



## 3S RECIPE - Smart Shrinkage Solutions Fostering Resilient Cities in Inner Peripheries of Europe

### PORTO (PT) POLICY BRIEF #1 • RESILIENT URBAN ECONOMY & MUNICIPAL FINANCE

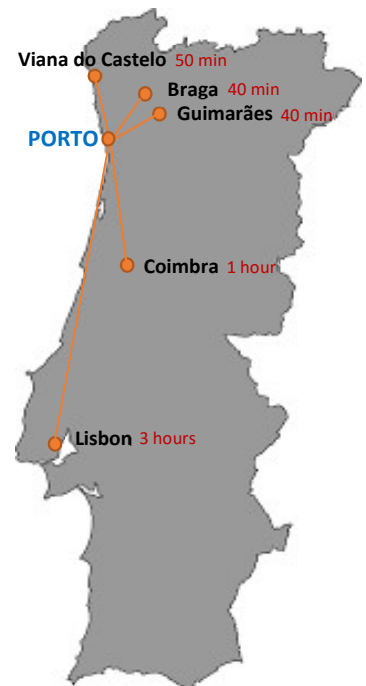
#### EXECUTIVE SUMMARY

This policy brief showcases a successful resilient urban economy solution – two urban regeneration projects based on the **conversion of traditional food markets into multifunctional consumption spaces centred on gourmet food courts**. This brief reveals the importance of these transformations in terms of economic revitalization and the generation of (re)new(ed) urban centralities. The traditional farmers' market, understood as a node of the economic life of an urban agglomeration and, therefore, of the social relations that stem from it, now also plays a role in urban densification and concentration of tertiary activity. The key lesson learnt is that creative place-making and place-branding processes and interventions should maintain strict control over those variables likely to produce phenomena of residential/commercial gentrification and *touristification* of the surrounding areas. This brief analyses in detail the cases of *Bom Sucesso* Market and *Bolhão* Market, and concludes by offering policy recommendations.

#### INTRODUCTION

Since 1980, the city of Porto endured a structural population loss of 112,000 inhabitants. This fact, together with a high unemployment rate (10.1% versus 6.9% metropolitan or 5.4% national) and a high housing vacancy rate (19% in 2011), characterize it as a shrinking city. However, three processes partially reduce the negative consequences of this demographic loss (e.g. proliferation of urban voids and underutilization of infrastructure). First, **Porto has recently become an international tourist destination**. This process has transformed its productive model, and urban and residential dynamics. Second, **Porto is the core of a dynamic metropolitan area**, suffering from centrality costs such as commuting pressure on infrastructure and services. Third, **the University of Porto attracts numerous national and international students and workers**. However, many residents have been displaced to peripheral areas of the city, but mostly to neighbouring municipalities due to the high housing prices and rents and *touristification* of the historic city centre downtown area. Moreover, the *studentification* process has had an impact on the dynamics of the housing market, removing traditional dwellings from the rental market, and increasing property values.

The construction of the current building of *Bolhão* market, designed by the architect António Correia da Silva, began in 1914 in a market square that existed since the 19th century. The *Bolhão* Market was classified by the municipality, in 2006 as a 'Property of Public Interest', referenced in the Municipal Director's Plan (PDM) Heritage Charter for its architectural, artistic, historical, symbolic, cultural, and social value. On 20 September 2013, *Bolhão* Market was classified as a 'Monument of Public Interest', and a special protection zone was defined, exceeding the limits of the block of the market. *Bom Sucesso* market is more recent: designed by architects Fortunato Leal, Cunha Leal, and Morais Soares in 1949, and built between 1951 and 1952, it was as a reaction to the newly-built neighbouring Matosinhos



municipal market. The building of modern architectural design had a reinforced concrete structure and an innovative vaulted roof torn by large glazing, allowing good natural lighting. It was classified as a Public Interest Building and as a Public Interest Monument by the Ministry of Culture in 2011. With the passing years, both fresh produce markets have gradually lost their glow and became outdated and degraded in a fast changing city.

The conversion of *Bom Sucesso* and *Bolhão* markets have presented an opportunity to generate a more resilient urban economy and, linked to the booming tourism sector, help revitalize the urban environment and allow for new business opportunities.



**Bom Sucesso Market (above) and Bolhão Market (below).** Source: <http://www.ioamorgado.com> and <http://www.porto.convida.pt>



### THE RENEWAL OF TRADITIONAL MARKETS AS A SOCIO-ECONOMIC REGENERATION STRATEGY

The renewal of the *Bom Sucesso* Market in 2013, following privatization four years earlier, involved not only a €10 million restoration of the building, but also changing the concept of the market itself. At the same time, an attempt was made to preserve the soul of this characteristic place and its main architectural design. In addition, new assets were added. As a result, the building now houses a four-star hotel, the [Manuel António da Mota Foundation](#), an office area, a retail space with 44 stalls, 23 stores, restaurants, and a fresh produce market, encompassing a total area of around

3,200 m<sup>2</sup> (34,440 square feet). In 2014, the Market building won the National Urban Regeneration Award and was one of the winners of the Global Awards for Excellence in New York. The Portuguese and World Cuisine gastronomic experience at the *Bom Sucesso* market is combined with cultural events that make this place a major attraction for local residents, central business district employees, and tourists. Currently, the small fresh produce market is limited to fruits, vegetables, and flowers, whilst shortly the building will also house a supermarket from a well-known Portuguese chain.

The *Bolhão* Market (privatized in 2007) also corresponds to a popular traditional market profile. The company that won the bid argued from the outset that the demolition of the market's interior, notably deteriorated, was inevitable to make their investment profitable. The renovation programme also has involved the construction of luxury housing and a shopping centre, leaving only about 3% of the total area of the Market for traditional commerce. Similar to the story of *Bom Sucesso*, there was a great deal of opposition to the renovation plan, with many local residents mobilizing against the privatization of the municipality's historical legacy assets. As a result, the pre-contract between the local government and the developers was revoked.



**Bolhão Market.** Source: <http://dinheirovivo.pt>



In 2015, the city council announced a new investment of €25 million for a complete rehabilitation of the building, housing the fresh produce market at the ground level and commercial businesses above it. The actual restoration of the two-story *Bolhão* Market began in 2018. Meanwhile, 140 original shopkeepers and merchants were housed in a temporary market nearby, until the completion of the construction works in mid-2020.



Both markets represent an instrument for the economic revitalization of their respective local areas through a strategy involving a classic gastronomic experience, restaurants, coffee bars, and retail activities, hosted within an iconic enclave in the architectural landscape of the city that creates a

**Bom Sucesso Market, Source: <http://pinterest.com>** tourist attraction. Problematically, however, for many local residents the two markets also represent the privatization of emblematic public space, both at the functional and the symbolic level, raising some fears of a certain loss of social vitality, fitting into a context of urban shrinkage. As common elsewhere, such fears have been caused by the process of *gentrification*, enticing new social groups, which did not use to make purchases in this sort of places. However, in both market places, it was the gradual loss of traditional retail function and the visible deterioration of the main buildings prior to privatization that allowed for their reconfiguration into a gourmet-experience oriented towards tourism and an upper-class consumption model.

### Necessary conditions for the successful renewal of Bom Sucesso and Bolhão Markets

1. <b>Connectivity</b>	Increasing the number of visitors/users requires an improved accessibility
2. <b>Offer</b>	Offering an attractive array of products and services to a diverse customer profile, favouring and stimulating private investment through the implementation of new business models
3. <b>Cultural economy</b>	Complementing the traditional offer with cultural and entertainment activities
4. <b>Place-branding</b>	Strengthening the brand image of the place, improving aspects such as promotion, aesthetics and the 'story'
5. <b>Permeability / Delimitation of spaces</b>	Making the border between the traditional fresh produce market and other commercial retail activities, whilst still being permeable, allowing interaction and synergies, expanding the target customer profile

### RECOMMENDATIONS: LEARNING FROM PORTO

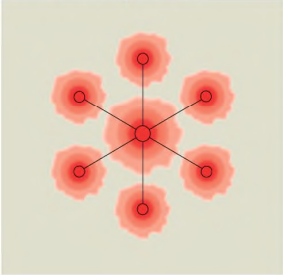
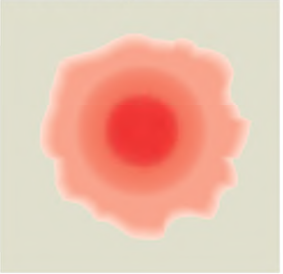
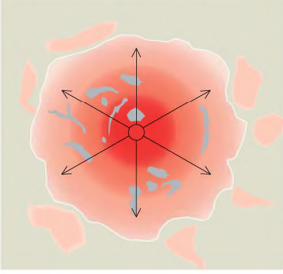
- **Urban shrinkage can lead to the privatization of public spaces as an opportunity to revitalize an area**  
The loss of dynamism of some functional spaces within the city due to the loss of users may allow for the arrival of private capital on a rent gap process basis that reconfigures the function of the place and its consumer profile.
- **Reconfiguration of traditional markets into gourmet experiences can lead to phenomena of gentrification**  
The privatization of space can lead to their revitalization and reintegration into the wider urban economic circuit and the social fabric. It can also accelerate the process of *touristification* and gentrification, producing an elitist place that supplants a popular inclusive traditional farmers' market.
- **Accompanied by iconic architecture, improvements in accessibility and connectivity can reinforce the centrality of the core city within the wider metropolitan area**  
The transformation of traditional market places must be contextualized within the broader metropolitan system, because they reinforce the centripetal movement of the visiting population and imply a greater pressure on other types of municipal infrastructure.

➤ **The creation of a discourse linked to the gourmet experience can be an economic boost in a context of urban shrinkage**

The construction of a discourse and a brand image linked to experimental gastronomy can be a niche to position the city in different international tourist markets.

## CAN THE TRANSFORMATION OF TRADITIONAL MARKETS DELIVER THE SAME BENEFITS WHATEVER THE FUTURE BRINGS?

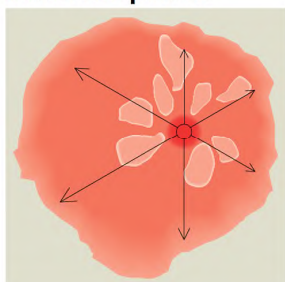
A smart shrinkage solution may be strategic (e.g., attracting foodie visitors) or detailed (e.g., increasing the number of food stalls in a market). Whatever the short-term effect of a given solution, policy-makers must **adopt a longer-term perspective** to ensure **continued performance** throughout its intended lifespan, despite changing conditions. The question to ask is, thus: Will today's smart shrinkage solutions deliver their intended benefits over a 40-year regeneration cycle, typically used for planning investment and development proposals? During this project, we have tested the likely future performance of each urban development and regeneration-related 'smart shrinkage solution-benefit pair' – that is, actions taken today in the name of sustainable urban development – in a series of possible future scenarios for the year 2060. Four **plausible but distinct** future scenarios were included into our analysis (see Lombardi *et. al.*, 2012: Table 2). A summary of these four global **urban future scenarios** is provided below:

New Sustainability Paradigm (NSP)		Key driver: Equity and sustainability
<b>Settlement pattern</b> 	<b>Description</b> An ethos of 'one planet living' facilitates a shared vision for more sustainable living and a much improved quality of life. New socio-economic arrangements result in changes to the character of urban industrial civilisation. Local is valued but global links also play a role. A sustainable and more equitable future is emerging from new values, a revised model of development and the active engagement of civil society.	<b>Philosophy</b> The worldview of the <i>New Sustainability Paradigm</i> has few historical precedents, although John Stuart Mill, the nineteenth century political economist, was prescient in theorising a post-industrial and post-scarcity social arrangement based on human development rather than material acquisition (Mill, 1848).
Policy Reform (PR)		Key driver: Economic growth with greater equity
<b>Settlement pattern</b> 	<b>Description</b> <i>Policy Reform</i> depends on comprehensive and coordinated government action for poverty reduction and environmental sustainability, negating trends toward high inequality. The values of consumerism and individualism persist, creating a tension with policies that prioritise sustainability.	<b>Philosophy</b> In <i>Policy Reform</i> , the belief is that markets require strong policy guidance to address inherent tendencies toward economic crisis, social conflict and environmental degradation. John Maynard Keynes, influenced by the Great Depression, is an important predecessor of those who hold that it is necessary to manage capitalism in order to temper its crises (Keynes, 1936).
Market Forces (MF)		Key driver: Competitive, open global markets
<b>Settlement pattern</b> 	<b>Description</b> <i>Market Forces</i> relies on the self-correcting logic of competitive markets. Current demographic, economic, environmental, and technological trends unfold without major surprise. Competitive, open and integrated markets drive world development. Social and environmental concerns are secondary.	<b>Philosophy</b> The <i>Market Forces</i> bias is one of market optimism, the faith that the hidden hand of well-functioning markets is the key to resolving social, economic and environmental problems. An important philosophic antecedent is Adam Smith (1776), while contemporary representatives include many neo-classical economists and free market enthusiasts.

## Fortress World (FW)

## Key driver: Protection and control of resources

## Settlement pattern



## Description

Powerful individuals, groups and organisations develop an authoritarian response to the threats of resource scarcity and social breakdown by forming alliances to protect their own interests. Security and defensibility of resources are paramount for these privileged rich elites. An impoverished majority exists outside the fortress. Policy and regulation exist but enforcement may be limited. Armed forces act to impose order, protect the environment and prevent a societal collapse.

## Philosophy

The *Fortress World* mindset was foreshadowed by the philosophy of Thomas Hobbes (1651), who held a pessimistic view of the nature of man and saw the need for powerful leadership. While it is rare to find modern Hobbesians, many people believe, in their resignation and anguish, that some kind of a *Fortress World* is the logical outcome of the unattended social polarisation and environmental degradation they observe.

If a proposed solution delivers a positive legacy, regardless of the future against which it is tested, then it can be adopted with confidence. The **Urban Future Method** proposes different scenarios to corroborate the stability and reliability of the selected strategy (the reconfiguration of historical markets as spaces oriented to the gourmet gastronomic experience and economic activities related to the cultural economy and leisure). Consequently, we have graded the likely performance of the two markets' necessary conditions in the future as follows:

Urban Futures Method applied to the reconfiguration of traditional markets				
Necessary Conditions	New Sustainability Paradigm	Policy Reform	Market Forces	Fortress World
<b>Connectivity</b> - Increasing the number of visitors/users requires an improved accessibility	Accessibility through sustainable transport modes, such as the light rail and bus, are widely favoured	Construction and maintenance of sustainable transport modes and infrastructure is enforced through strong public policy and investment / incentives. Tension between metropolitan v. municipal political interests and environmental and socioeconomic sustainability exist	In a materialist and individualist world, people in general prefer to drive a car because it provides status, control, and autonomy. Inefficient and expensive modes of transport are favoured	The municipality of Porto (fortress) is disconnected from other surrounding municipalities. Outside the fortress, there is a reduced, denser and public transport system
<b>Offer</b> - Offering an attractive array of products and services to a diverse customer profile, favouring and stimulating private investment and the implementation of new business models	Elitism and potential processes of socioeconomic segregation and are viewed with suspicion. Circular economy, eco-businesses and sustainable business ideas are encouraged	Consumption is stimulated through the generation of new business models and a varied offer, rebalancing, to some extent, economic segregation and irregularities	In a market world, entrepreneurship and the stimulus to consumption are the gears that make the economy and society work. Tendency towards a segregated offer by class and with high competition	The inhabitants of the fortress have access to a diverse array of products and services, which are promoted and financed on the inside. Outside, subsistence is the business driver
<b>The cultural economy</b> - Complementing the traditional offer with cultural and entertainment activities and amenities	Although the cultural economy involves humanizing consumer spaces and qualitatively improving business practice, it may also imply <i>touristification</i> and artificiality	Consumption of culture is a method of social cohesion in a free trade environment. Introducing cultural activities in the practice of consumption stimulates growth	The cultural economy is a new market niche, from which new business opportunities arise linked to arts and crafts, improving consumer experience and increasing revenue	Some traditional market trading takes place, but the absence of external influence limits the cultural offer and the economic benefits potentially coupled with it
<b>Brand image</b> - Strengthening the brand image of the place	Place branding can encourage <i>touristification</i> and mask underlying	Place branding improves and also makes the built environment in and	In a highly competitive scenario, marketing and place-branding is a	In a fortress world, there is a tendency towards monopoly. Place branding is redundant;

	gentrification and social exclusion	around the markets more attractive	fundamental resource to make a difference	marketing techniques are unnecessary
<b>Permeability</b> – making the boundary between traditional fresh produce market and other retail activities permeable	The social life inside the buildings worsens. Upper-end tertiary and gourmet activities negatively affect the traditional fresh produce market place	It allows interaction and social heterogeneity. At the same time, this hinders the normal development of traditional market	It encourages the interaction between both areas and the generation of synergies. Moreover, it allows the modernization of the traditional farmers' market under a market logic	In a closed world activities tend to intermingle. It is difficult to maintain the definition of spaces.

Key: ■ condition highly unlikely to continue in the future ■ condition is at risk in the future ■ condition highly likely to continue in the future

## POLICY IMPLICATIONS

Clustering different economic activities in a mixed-use building can be a solution to foster a more resilient urban economy in the context of urban shrinkage. Policies focused on mixed-use spaces are a good alternative to achieve the proposed benefits, although with a tight control over the other variables, which could drive socio-economic segregation, commodification, and *touristification* of the built environment. The functional and aesthetic reconfiguration of the two traditional markets, understood as a tool of economic and social revitalization of their surrounding areas, perform differently within the four Urban Future scenarios. In relation to connectivity, the incorporation of more sustainable transport modes is more likely in some scenarios (NSP) than in others (MF), where the use of private car is a way of empowerment. However, the NSP scenario rejects *touristification* and gentrification processes, which could be caused by branding and permeability of ex-public space. The reconfiguration of traditional fresh produce markets is also practically unachievable under the FW conditions. By contrast, the improvement of consumer experience and attraction of visitors to the markets through a new cultural and artistic offer, the design of a new brand with an appropriate high-quality aesthetic are well-valued in the PR and MF scenarios. Furthermore, this initiative would work well in PR and MF scenarios, for its ability to generate growth and stimulate business opportunities associated with the new brand identity in a competitive market; especially so, if certain imbalances are kept in check (PR scenario), regulating the pressure of commercial activities on the traditional market.

## REFERENCES AND FURTHER READING

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