



Final report

WP 3

Redevelopment in municipalities/ regions heavily dependent on the military

Introduction to WP 3

In the following report we try to finalise and summarise the work within WP 3. The work within WP 3 would mainly cover:

- Social and economic consequences of base closures
- Innovative sustainable regional development
- Development and implementation of marketing strategies
- Development and implementation of measures to attract investors/investments
- Definition of challenges for spatial and regional development
- Development and implementation of an action plan
- Development and implementation of administrative mechanisms

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Methodology

Basic data about the participating partners was collected during the Partner Meeting in Stockholm, March 2003 in order to get some information about the basic need for converting military establishments in structural weak areas. The data has been developed internally in the work package and partner meetings and the result of this work can be found in the Conversion Handbook produced and published by CONVERNET and in this report.

Social and economic consequences

Background

During the 3rd partner meeting in Paldiski, Estonia, September 2004 it was decided to compile some figures showing the social and economic consequences of a base close down for the different partners belonging to working package 3. Above all, a military close down implies an economic loss, especially in a structurally weak region and new civilian jobs must be created. Already during the meeting it was stated that it might be problems finding comparable data from all partners, but we decided to give it a try. The ambition was to keep it rather simple.

During the autumn of 2004 the partners reported figures for different indicators. The data was divided in two parts, some data was regarded as compulsory and the other was optional. As expected it was hard to get all information from all partner. Nevertheless, it has been possible to compile the collected data and compare the social and economic consequences of a base close down.

	Year of decision of close down	Year of close down
Stavenhagen	2001	2010
Paldiski	1991	1994
Elimäki	1991	1994
Fårösund	1999	2000
Swinoujscie	1992	1992

It is obvious that the partners have been faced with the base closures during different times the last 15 years. Some partners have been working with the issue for more than 10 years, for others the close down is rather recent. In most cases, with the exception of Stavenhagen, there is a short period between the decision and the real close down. The time for preparing for the close down is consequently rather limited.

Number of inhabitants and migration

	Population 2004	-/+ from first decision to present	Percentage change from first decision to present
Stavenhagen	6 812	-2138	-24 %
Paldiski*	4 500	-2 700	-37,5 %
Elimäki	8 550	-150	-1,8 %
Fårösund	923	-28	-2,9 %
Swinoujscie	41 146	-2160	-4,8 %

*1994 was used a base year

All partners have been faced with a population decrease after the decision to close the base. But Stavenhagen and Paldiski are the partners, who have been most affected by an out migration.

Relative unemployment

	Year of decision of close down	2004
Stavenhagen*	25,6 %	26,2 %
Paldiski	No data	8,6 %
Elimäki	9,0 %	10,0 %
Fårösund**	5,0 %	7,2 %
Swinoujscie	No data	19,2 %

* Rural district Demmin

** Refers to Gotland municipality

Stavenhagen is also faced with the highest unemployment rate. However, it must be pointed out that the unemployment rate is also influenced by the general economic development in the region or country. The unemployment rate is also influenced by migration, for instance unemployed people have decided to move. Another important factor is if it is possible to commute to another city or area, where a better labour

market is available. There is also different ways of measuring unemployment, the official statistics can in some cases, for instance in the Eastern part of Germany, be lower than the real one.

Number of working places - net change

	-/+ from first decision to present
Stavenhagen	No data
Paldiski	1000*
Elimäki	-120
Fårösund	No data
Swinoujscie	No data

*No data on working places before 1994; today there are about 1000 working places in Paldiski

It has been a problem finding figures for the number of lost and new working places. Only 2 partners were able to deliver this data.

Number of people on social care

	Year of decision of close down	2004
Stavenhagen	265	318
Paldiski	No data	1000*
Elimäki	No data	
Fårösund	No data**	
Swinoujscie	No data	

*Families with children

** According to the Social Service, Gotland's municipality, the number of people on social care has not increased due to the close down of KA 3. Most of the military personnel were relocated to other regiments. If you did not find a new job unemployment grants were offered.

It was also difficult to collect data about the number of people on social care. An explanation may be that the social security systems differ between the countries. In for instance Sweden, the personnel who become unemployed in Fårösund received money from unemployment grants and that is not a part of the social care system.

Reduction of local income / tax base in €

Stavenhagen	22,108,465 €
Paldiski	No data
Elimäki	165,000 €
Fårösund	No data
Swinoujscie	No data

Information about the reduction of local income / tax base after the close down has also been difficult to provide. This may to some extent be explained by the fact that

different tax systems are used in the concerned countries. In some cases, the local authority is for instance not responsible for collecting income tax. A problem is that the reported figures do not say so much since we have nothing to relate it to.

Optional data

Vacant housing

	2004
Stavenhagen	228 apartments
Paldiski	0
Elimäki	18 apartments
Fårösund	0
Swinoujscie	428 apartments

Dismantling of buidlings / apartments since reduction of military

Stavenhagen	93 apartments (2004) 217 apartments (2007)
Paldiski	6 housings around 60 apartments each
Elimäki	1 building
Fårösund	-
Swinoujscie	No data

Stavenhagen and Paldiski decided to dismantle a lot of apartments. As a consequence there is no vacant housing in Paldiski at the moment. In the case of Fårösund it is interesting to see that there is a lack of housing since the closedown (see description handbook).

Closing of public facilities (like culture-house, schools, etc.)

Stavenhagen	1 cinema 1 school building 1 nursery
Paldiski	5 schools 1 day care centre 1 cinema 1 Culture Centre
Elimäki	one small school
Fårösund	No data
Swinoujscie	No data

Some partners have reported that some public facilities have been closed down.

Reducing negative socio-economic impacts

One conclusion that can be drawn from this comparison is that it once again becomes clear that all partners are facing different kinds of challenges. Some have had a high out migration and unemployment rates, i.e. Stavenhagen, while others are little bit “better off”.

Different actors have different roles to tackle social and economic consequences in connection with a base close down in different steps of the redevelopment.

- National actors, like for instance the state property firm Vasallen AB in Sweden, etc are important in the first stage. In addition, governmental measures and special programmes for tackling conversion is also needed in this first stage.
- Also regional actors must be activated. In for instance Germany, Land Brandenburg allocates 2 percent of the VAT budget to implement measures connected to conversion.
- Local actors have a very important role to play in a conversion process. This public level is often responsible for planning and developing the former military area. Local private enterprises may also be encouraged to participate in the conversion process.

It must also be stressed that the co-operation between the different levels must be developed. An increased cooperation is for instance one way to avoid conflict of interests. The partners participating in the project have pointed out that there sometimes is a communication gap between the different levels, information is lacking about plans for new establishments (i.e. Paldiski) and close down of already existing ones. One way to solve this has been tried in Brandenburg. There a voluntary working group has been established to facilitate the communication between the state level (Ministry of Defence), the federal level (Land Brandenburg) and the local municipalities.

Stavenhagen's way to tackle social and economic problems

The region around Stavenhagen belongs to one of the structurally weakest in Germany. The city Stavenhagen has been using all fields of the local politics in order to solve the social and economic problems in connection with the closing of the military base Basepohl.

The city made a decision for active conversion measures in 2001 and developed a conversion concept in 2002. The concept was financed by ERDF-support with 90% and cost 62.000 €. This concept is the most important instrument for conversion and it contains an *action plan* for the municipality. The "Workgroup conversion Stavenhagen-Basepohl" was established. The workgroups has the following members:

- City Stavenhagen
- Rural district (region)
- Armed forces (user)
- Financial administration of the Federal republic (sales person)
- Citizens
- Others

The GKU leads this cooperation. The team remains until 2012, when hopefully the conversion work is finished.

The city defined that the following 6 *conditions* had to be fulfilled to have a successful conversion:

1. Multi stage plan for closing the military base and parallel use

The most important task for the economy is the civilian use of the military base for production. This will create new civilian jobs. Stavenhagen prefers “preventive conversion“, meaning an early control of areas, which no longer are used by the armed forces, even if the military base has not been closed yet. Such a step-by-step program for the area will imply that buildings will not be empty for a long time and the value of the buildings will not decrease. The aim was to have a parallel military use and industry and trade activity. That is a new conversion model. The properties can be brought step-by-step on the rather unfavourable market. This increases the chances for the commercial exploitation.

2. Splitting of the property

The city Stavenhagen does not take over the barracks, only the surfaces of the streets. Future industrial areas for investments remain in the property of the Federal republic. The administration of fortune of the Federal republic sells the properties to investors directly. The risk of utilization remains by the state, not by the city Stavenhagen.

3. Streets and technical infrastructure

The city Stavenhagen invests step-by-step in technical infrastructure: streets, drinking water, wastewater and energy. The administration of the Federal republic can parcel out properties and sell them directly to investors. The municipality is responsible to care for public streets and technical infrastructure.

4. Measures of development plan

To authorization of the civilian use in form of a detail plan is necessary for the development. This is a task of the municipality, which only can be realized, if funding is made available. The country Mecklenburg-Vorpommern provides approximately 100.000 €. The development plan is worked out by the GKU.

5. Funding of local performances

Stavenhagen will only take over the streets and the surfaces of the technical infrastructure if the funding of the local infrastructure measures can be secured with support.

6. Nature conservation measures

The EU has introduced protection of specific animals and plants, by the *flora-fauna-habitat-regulations* (FFH). Mecklenburg-Vorpommern has to fix 10% of its area as protected area. A part of the military base has been affected by this regulation. This implies that the industrial use will be reduced and the expenses for conversion will increase. This may imply restrictions for how the area can be developed and the influence of such a regulation must be pointed out for the Minister of Environment.

Developing Stavenhagen as an "Economic location in the Region"

Positive development of settlement and extension of economy is important for the growth of a city. In Stavenhagen it has been decided that only the creation of enough education places and jobs will stop the migration of the people. The city is following an active settlement policy and has developed production areas since 1990.

- 310,000 m² internal urban trade and production areas along the national highways, mainly for the companies "Pfanni", meat-processing "Pommernland", dairy "Immergut", Installation for cleaning of wastewater Malchin,
- 550,000 m² industrial zone "Basepohler Schlag", 80% utilization,
- 95,000 m² for industry area "Basepohler Schlag"
- 260,000 m² trade - and special zones Reutereiche (65% utilization)
- Approximately 200,000 m² (with redeveloped buildings) are planned in the conversion area "Barracks Mecklenburgische Schweiz and Lützow-barracks"

The city owns more than 1,400,000 m² production areas with a high development potential. Today Stavenhagen has more jobs than before 1990. About 58 percent of the workers commute to Stavenhagen. Good relations exist between the municipality and to the management of the most important companies in order to keep them in the municipality. Stavenhagen tries to obtain a role as an important location in the region on level of country as "priority-area". Better possibilities for support and commercial exploitation can be reached with it.

"City Rebuilding East" - Better life quality for less human being

Stavenhagen has implemented measures to stabilise the population and aims especially at preventing migration of young people. The aim is to improve the life quality of the city and attractiveness for economy. The main objectives are the creation of new jobs, active settlement politics and attractive residential areas.

The main instrument is the state support programme "City Rebuilding East" to manage the city rebuilding. In 2002, the Federal government decided to support municipalities in the new *Bundeländer* with the programme "City Rebuilding East". The programme was planned to run for about 10 years. Responsible is the Federal Ministry for Traffic, Construction and Housing. This support programme aims at overcoming the social and economic consequences, for instance a great loss of buying power and migration especially of young people, of for instance a base close down. Over 260 cities applied for money by proposing city development concepts. These city development concepts were assessed and served as basis for giving the support money. The starting point for developing the integrated city development concept "Integrated city development concept" (ISEK) and the participation in the competition for Stavenhagen was the closing of the military base Stavenhagen-Basepohl.

The overall aim with the city rebuilding was to unite the old and the new town of Stavenhagen. The old part of Stavenhagen is a so-called "assigned redevelopment area" since 1991. This is an instrument for conservation of old buildings and improvement of life conditions in the old part of the town. The redevelopment of the buildings by their owners in this area is promoted. A regulation determines the outer formation of buildings and installations for certain areas of the old part of town. For conservation of the old town, good ideas are demanded and money for conservation and renovation is needed. The old town can become more attractive with trade and service. The city has developed a retail certificate. The certificate contains strategies to control the settlement of retail and gastronomy. The aim is to strengthen the old town economically. The upswing of the old part of town is also promoted by rebuilding streets. Annually one street, including pipelines, is rebuilt completely.

Step-by-step, the redevelopment of the public buildings and public places take place. In 2004, the park of the castle and the Fritz Reuter museum was developed. The city redevelopment has cost about 10,5 million € since 1991, funded by the Federal Republic, the Land and the city. Until 2010, approximately another 7,5 million EURO are needed.

For the development of the reconstruction-area “west-city“, five main tasks are foreseen:

1. Development of the school location “Co-operative school Stavenhagen“

The city has prepared considerable methods for the reconstruction of the school buildings and reconstruction of the gymnasium in the last years. The gymnasium was rebuilt in 2002 and is used by the school and by urban sports clubs. This installation is an attraction for youth together with playing field lying beside it. This should be the starting point for development of “sport city Stavenhagen“. This project is unique in Mecklenburg -Vorpommern. The entire school surroundings and yard must be developed. The total costs for this are estimated to 900,000 €. The school for pupils of the classes 5 to 10 was redeveloped for about 450,000 €. This school is unique in the rural district and prepares also pupils for the "Abitur". Redevelopment is still necessary for the nurseries. The city swimming hall was reconstructed for a total cost of about 2,2 million € (where 1,6 million € were support).

2. Improvements of residential environment

Living in the reconstruction area should become more attractive. Outside installations for the blocks of flats have been made. New parking places, playgrounds and plants belong to the measures. These measures are financed in the framework of the support programme “city rebuilding east“.

3. Demolition of empty apartments

The urban housing society has taken over 612 apartments of the Federal republic. The apartments are redeveloped step-by-step and no longer required apartments, around 250 within the next 10 years, will be dismantled. The empty surfaces are shaped as green areas.

4. Rebuild of flatter constructions

In 2003, 24 of 48 apartments in the construction “Straße am Wasserturm“ have been rebuilt. The upper projectiles were removed with it. The remaining apartments got new and more generous plans. This variation of the city rebuilding is very expensive and can only be realized with supporting money at selected locations.

5. Connection zone between the old and new city

The most important goal in the city redevelopment is to create a connection zone between the old town and the reconstruction area. A first project was worked out for rebuilding the Hopfenhofweg. This way is the most important connection for walking between the two city areas. The rebuilding began in 2005.

The municipality calculates altogether that approximately 11 millions € are needed for the measures named above during the 10 years the programme will run. At present, the share of supporting is about 70 percent.

Innovative sustainable regional development

Creative industries – a tool for innovative regional and local development

Introduction

The last couple of year's creative industries have been defined as an important sector for development. To creative industries belong television, radio, commercial, design, tourism (including transports, hotels and restaurants). The Department for Culture, Media and Sport in United Kingdom defines the creative industries as:

“those industries which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property. This includes:

- Advertising
- Architecture
- Arts and antiques market
- Crafts
- Design
- Designer fashion
- Film and video
- Interactive leisure software
- Music
- Performing arts
- Publishing
- Software and computer games
- Television and radio”

Source: http://www.culture.gov.uk/creative_industries/default.htm

Also experience industry (delivery and production of experiences) is a concept used for products and services connected with creativity. For instance experience industry includes architecture, design, film/photo, literature, art, market communication, media, design fashion, music, food, performing arts, tourism and experiences based learning. To be able to succeed in developing creative industries it is important to attract key persons to an area.

During the conference “Companies and labour life - a national conference about local development” Kustparken, Fårösund, Gotland 25-26 April the creative industry “design” was in focus as a motor for local development. During the conference design issues were connected to tourism, traditional handicraft, food and agriculture. The conference was a part of the Sweden's Year of Design 2005.

During the first day of the conference study visits were arranged on the northern part of Gotland. Different kinds of local companies were visited. Below follow some short descriptions of some of the companies.

Skymning sheep and fur farm (www.skymnings-gard.se)

At Skymning sheep and fur farm 30 years history of sheep farming was presented. A family runs the farm and the farm has 430 ewes and around 700 lambs. The farm does not have any employees. Instead, they hire 5 self-employed for helping out with the sheep keeping and the fur production. During the Cold War the farm was situated in a military protection zone. That was a barrier for foreign visitors. Today there is no restriction to visit the area. The number of visitors, both Swedish and foreigners, is 15,000. Most of them come during the summer. During the winter the production is performed and the company also sell its products through post order. The farm cooperates with other entrepreneurs on the island.

Hotel Fabriken Furillen

Hotel Fabriken Furillen is a design hotel located to an old limestone quarry and stone industry on the small island Furillen. The stone industry had been closed for decades, when a photographer and his wife bought the plant and started to develop it in 1999. First it was transformed to a photo studio, then to a hotel and restaurant. Originally the hotel was supposed to be for photographers, which used the season less surroundings (you cannot see whether it is summer or winter). Therefore the spot was optimal for fashion photography. The hotel only has around 24 rooms and is to be a quiet and peaceful resort. Products from local designers are used in the decoration of the hotel. Except the hotel, around 200-400 persons visit the restaurant during the weekends. During the winter the hotel employs 10 persons, and 20 persons during the summer. The next step will be to construct some villas close to the hotel.

Skulpturfabriken, Boge (www.skulpturfabriken.se)

The artist Stina Lindholm runs the Skulpturfabriken in Boge. In her production she uses the raw material limes stone, which has been processed to cement. The cement is produced only a couple of kilometres away in the cement plant in Slite.

Out of the cement she has developed 20-30 concrete products. She has one employee and uses 6-7 local subcontractors, i.e. wool producers and carpenters, for the products. Yearly, she has around 6,000-7,000 visitors. She finds strength in using the local product cement in her production.

Fårösunds fästning

The fort of Fårösund is being transformed to a modern conference and hotel centre. The fort has been a cultural heritage since 1935 and is owned by the National Property Board of Sweden, but a private company will run the hotel. The hotel will only have around 15 rooms. The profile will be security and will mainly be used by companies or the public sector that wants to have privacy. During the summer the centre will also be available for the public. Products from local designers are used in the decoration of the hotel.

Examples of innovative development projects

During the second day of the conference there were various presentations. Vasallen's representative, Peter Stenberg, informed the audience about the development of KA3

to Kustparken. He stressed the importance of understanding the expectations of potential tenants and buyers to be able to convert a former military area.

The ice hotel in Jukkasjärvi (www.icehotel.com)

Within 10 years the ice hotel in Jukkasjärvi has been developed to a world famous tourist attraction. Two-thirds of the yearly 13,000-14,000 visitors are foreigners. On average a visitor stays 2-3 nights. In the marketing strategy it was important to reach the global market and the entrepreneur also discovered that the interest was greater, the further away from Sweden they came.

During the presentation it was stressed that the local connection is of great importance for the hotel. The hotel has successfully been connected to the River of Torneå. Consequently, water and ice is the raw material. Keywords are used to strengthen the trademark of the hotel. The keywords are:

- Authenticity
- Uniqueness
- Sensuality
- Purity

The hotel is cooperating with Swedish vodka brand “Absolut Vodka”. Together with this brand ice bars are being established throughout Europe. The bars will be a teaser for going to the “real” ice hotel.

Eldrimner (www.eldrimner.com)

Eldrimner is a resource centre for small-scale food production in the region of Jämtland. The project has been funded by the EU Structural Funds. The centre is a tool for people who want to develop a small-scale food production based on handicraft methods. The centre provides the users with education and a mobile dairy, where they can develop and test their skills and products. Passion is the driving force for the people when they develop their company and products. Cooperation instead of competition among the producers is stressed. The most important aim is to increase the value of the product, by refining primary products, for instance meat or milk. The project also aims at having an international perspective and learning from others by visiting food producers in other countries.

Vamlingsbolaget (www.vamlingsbolaget.com)

Vamlingsbolaget is a garment company founded in 1983 located to the rural southern part of Gotland. The cloth is dyed in different patterns and base models are used in the production. Except the shop the company has a café and art gallery opened during the summer, since it is important to offer the visitors a total experience during their visit to the company. The company employs 3 persons. The company owner stressed the importance of networks and cooperation for small businesses.

Conclusions from the study visits and the conference

Design, small-scale food production, handicraft etc may be some alternatives for an innovative development and re-use of a former military base. The presentations of the

companies clearly show the importance of attracting or keeping engaged key persons in an area. In addition, the following conclusions can be drawn:

- Tourist industry is increasing in importance
- Design industry is increasing in importance
- Passion is the motor for the development
- Use the raw material and the uniqueness of the area
- Use the potential of the place where you are, most projects are still undone
- Offer the visitors a total experience
- Try to understand the expectations of the target group
- It is important to have meeting places, where entrepreneurs can meet and exchange ideas and start cooperation
- Society needs to pilot entrepreneurs and encourage people to start small businesses

Marketing strategies

Stavenhagen has developed a marketing concept for former military real estates and prepared the setting of a development plan. The commercial exploitation started in October 2003 with a presentation at the 6th International Commercial Real Estate Exposition 2003 in Munich to initiate new business relations. In addition, traditional and innovative marketing strategies including computer-animated visualization of business area allowing virtual visiting tours, folders etc. have been developed. There have also been talks for attracting marketing partners, for instance the Business Promotion Association (Wirtschaftsförderungsgesellschaft) of Mecklenburg-Vorpommern and the rural district Demmin support the international commercialisation. In point of financial and logistic help, the Regional Developing Agency (Regionale Entwicklungsagentur – RAE) has supported the process.

In addition, an International conference “Conversion day Stavenhagen” (November 2004) was arranged. Here chances of conversion and city development were presented. Especially local development and commercial exploitation of former military areas were discussed. The barracks were opened for visitors, especially for politicians and potential investors.

Role of the Marketing for the Success of Conversion (Hartmut Röder)

Buildings and infrastructure is the base for diverse industrial functions and settlement development. The civilian use of military areas is practical regional development, particularly in the structurally weak areas in the Baltic Sea Region. The greatest deficit is the national, international, European wide marketing and attracting investors.

Marketing is crucial for a successful conversion and to achieve a civilian use of military sites. Military sites offer a wide spectrum for civilian use on the local, regional, national and international real estate market. To achieve this there is a great demand of marketing for conversion sites in the Baltic Sea Region.

The CONVERNET partners have shown, that there is a large spectrum of conversion sites for many different functions in the network:

- Attractive inner urban properties
- Large areas for industry and trade development and creation of new jobs
- Areas for housing, administration and social infrastructure
- Areas for land and forestry utilizations, to the development of the nature and landscape as well as to the bio-energy utilisation
- Fortresses and forts, which are to be kept as historical monuments and cultural heritage. These can be used for tourism development. However, special requests must be taken into consideration, i.e. heritage protection. The civilian use is limited (architecture, centre for cultural/art, events etc).

Consequently, the marketing of sites has different target groups. For i.e. Fort Gorgast and Fortress Kaunas the wish is to increase the number of visitors and also try to be a destination for *international tourism*. But also investors and users are needed, since money is needed for maintaining the buildings.

In the case of Stavenhagen (Germany) the goal is to find investors willing to buy or rent the buildings. Sites like Liepaja (Latvia), Stavenhagen and Tullinge (Sweden) offer good conditions for attracting investments for production, logistics and service, housing and settlement development for international investors.

What is common for all concerning marketing is the need of:

- Publicity
- Being active
- Being creative
- Development and test innovative models / experiments

There are some preconditions for marketing in connection with conversion:

1. Municipalities cannot provide professional international marketing
2. Conversion sites sometimes have a bad image on the real estate market
3. Conversion sites are usually large and have an unfavourable location outside settlements

Marketing tools

The municipality has to use all marketing possibilities in order to find investors for the industrial areas. Different instruments, print products and electronic products can be used:

- Interactive sightseeing tours / Electronic modelling / 3-D visualisation can work as a "teaser"
- Interactive virtual internet presentation
- Specialised marketing platform, i.e. electronic portal
- Attract visitors via homepages
- Connect the sites/forts to other tourist monuments / attractions, i.e. bike routes etc, Flora and Fauna Habitat

One problem is that professional, international marketing cannot be achieved by small municipalities, particularly the financially weak ones. Only organisations or companies in Europe, as the “Brandenburgische Boden“ (Germany) and Vasallen Ltd (Sweden) can afford a specific marketing for conversion sites, but mostly focused on national and regional market. Vasallen Ltd has been buying conversion sites all over Sweden and has shaped a national real estate brand with quality. That is missing in other countries. A disadvantage is that EU rules prohibit marketing measures for industrial areas with the support of the EU. Only concepts or strategies for marketing can be financed.

An electronic marketing portal for conversion sites

At the moment, the “product“ conversion area is not visible at the European real estate market. Stavenhagen has innovative instruments for marketing, but can alone not perform an effective international marketing. For that, the budget is too limited. Conversion communities therefore need an efficient, electronically marketing portal for conversion areas, which can act through the whole Europe. An electronically marketing portal can stop the tax-financed barracks from being destroyed. The different quality conversion sites offer, gives the possibility to form an autonomous, interesting real estate brand or product group.

The portal can consist of 2 main levels:

1. A marketing platform developed for conversion sites in Europe.
2. An information and communication platform for actors working with conversion and provide information and material about conversion, facilitate know-how transfer and be a contact point for companies with conversion experience.

A marketing platform should fill the following tasks:

- International commercial exploitation of conversion sites
- Network of national and regional offers of conversion sites
 - a) for CONVERNET members
 - b) for non members of CONVERNET
- Image improvement of conversion sites
- Contribute to the formation of a real estate label

Further the marketing platform should offer information on:

- Support and funding for users and investors
- Particular procedures for elimination of disadvantages
- Specialised conversion companies

With this marketing platform conversion is presented on the European level.

Particularly, networking and linking of national suppliers like,

- Brandenburgische Bodengesellschaft (Germany)
- Vasallen Ltd (Sweden)
- National real estate-agencies of the EU-Member States (State Funds of Lithuania etc)

- Accumulate a very large portfolio of various conversion properties in Europe.

The conversion municipalities are offered a possibility to present them and find cooperation partners. For specialised conversion companies there is a close connection to the conversion real estates and the conversion market. Virtual presentations increase the quality of information.

The five steps for developing an electronically marketing platform for European conversion sites may be:

1. Analysis of what the conversion sites offer, its presentation and the used marketing instruments.
2. Development of marketing portal for conversion sites.
3. Development and integration of a communication platform for the conversion partners, information and download service, industry-forums etc.
4. Establishment of a programme to realise the marketing portal.
5. Organisation of a workshop, to discuss and develop a portal in the CONVERNET network, and establish links with regional and national conversion actors.

For a sustainable financing of the platform, contributions from the users and partners are needed, as well as conversion companies. With such a portal, the conversion will be transferred from the network CONVERNET to the European level.

Measures to attract investors/investments

How to finance an investment and attract investors: Inside an investors head (Jan-Olof Lööf)

Investments can be regarded as an attractive investment, strategic investment, societal investment and a heritage investment. Some general principles must be taken into account if you are interested to attract investors. Firstly you need to have a business idea for the conversion site. When developing this business idea it is important to take the location into consideration. Some sites will be more attractive than others for certain activities, i.e. dependent on distance to sea, a larger expanding city etc. To attract investors a viability study must be performed. The viability study includes calculations of the investment costs, potential income and running costs. To receive an income, you need to attract tenants. It is also crucial to see if there are any partners that can be engaged in the project. A risk analysis must also be performed.

The financing can be made with own and/or borrowed capital. Potential finance sources can be banks, investment banks, institutional investors (i.e. insurance companies) and private investors. The text boxes below give some examples of possible financial institutions and investments banks. In addition, the possibility to achieve different kinds of subsidies, i.e. from national, regional and local authorities, municipalities, government, EU, World Bank etc. may be investigated.

A feasibility study is a crucial element, if you would like to apply for public money, i.e. EU-funds. A feasibility study is defined as an evaluation or analysis of the

potential impact of a proposed project or program. A feasibility study is conducted to assist decision-makers in determining whether or not to implement a particular project or program.

Examples of Financial Institutions

- Banks
- Exchanges
- Insurers
- Investment Banks
- The World Bank
- American Bankers Association
- Bank Administration Institute
- Bank for International Settlements
- Eric Falkenstein's Credit Risk and Research Page
- First Alliance Mortgage Company
- Federal Financial Institutions Examination Council
- Indian Institute of Finance
- Mark Bernkopf's Central Banking Resource Center
- Office of Thrift Supervision
- Olson Research
- First Manhattan Consulting Group
- Payday Loans
- Peak Performance Consulting Group
- RMA
- SPL World Group Banking

Examples of Investment Banks

Alex Brown
 Bankers Trust
 Bank of Montreal
 Brown, Brothers Harriman & Co
 Burgan Bank (Kuwait)
 BZW Investment Management
 Hong Kong Limited
 CCF (France)
 CIBC Wood Gundy
 CS First Boston
 First Chicago Capital Markets
 Goldman Sachs
 Gruntal & Co
 Hambrecht & Quist
 IBP (Sweden)
 ING International
 JP Morgan
 Merrill Lynch
 Montgomery Securities
 Morgan Stanley
 Nesbitt Burns (Canada)
 Nikko Securities
 NRI (Indonesia)
 OCBC (Thailand)
 Piper Jaffray
 Robertson Stephens
 Royal Bank of Canada
 Salomon Brothers
 Scotia McLeod (Canada)
 Toronto Dominion
 Wertheim Schroder

Administrative and financial mechanisms

Three pillars for conversion analysis (Juhani Ahlman)

Natural appeal or advantages

The reduced or closed bases could have a prominent character for certain activities, for example tourism – this should be a naturally base for conversion.

Public interests

You could ask if there are conversion problems left if the estates and facilities are already in some way or other transferred from public ownership, (i.e. local, regional or governmental) to private ownership. The first question is (and should be) if there are public functions or authorities to replace the military activities.

The patient capital

The problematic conversion cases do not have one natural factor for a re-use or replacement employment. The success must be found from several small advantages – or they should be created. This takes time – and time is money. This kind of work cannot be done by quartile profit making in mind – even if there can be possibilities for unsubsidised business. Instead, “patient capital” is needed. It means small step renovations, low rents, one-room renters and partly empty dwellings for a time. Maybe big enterprises are not even an option, but small ones are in fact more secure – they cannot vanish all at once.

Conclusions: Defined challenges for spatial and regional development

Conversion is one of the most difficult restructuring problems in Europe. But it has not received much attention by the EU, the nation states and the regions. In most countries the municipalities stand alone with difficulties of conversion. The greatest successes of conversion can be realised where the state gives the issue clear political priority. In order to enable conversion for the municipalities, three goals must be secured:

1. Political priority of conversion
2. Lasting funding
3. Effective organization and control

Conversion means regional development and regional policy particularly in structurally weak area. Alternatives for reuse are industry areas, trade projects, infrastructure, housing, air traffic, tourism, leisure time, nature-development / nature conservation etc.

Conversion can be realized at most places only with extensive supporting. The European Union, but also the nation states have to promote the conversion long-term. Otherwise municipalities cannot realise conversion. Conversion needs public help. Public help generates private investments, jobs, and incomes and stabilize the communes and regions. That operational program KONVER of the EU was very meaningfully and has mobilized millions of investments. Now a programme and increased exchange of experience for municipalities and regions that face conversion are needed to improve the conditions for conversion.

The experiences from the work in the network can be summarised in the following way:

- A comprehensive approach is necessary to perform a successful conversion
- Planning must be performed to integrate the area into the “civil” community
- An early start of conversion work including the development of a local adopted conversion concept is needed
- An efficient conversion procedure can be secured by establishing particular rules for the procedure for closing a military base
- Long-term conversion measures are needed
- Conversion demands public funding over the entire conversion period
- Parallel military and civilian use is an option when the military plans a step wise withdrawal
- Creation of active international marketing may be a solution for some sites. The establishment of a marketing platform for conversion areas is one option but also flexible marketing strategies, i.e. check list, need to be developed.

Actions to take

To summarise the following actors have mainly been defined as important in conversion work:

- EU
- Ministry of Defence

- Other national authorities and agencies
- Municipality / Cities
- Regional administrative levels
- Private enterprises

Below follow some examples of actions to take in the further work with conversion issues.

European Level

- Establish an “Agency for disarmament, conversion and civilian (non-violent) settling of conflicts” within the EU
- Establish a European institute for conversion
- Establish a European committee, location for consultation to conversion.
- European military politics should be connected with European regional policy.
- *A new European conversion program*, for the most concerned states and regions is needed. That involves the area of the former Warsaw Treaty Countries, now belonging to the EU, including East Germany and the zones around the former eastern border of the NATO (West Germany)

National level

- Increase the responsibility of the military, in most of the countries defence has no duty to support conversion.
- Establish property agencies and companies for conversion. Vasallen Ltd is an efficient company that provides service for state and the communes. Such institutions are missing in most European countries.
- In the nation-states, particular programmes are needed for conversion.
- Establish national conversion networks

Local and regional level

- Expand the CONVERNET network
- Municipalities and regions facing conversion must require much more support of the nation-states. Conversion is to be integrated into the regional policy.