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Evaluating the Economic Impact of Urban Public Space Regeneration Programs

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ABSTRACT

The article is aimed at a comprehensive assessment of the economic effect produced by programs for the regeneration of urban public spaces within the context of the socio-economic shifts of 2024–2025. The relevance of the study is determined by the need to develop verifiable approaches for measuring not only direct financial outcomes but also the social externalities that shape long-term territorial capital and, in turn, determine the resilience of spatial transformations. The methodological framework is built on combining the logic of Social Return on Investment (SROI) and Cost–Benefit Analysis (CBA), which makes it possible, at the same time, to capture monetizable efficiency parameters and to structure intangible effects manifested in user behavior, social cohesion, and the reputational advantages of a territory.

The empirical block includes an in-depth elaboration of case studies on the transformation of industrial zones and the development of public spaces in small towns and megacities, with a separate assessment of impacts on the luxury real estate segment and on B2B projects that depend on the quality of the urban environment and business infrastructure. The analytical basis integrates the results of implementing original concepts developed by the author, tested in international architectural competitions and in anniversary territorial development programs, which ensures comparability of design solutions across different institutional and cultural contexts. The practical orientation of the material is addressed to the professional community of urban planning, managers of development organizations, and stakeholders who make decisions in the field of urbanism.

The formulated conclusions emphasize placemaking as an instrument capable of simultaneously increasing asset capitalization and strengthening the social resilience of cities: a direct correlation is identified between the quality of the urban environment, the intensity of space use, and the investment attractiveness of territories. This finding confirms the need to consider regeneration programs as elements of economic policy and territorial development governance, rather than as isolated beautification initiatives.

KEYWORDS: Urban environment regeneration, public spaces, economic efficiency, SROI, urbanism, B2B segment, luxury real estate, sustainable development, placemaking, territorial capitalization.

INTRODUCTION

In 2024–2025, the global urban agenda demonstrates a pronounced shift from extensive territorial expansion toward prioritizing the qualitative revitalization of already-formed urban fabric. The significance of this vector is supported by 2024 data: within initiatives focused on professional placemaking, more than 30 publicly significant spaces were renewed, while the aggregate volume of grant funding exceeded USD 740,000 [1]. Against this backdrop, systemic challenges intensify, exerting a direct influence on urban resilience. In particular, the phenomenon of loneliness and social isolation-whose negative impact on health is comparable to the daily consumption of 15 cigarettes-actualizes the need to rethink “social infrastructure” as a complex of spaces of attraction, including parks, squares, and markets [2]. In addition, growing attention is recorded within the professional community to the crises of homelessness and mental health: in 2024, more than 12% of experts identified these factors as directly affecting the operating cost and accessibility of urban spaces [2].

A substantial scientific gap in the current body of research is associated with the shortage of integrated models capable of linking the qualitative parameters of placemaking with quantitatively measurable capitalization effects in high-budget real estate segments and in the B2B sector. The predominant share of publications concentrates on the dynamics of tourist flows or on short-term changes in tax

revenues, whereas the long-term "legacy effect" remains insufficiently accounted for.

In this connection, the purpose of the present article is to assess the economic impact of regeneration programs through indicators of asset capitalization and social wellbeing, with an emphasis on strategies for the conceptual development of territories.

Scientific novelty is formulated through substantiating a direct relationship between the implementation of identity-oriented public space concepts and the increase in the value of adjacent assets within a radius of up to 1.5 km.

The research hypothesis proceeds from the assumption of a nonlinear character of the economic effect of regeneration programs: the social return (SROI) is expected to exceed the volume of investments at least at a ratio of 2:1, while simultaneously forming a stable premium to the value of luxury real estate.

Materials and Methods

The methodological foundation of the study is formed within an interdisciplinary framework that brings together the tools of economic analysis, propositions from urban planning theory, and approaches to measuring social impact. As the core evaluative mechanism, the Social Return on Investment method (SROI) is adopted, enabling the translation of qualitative effects-including improvements in health status and the strengthening of social connectedness-into comparable monetized values through a system of financial proxies [3]. In contrast to traditional Cost–Benefit Analysis (CBA), SROI is oriented toward the interests of specific stakeholder groups and makes it possible to account, with greater procedural accuracy, for intangible benefits that under standard financial-audit routines often remain outside the analytical field [4].

The corpus of sources used is structured as a set of mutually complementary blocks that ensure comparability across scientific, market, and project-based data. It includes results from a bibliometric analysis of the Web of Science Core Collection dataset for 2000–2024, reflecting a shift in scholarly attention from predominantly GIS-oriented solutions toward the problematics of social justice and urban commons (urban patrimony) [5]. The academic corpus is supplemented by analytical reports from international consulting organizations-JLL, Sotheby's, and Cushman & Wakefield-for 2024–2025, which document price dynamics and profitability in the premium real estate segment [6]. The empirical component is supported by project documentation and final materials from architectural competitions, encompassing both regeneration cases in small towns and large-scale anniversary programs considered through strategies for the 300th anniversary of industrial centers [9]. Additional evidence is drawn from information on foreign direct investment and the development of IT hubs in the South Caucasus, interpreted as an indicator of the effectiveness of comprehensive urban transformations [11, 12].

The research procedure is organized in accordance with the six-stage SROI cycle: defining analytical boundaries, mapping outcomes within the Theory of Change logic, collecting empirical data, monetizing outcomes, calculating the final coefficient, and producing reporting outputs [3]. To strengthen the validity of the conclusions, a separate emphasis is placed on adjustments associated with "deadweight" (changes that could have occurred independently of the project intervention) and "displacement" effects, thereby reducing systematic bias in the interpretation of the resulting estimates.

Results and Discussion

In 2024, the identified trends indicate a qualitative shift in the understanding of urban regeneration: the renewal of the urban environment has ceased to be treated primarily as a visual–aesthetic modernization and has become established as a complex process affecting the social, economic, physical, and environmental parameters of urban life [5]. Empirical studies demonstrate that after 2021 the dominant direction becomes the strengthening of social cohesion, ensured through the involvement of residents and local communities in co-governance practices related to urban assets and spaces [5]. At the same time, the institutional vulnerability of such programs is recorded: 31% of the issues noted by the professional community are linked to bureaucratic barriers and a deficit of political will, which increases the importance of properly structured stakeholder communication as a condition for implementing and scaling interventions [2].

The economic viability of space within the analytical logic under consideration is measured not only through attendance indicators or direct monetization, but also through the capacity to break the "cycle of human depression"-a trajectory in which reduced investment in the material environment strengthens dependence on virtual interactions and, consequently, contributes to rising loneliness [2]. Within this frame, investments in "third places"-parks, cafés, community gardens-are interpreted as a preventive public-health instrument, potentially lowering the long-term burden on public healthcare systems by reducing socially conditioned risks through upstream prevention [2].

For developing well-grounded managerial decisions in development and in the public sector, a principled differentiation of evaluation methods by analytical capabilities and spheres of applicability is critical. Classic Cost–Benefit Analysis (CBA) retains the status of a baseline

approach for macroeconomic justification and for comparing alternatives at the level of social costs and benefits, whereas Social Return on Investment (SROI) becomes particularly significant when assessing projects with a pronounced social effect and within the B2B contour, where it is essential to account for the distribution of benefits across stakeholder groups and to capture intangible outcomes insufficiently reflected in standard financial reporting.

Below, Table 1 presents the results of a comparative characterization of CBA and SROI in the context of urban projects.

Table 1. Comparative characteristics of CBA and SROI in the context of urban projects (compiled by the author based on [3]).

Comparison parameter	Cost–Benefit Analysis (CBA)	Social Return on Investment (SROI)
Scale of implementation	Predominantly macroeconomic, governmental	Local, project-based, corporate
Evaluation period	More often ex ante (forecasting)	Balance between ex ante and ex post (evaluative)
Stakeholder accounting	Aggregated (population of the city/region)	Detailed (specific user groups)
Type of benefits	Economic, market-based	Social, environmental, non-market
Monetization method	Standardized economic weights	Financial proxies, project-specific
Output metric	Net Present Value (NPV)	Ratio, e.g., 1:2.5

The application of the SROI methodology enables the identification of latent components of value that remain outside traditional market metrics. For example, in community garden projects, the combination of direct contingent valuation instruments with a proxy-based approach demonstrated that total social value can exceed the market value of a land plot by multiple times [13]. In SROI calculation practice, the quantitative expression of the effect is often formalized through an indicator of net social discounted income, presented in the form of a computational formula:

$$SROI = \frac{\sum_{i=1}^{n} \times \frac{Social\ Value_i}{(1+r)^i}}{Initial\ Investment} \quad (1),$$

where:

Social Value is the monetized result for stakeholders;

r is the discount rate;

i is the time period.

In 2024, the average SROI indicator for high-quality placemaking projects in Europe was approximately 2.0, which implies a return of EUR 2 in public benefit for every euro invested [3]. In 2025, the luxury segment of the real estate market is characterized by a high degree of resilience to macroeconomic fluctuations and retains growth dynamics even amid overall volatility in financial conditions. Over the period 2019–2023, the value of luxury housing increased by 65%, whereas the non-branded segment demonstrated growth of about 40%, which points to a structural gap in capitalization rates [7]. This asymmetry is largely driven by the investment behavior of ultra-wealthy groups: HNWI allocate up to 32% of their portfolios to real estate, interpreting it as a defensive asset with relatively predictable value-preservation characteristics [14]. As a result, luxury real estate functions not only as a consumption good but also as a financial instrument whose price premium is sustained by a combination of supply scarcity, institutional

product quality, and stable demand for low-risk capital placement.

As a key driver of capitalization, "lifestyle alignment" is becoming increasingly visible, implying that a real estate asset matches an expanded set of value-based and infrastructural expectations. In 2025, wellness infrastructure, environmental certifications, and technologically advanced smart-home solutions move from the category of competitive advantages into the status of a baseline standard that shapes willingness to purchase and defines the boundaries of an acceptable price point [15]. Within this logic, branded residences created in partnership with luxury hospitality operators-Four Seasons and Ritz-Carlton-produce a stable premium of 25–35% to value, and the source of this premium is associated not so much with the brand's symbolic capital as with an institutionalized guarantee of service quality and the predictability of the characteristics of adjacent public space [14]. For the B2B segment, this configuration carries clear applied relevance: increased price stability and liquidity of the asset rest on the manageability of consumer experience, which shifts investments in environmental and service components from discretionary costs to elements of a long-term capitalization strategy (see Table 2).

Table 2. Dynamics of the luxury real estate segment and the influence of the urban environment (compiled by the author based on [6]).

Region / Market	Luxury segment price growth (YoY)	Contribution of environment/infrastructure factor	Key trend in 2025
Global hubs (London, Miami)	+6.1% - +7.8%	High (ESG standards)	Supply shortage in prime locations
Tbilisi (South Caucasus)	+8.7%	Critical (regeneration of city centers)	Shift toward quality development
Secondary markets (Madrid, Sofia)	+10.4% - +12.9%	Medium (tourism potential)	Influx of digital nomads and HNWI
Industrial centers (anniversary programs)	+15% (local)	Maximum (territorial branding)	Legacy creation (Legacy Planning)

In 2025, developer strategies show a shift from the logic of quantitatively expanding supply toward managing scarcity as a mechanism for sustaining a price premium and accelerating capital turnover. Projects in which technological and environmental solutions are integrated into a unified investment model-sustainable water management, geothermal systems, public areas with a high share of greening-demonstrate higher liquidity and shortened sales cycles. This points to a transformation of ecological and engineering characteristics from optional add-ons into a factor of market competitiveness [16].

The experience of Georgia in 2024–2025 is illustrative, where the development trajectory is described as a transition from predominantly tourism specialization toward strengthening the functions of a regional business hub. The growth of service exports in IT and BPO from USD 110 million in 2020 to nearly USD 700 million in 2024 served as a marker of structural change in the economy and, at the same time, generated increased demand for high-quality multifunctional spaces capable of supporting new formats of employment and business activity [11]. Within this dynamic, the role of projects working with the reinterpretation of industrial heritage becomes noticeable: one example is the Tbilisi Oriental project, localized in the Ortachala district, where the material memory of an industrial past (concrete, stone, metal) is translated into a High-Tech aesthetic and

used as the basis for forming an elite residential and business cluster [10].

Long-term investment confidence is additionally reinforced by major investments by Eagle Hills in Tbilisi and Batumi, estimated at approximately USD 6 billion [8]. At the level of market statistics, in the first half of 2025 more than 20,000 apartments were sold in Tbilisi, while average values in prestigious districts-Vake and Mtatsminda-reached USD 1,618–1,723 per sq. m, reflecting a combination of demand, quality expectations, and the effect of concentrated location attractiveness [8]. The success of projects such as "Lisi Lake AI-designed villas" and "Avlabari Hill" is linked to the use of advanced conceptual design methods, including the application of AI to optimize insolation and planning solutions. As a result, what is brought to market is not merely a set of square meters, but a consolidated package of "status and environment," which is a critical condition for capitalization in the B2B contour and in high-budget segments [17].

An additional layer of regeneration practice is associated with the use of anniversary dates as an instrument for forming a long-term "legacy effect." Regeneration timed to the 300-year anniversaries of major industrial centers demonstrates the potential of event-driven urbanism on the basis of Manchester's international experience and comparable initiatives in Eastern Europe: creating urban identity through symbols (including the image of the "bee") allows heterogeneous elements of the environment-from street furniture to mosaics in the city hall-to be tied into a single narrative, thereby increasing the coherence of the city's spatial image [9]. Under conditions of preparation for major milestone dates, "Legacy Planning" becomes central, because the experience of the Olympics and Expos-illustrated by Athens and Rio de Janeiro-shows that, in the absence of integration of temporary infrastructure into a long-term urban development strategy, the created facilities are converted into a financial burden [18]. Conversely, solutions oriented toward local communities and subsequent operational viability demonstrate a sustained increase in land prices within the impact zone even after ceremonial events end, consolidating regeneration not as an instrument of a short-term "event effect," but of the long-term capitalization of urban assets.

To understand the mechanisms through which regeneration exerts influence, it is necessary to consider the dynamics of stakeholder interaction and the structure of value formation (see Fig. 1).

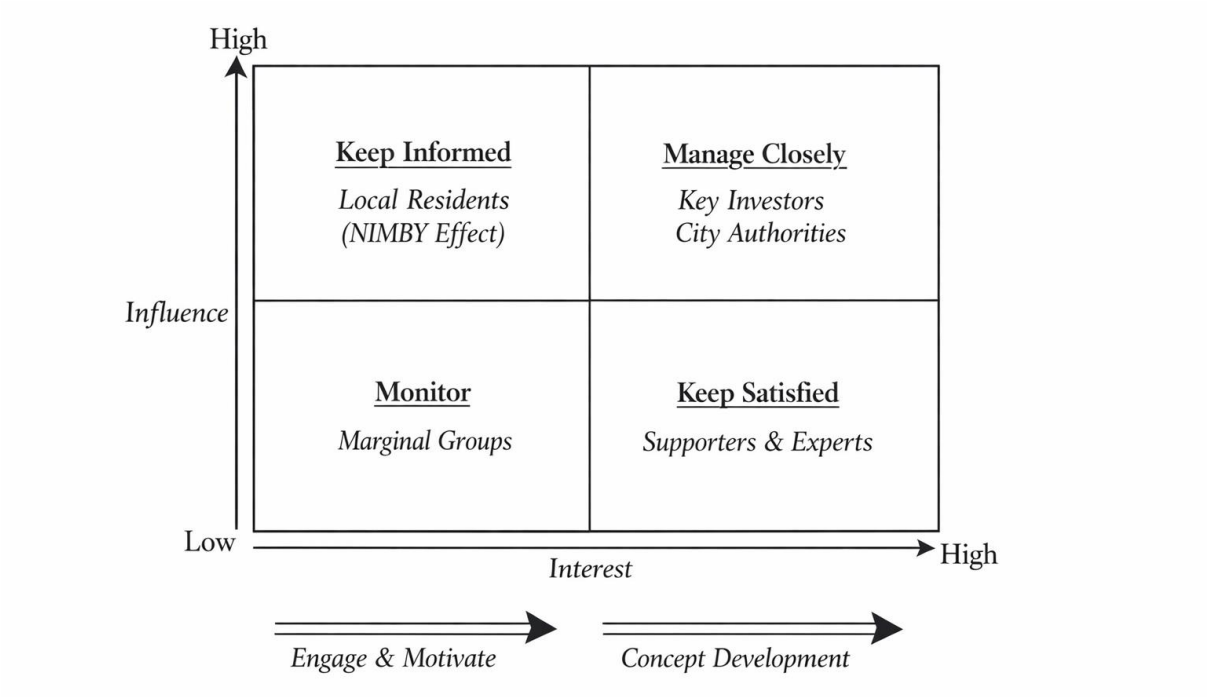

Figure 1. Stakeholder matrix in regeneration projects (compiled by the author based on [19, 20]).

Further, for greater clarity, Figure 2 will be presented, which shows a graph demonstrating the relationship between ROI and the quality of public space.

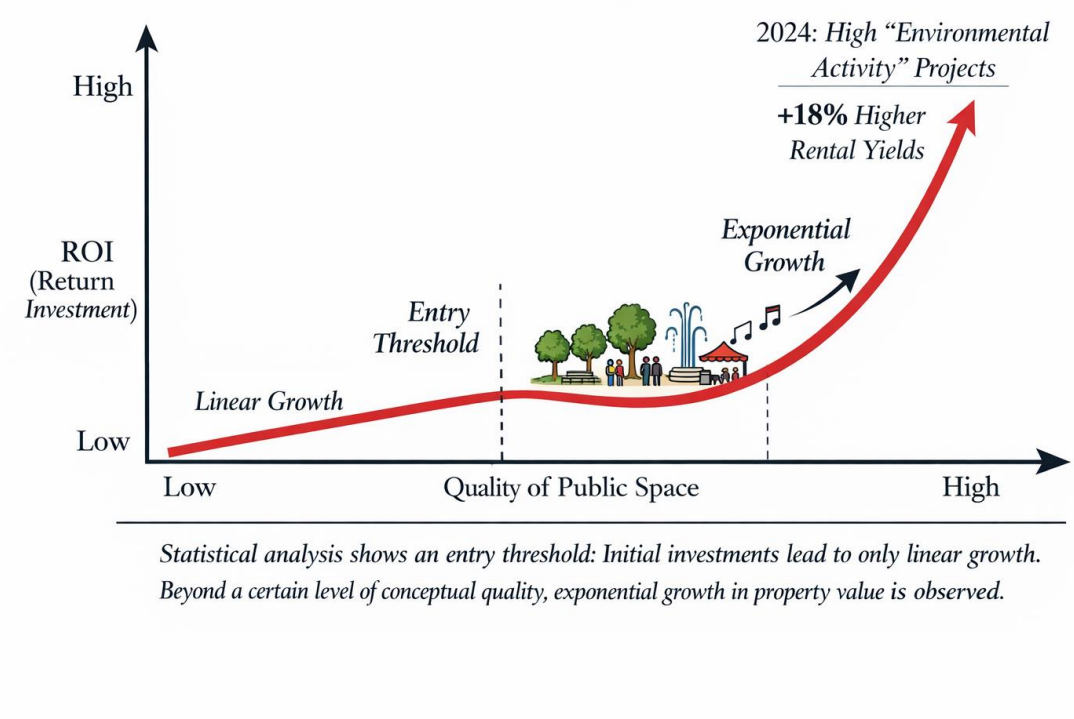

Figure 2. Relationship between ROI and the quality of public space.

Thus, regeneration should be evaluated and designed as a managed investment process: final value is generated not so much through physical renewal as through the alignment of stakeholder interests, the choice of an adequate impact-measurement methodology, and the assurance of long-term operational sustainability. In this configuration, the quality of public space serves as the connecting link between social outcomes and financial returns, setting practical reference points for development practice and public governance.

Conclusion

The results of the study demonstrate that in 2024–2025, programs for regenerating public spaces are advisable to consider not as an expenditure burden, but as a basic mechanism for building territorial competitiveness. Their economic effect is multichannel in nature and manifests simultaneously in (i) the direct capitalization of real estate (up to a 35% price premium in the luxury segment), (ii) an increased capacity of the city to attract high-technology companies (primarily of the BPO/IT profile), and (iii) a reduction in the state's social costs through the prevention of negative consequences associated with social isolation and the deterioration of mental health.

Within the analytical contour of comprehensive regeneration projects, SROI methodology appears as the most relevant evaluation instrument, because it provides an evidence-based linkage between investments and measurable effects through the monetization of "soft" factors, including social inclusion and the mental wellbeing of the population. Unlike approaches that primarily capture financial flows and short-term budget effects, SROI makes it possible to reflect, with due analytical precision, the distribution of benefits across stakeholder groups, thereby improving the accuracy of managerial conclusions when selecting alternatives and project configurations.

At the level of market response in 2025, the B2B segment and luxury real estate demonstrate a direct dependence of an asset's investment attractiveness on the quality of the public space concept, including the thoughtfulness of use scenarios, environmental coherence, and a guaranteed service standard. The most resilient positions are held by branded and wellness-oriented residences, where health infrastructure, environmental attributes, and technological equipment are not an additional option, but a constitutive element of value that generates a premium and supports liquidity.

The case logic of regional hubs in the South Caucasus confirms that the combination of transparent regulatory policy with ambitious architectural and environmental programs can, within a compressed time frame (4–5 years), change a city's functional-economic structure, accelerating the shift from mono-specialization to a diversified model based on service exports and the attraction of human capital. In this context, regeneration acts not as an auxiliary element, but as an infrastructure of competitiveness, ensuring that the urban environment matches the requirements of new industries and emerging forms of employment.

The practice of preparing for major urban anniversaries (including 300-year milestones) requires shifting the focus from short-term event efficiency to the creation of "smart legacy" that retains the capacity to generate value over

decades. Within this frame, identity and territorial branding become not decorative attributes, but managed assets that bind disparate elements of the urban environment into a single narrative and convert symbolic capital into economic resilience.

Within the professional contour of urban development, including the Head of Concept Development function, a critical condition of effectiveness becomes maintaining a balance between "hard" infrastructure and the "soft" programming of spaces that determines the actual social and economic productivity of the environment. Sustained growth and enhanced investment attractiveness are achieved when two requirements are met simultaneously: active stakeholder engagement at all stages of the project life cycle and the application of scientifically grounded evaluation methodologies that enable a transition from declarative effects to evidence-based capitalization and socio-economic returns.

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