

The European Capital of Culture programme as a tool for Urban Regeneration and Sustainable Development

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1. Introduction and Objective

Since its establishment in 1985, the European Capital of Culture (ECoC) programme has evolved into one of the most influential cultural policy instruments of the European Union (Nermond et al., 2021). Initially conceived to celebrate the richness and diversity of European cultures and to foster a shared European identity, the initiative has increasingly functioned as a strategic mechanism for culture-led urban regeneration (Falk & Hagsten, 2017). Over the past four decades, numerous host cities have used the title as a catalyst for infrastructural investment, tourism growth, city branding, social inclusion initiatives, and long-term cultural planning (Liu, 2014).

The programme, coordinated at the European level by the European Commission, has progressively expanded its scope. What began as a cultural celebration has transformed into a multidimensional urban policy instrument embedded within broader EU strategies for sustainability, cohesion, and innovation (Lähdesmäki, 2014).

A substantial body of academic literature has sought to evaluate the economic effects of ECoC designation. Previous studies have primarily focused on macroeconomic indicators such as GDP per capita growth, employment creation or visitor numbers (e.g. Gomes & Librero, 2018; Herrero et al., 2006). While such contributions provide important insights into the short- and medium-term economic implications of the programme, they often overlook more structural dimensions of urban change that may unfold in the years following the event.

At the same time, recent research has begun to explore broader societal and political outcomes associated with ECoC designation, including shifts in civic attitudes and patterns of European identification (e.g. Knoll, 2024). These contributions point to the potential for culture-led policy interventions to influence local trajectories in ways that extend beyond immediate economic performance.

Building on this emerging literature, this paper seeks to examine whether hosting the European Capital of Culture has measurable long-term effects on urban land and real estate markets. In doing so, it aims to contribute to interdisciplinary debates on the spatial and economic legacies of culture-led development policies.

2. Research Question and Conceptual Framework

A growing body of interdisciplinary research has explored the relationship between CCIs and regional development, highlighting the potential of cultural investment to contribute to innovation, employment creation and place-based development strategies (e.g. Sacco et al., 2014). At the same time, empirical evidence on the longer-term impact of flagship cultural programmes remains relatively limited.

Rather than focusing exclusively on aggregate economic growth, this study investigates whether ECoC designation is associated with changes in urban development dynamics observable through shifts in property values and tourism-related indicators in the post-event period. Real estate markets provide a particularly relevant lens through which to assess the potential legacy of large-scale cultural interventions, as they reflect expectations regarding future urban attractiveness, investment opportunities and quality of life.

Culture-led regeneration strategies implemented in the context of ECoC often involve investments in public infrastructure, cultural venues, public space and city branding initiatives. These interventions may influence urban development trajectories by altering patterns of land use, enhancing the symbolic capital of neighbourhoods or increasing the visibility of cities within international tourism markets. However, the direction, magnitude and persistence of such effects remain empirically uncertain and may vary significantly across host cities.

In this respect, examining real estate and tourism dynamics several years after the event—rather than during the designation year itself—may provide a more appropriate basis for assessing medium-term legacy effects once temporary programming-related demand shocks have subsided.

3. Brief Literature Context

The ECoC programme has been extensively examined within cultural policy, urban studies, regional development, and tourism research (Immler & Sakkers, 2014). Empirical studies identify recurring positive impacts, including (Liu, 2014):

1. Increased tourism flows and international visibility
2. Urban and cultural infrastructure development
3. Urban regeneration of aimed at addressing urban decay.
4. Strengthening of local cultural entrepreneurship
5. Enhanced city branding and global competitiveness (Liu, 2014)

Across Europe, ECoC cities have frequently used the title to address structural urban challenges, including industrial decline, economic restructuring, demographic change, and spatial fragmentation (Ciuculescu & Luca, 2024).

A recurring regeneration strategy involves the adaptive reuse of industrial heritage sites, such as former factories, warehouses, shipyards, and port facilities, into cultural venues, museums, creative hubs, and performance spaces (Jones & Zhang, 2024). This approach reframes industrial legacy not as a burden but as cultural capital capable of generating economic and symbolic value (Trifa, 2018).

Beyond physical regeneration, the programme often stimulates improvements in public space, transport infrastructure, and environmental restoration (Theodoraki, 2014). In many cities, neglected waterfronts or post-industrial districts have been transformed into vibrant cultural quarters.

At the same time, critical scholarship highlights challenges such as short-termism, overinvestment in flagship infrastructure, uneven distribution of benefits, and limited long-term socio-economic transformation (Habersam & Piber, 2023).

The programme is financially supported through Creative Europe, reinforcing its integration into EU strategies for inclusive growth, sustainability, and cultural diplomacy. In recent years, EU cultural policy has emphasized participatory governance, environmental responsibility, and social innovation (Demartin et al., 2020).

This paper draws upon four interrelated theoretical frameworks: Culture-led urban regeneration theory, which views culture as a driver of spatial and economic transformation; Place branding and destination image, focusing on how cities reshape their identity through cultural narratives; sustainable urban development models, highlighting long-term environmental, social, and economic resilience.

Combining these concepts allows for a systematic evaluation of how ECoC function as a regional policy instrument.

4. Methodology and Data

To address these questions, the study adopts a quasi-experimental econometric approach designed to estimate the causal impact of ECoC designation on selected urban outcomes. The analysis is based on a panel dataset of European cities that have hosted the programme over multiple designation cycles, alongside a comparison group of non-host cities with similar socio-economic characteristics.

The empirical design exploits the timing of ECoC designation as a treatment event and examines changes in outcome variables over a medium-term horizon of three to five years following the event year. Depending on data availability and robustness considerations, the analysis will draw on established policy evaluation techniques such as Difference-in-Differences estimators and related panel-data methods to compare post-treatment trends in host and non-host cities.

Outcome variables will include indicators related to:

- Urban land and housing prices;
- Real estate market activity;
- Tourism intensity (e.g. overnight stays or accommodation capacity).

By integrating tourism-related indicators alongside real estate market outcomes, the analysis seeks to capture multiple dimensions of potential urban transformation associated with culture-led interventions, while accounting for broader macroeconomic and demographic trends.

4.1 Identification Strategy

The empirical analysis treats the designation of a city as European Capital of Culture (ECoC) as a policy intervention (treatment) occurring at a specific point in time. To estimate its medium-term impact on urban outcomes, we employ a panel Difference-in-Differences (DiD) framework comparing changes in selected indicators between host cities and a control group of non-host cities before and after the designation year.

The baseline specification takes the following form:

$$Y_{it} = \alpha + \beta ECoC_{it} + \gamma_i + \delta_t + X'_{it}\theta + \varepsilon_{it}$$

where:

- Y_{it} denotes the outcome variable of interest (e.g. urban land prices, housing values or tourism indicators) for city i in year t ;
- $ECoC_{it}$ is a treatment indicator taking the value 1 for host cities in the post-designation period (e.g. three to five years after the event year), and 0 otherwise;
- γ_i represents city fixed effects controlling for time-invariant local characteristics;
- δ_t captures common time effects across cities;
- X_{it} is a vector of time-varying control variables (such as demographic or macroeconomic indicators);
- ε_{it} is an idiosyncratic error term.

The coefficient of interest, β , captures the average post-treatment difference in outcome trajectories between ECoC host cities and the comparison group, conditional on pre-existing trends and observable characteristics. Focusing on medium-term post-event periods allows the analysis to distinguish potential legacy effects from short-lived demand shocks associated with the event year itself.

Subject to data availability, the analysis may be complemented by event-study specifications to examine the temporal dynamics of treatment effects and assess the validity of the parallel trends assumption underlying the DiD framework.

4.2 Data Considerations

The study will draw on harmonised urban and regional datasets at the European level, including city-level housing market indicators and tourism statistics where available. These data sources allow for the construction of a longitudinal dataset covering several years before and after ECoC designation for a range of host cities.

Although variations in data availability across national statistical systems may impose certain constraints, the use of comparable urban indicators across European cities enables a systematic assessment of post-event dynamics in both real estate markets and tourism performance.

5. Tentative Results Across Host Cities

Comparative findings indicate several consistent patterns:

1. Urban and Spatial Transformation - Many host cities report improvements in infrastructure, renovation of heritage buildings, and revitalization of previously marginalized districts.
2. Image Reconstruction - Media and branding analyses frequently demonstrate a positive shift in city image. Cities previously associated with industrial decline or peripheral status often reposition themselves as dynamic cultural destinations.
3. Tourism and Economic Impact - Short-term tourism growth during the title year is common. While long-term sustainability varies, some cities maintain elevated visitor levels and increased international visibility.
4. Institutional and Cultural Capacity Building - The ECoC process often strengthens governance structures, fosters new partnerships, and professionalizes local cultural organizations. This institutional legacy can be more durable than immediate economic gains.

6. Contribution to Research

This paper contributes to the broader literature by:

1. Providing a cross-case synthesis of ECoC impacts rather than a single-city analysis.
2. Positioning the programme within sustainable urban development discourse.
3. Identifying recurring structural mechanisms that determine long-term success or limitations.

By moving beyond celebratory narratives, the paper offers an assessment of both opportunities and structural constraints inherent in culture-led regeneration models.

7. Conclusions

The European Capitals of Culture programme has evolved into a multifaceted policy instrument that extends far beyond cultural celebration. Across diverse urban contexts, it has demonstrated the capacity to stimulate regeneration, enhance international visibility, strengthen cultural infrastructure, and support sustainable development goals (Noonan, 2023).

While impacts vary depending on local governance capacity, economic conditions, and strategic coherence, the programme provides cities with a unique opportunity to reimagine their identity and future trajectory.

Ultimately, the ECoC initiative illustrates how culture can operate as a structural driver of urban transformation, if regeneration efforts are embedded in long-term, inclusive, and sustainable urban policies rather than confined to symbolic year-long events.

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