)	Harminckettesek 4	Farmer Irregular	Shop assistant		April 13 2007
004	Makai Karoly	Baross 59	Makai	Owner	(1) 333-52-35	April 13 2007
005	N/A (woman)	Baross 59	Éden Biobolt	Shop assistant	(1)251-81-26	April 13 2007
006	N/A (woman)	Harminckettesek 5	Tapéta	Shop assistant		April 16 2007
007	N/A (woman)	Harminckettesek 5	Ékszer	Owner		April 16 2007
008	Ritzinger Tamara	Harminckettesek 6	Első Lakáshitel	Manager	801-35-85	April 16 2007
009	N/A (woman)	Harminckettesek 6	Méteráru	Shop assistant		April 16 2007
010	N/A (woman)	Harminckettesek 6	Ajándék	Owner		April 16 2007
011	N/A (woman)	Krúdy 1	Krúdy Söröző	Waiter		April 23 2007
012	N/A (man)	Krúdy 1	Rock Cafe	Waiter		April 23 2007
013	Posztós Kriszta	Krúdy 6	Nothing But the Blues	Owner	+36 20 3228602	April 24 2007
014	N/A (man)	Krúdy 6	Kek Frontosa	Owner		April 24 2007
015	Cziba Ildikó	Krúdy 7	Biopont	Manager	(1) 266-4601	April 23 2007
016	N/A (man)	Krúdy 7	Darshan Udvar	Owner	(1) 266 5541	April 23 2007
017	N/A (man)	Krúdy 7	Könyv	Co-owner		April 23 2007
018	Matics Norbert	Krúdy 8	Leonardo	Owner		April 24 2007
019	N/A (man)	Krúdy 8	Darshan Café	Owner	266-7797	April 24 2007
020	N/A (man)	Krúdy 9	Iguana	Shop assistant		April 23 2007
021	Szűcs Péter	Mikszáth 2	Zappa Caffé	Owner		April 24 2007
022	Pozsgai Zita	Mikszáth 2	Club M2	Owner		April 24 2007

	<b>NAME</b>	<b>PLACE OF INTERVIEW</b>	<b>SHOP</b>	<b>POSITION</b>	<b>CONTACT</b>	<b>DATE</b>
	Nagymengyi Ákos	Rákóczi 1	Alfa-sat	Shop assistant		May 4 2007
024	Merlicher Zoltán	Rákóczi 2	P&T	Manager		May 4 2007
025	Mihály György	Rákóczi 1	Rákóczi Etterem	Owner	(20)412 1462	May 4 2007
026	N/A (woman)	Rákóczi 1	Csiga café	Manager	(1) 210 0885	May 4 2007
027	N/A (man)		Market Hall Quarter	Postman		May 4 2007
028	C. D.	Rákóczi tér		Foreign Investor		May 12 2007
029	Z. Angéla	Harminckettesek 6	Méteráru	Shopper		April 16 2007
030	B. Gyula		A1 Ingatlan	Property Agent		April 23 2007

## A.2 SURVEY QUESTIONS

### SURVEY (English version)

Name of Business:..... date of IW .....

Address.....

Date of establishment: .....Profile.....

Name of interviewee.....Contact: .....

Why did you choose this area for your business?

.....  
.....

Is it your first/single business?.....Do you have other business in another area/district? Y / N

.....

Do you know what kind of business was here before yours? .....

.....

Do you live around here (or another district)?.....

.....

What do you think of the area? Is it optimal for your business? Why?.....

.....

.....

.....

Do you personally like this area?.....Why?.....

.....

.....

.....

Who are your guests/customers?....

.....

.....

How do you see the future of businesses in this area?.....

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.....

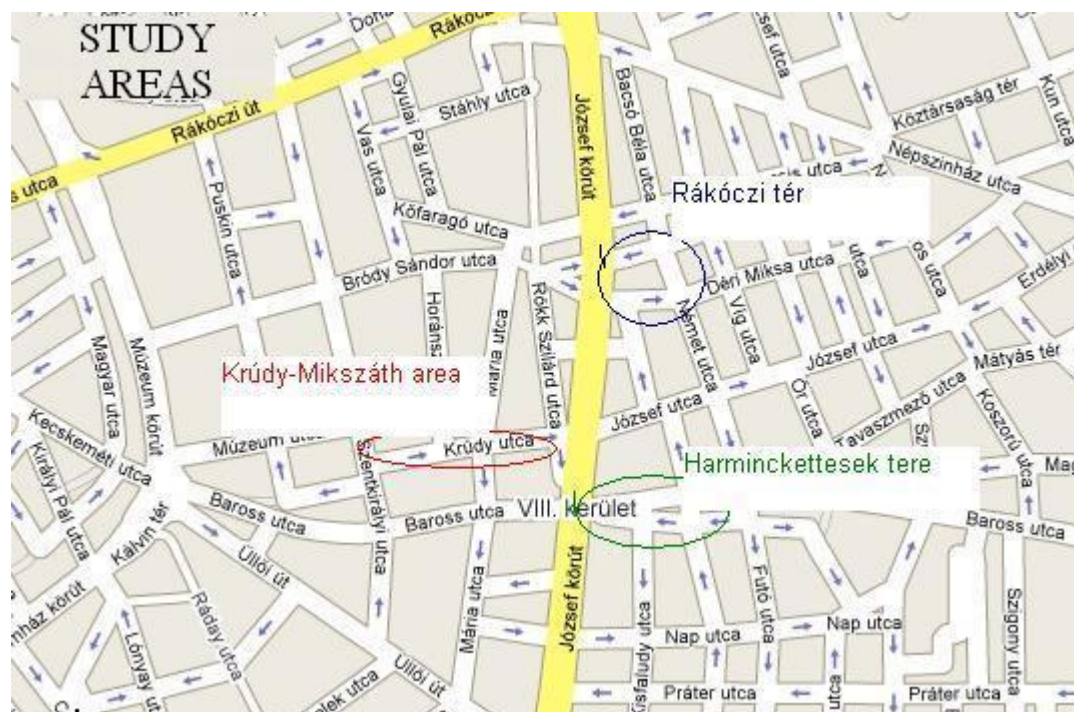
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## CEU eTD Collection

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Map 2. Study areas



Source: Google Maps

<http://maps.google.com/maps?f=q&hl=en&q=budapest&ie=UTF8&ll=47.522997,19.080162&spn=0.102475,0.295258&z=12&iwloc=addr&om=1>