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IDENTIFYING CONSTRAINTS AND OPPORTUNITIES IN EUROPEAN UNION'S FUTURE INDUSTRIAL AND SERVICES STRENGTH – RISE PROJECT. A PERSONAL VIEW ON EUROPEAN URBANIZATION

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Abstract *Strategic plans and decisions are needed to put Europe on a balanced growth market. Market's observation for Europe shows the shine of cities and the collapse of others. Economist challenges are how to ensure sustainable growth, secure jobs, and prosperity. European prosperity will not be possible without the industrial competitiveness. Any wise, the European competitiveness is under the pressure of differences in energy costs, and prices relative to other regions in the world. The structural weakness in the economies of some European units leads some units to leave the union like the case of Britain, and escalates the responsibilities of other to keep the union interacting. New policies and rules have to enroll the European markets as one single unit. Improving each market unit increases the competitiveness of the European unit market to compete globally and to attract international investors. There has changed the investors criteria in place selection. Now investors are looking for cities and not countries; they are escaping from the high investing cost of London and Paris, to benefit the talent young human resources, and lowest rentals at Lisbon. Europe market is based on cities rather than countries, investors are focusing on urbans where no competitors, and logistics are available.*

Key words:
Economy, Competitivness, Investments, RISE European project, European urbanization, European Policy

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M20
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1. INTRODUCTION

Strategic plans and decisions are needed to put Europe on a balanced growth market. Market's observation for Europe shows the shine of cities and the collapse of others. Economist challenges are how to ensure sustainable growth, secure jobs, and prosperity.

European prosperity will not be possible without the industrial competitiveness. Any wise, the European competitiveness is under the pressure of differences in energy costs, and prices relative to other regions in the world. The structural weakness in the economies of some European units leads some units to leave the union like the case of Britain, and escalates the responsibilities of other to keep the union interacting.

New policies and rules have to enroll the European markets as one single unit. Improving each market unit increases the competitiveness of the European unit market to compete globally and to attract international investors. There has changed the investors criteria in place selection. Now investors are looking for cities and not countries; they are escaping from the high investing cost of London and Paris, to benefit the talent young human resources, and lowest rentals at Lisbon. Europe market is based on cities rather than countries, investors are focusing on urbans where no competitors, and logistics are available. Renaissance of Industry for a Sustainable Europe (RISE) strategy pursues technological, business, financial, environmental and social innovation towards a third industrial revolution including an efficiency strategy that reindustrializes Europe, strengthens European industry as a whole and acts as a response to rising social challenges. That RISE can create new markets, inter alia for new and innovative products and services, business models and creative entrepreneurs and enterprises, new jobs and decent work, bringing an industrial renewal with economic dynamism, confidence and competitiveness.

That RISE must be embedded in an ecological and social market economy in accordance with the principles of entrepreneurship, fair competition, the long-term goal of an internalization of externalities. The European Union's industrial policy must be coherent with a vision guided by innovation, sustainability and competitiveness which strengthens the manufacturing sectors and know-how as well as the circular economy.

RISE must pursue ambitious and realistic industrial targets; notes that the headline target of 20 % would necessitate the creation of at least 400 000 new industrial jobs per annum; strongly supports the 20 % target and proposes that it should be seen as a directional goal aligned with the EU's 20/20/20 goals.

2. LITERATURE REVIEW

Concerning the European industrial policy (IP), is essential for economic development and competitiveness, ensuring long-term prosperity and solving the problem of unemployment given that industry creates one in four jobs, providing employment for some 34 million people. IP must address comparative weaknesses in the EU economy, whether they be a lack of R&D investment, development of energy prices, bureaucratic red tape or difficulty in accessing finance. Industrial policy is horizontal in nature and aims to secure framework conditions favourable to industrial competitiveness. It is also well integrated into a number of other EU policies such as those relating to trade, the internal market, research and innovation, employment, environmental protection and public health. EU industrial policy is specifically aimed at:

(1) 'speeding up the adjustment of industry to structural changes';

(2) 'encouraging an environment favourable to initiative and to the development of undertakings throughout the Union, particularly small and medium-sized undertakings';

(3) 'encouraging an environment favourable to cooperation between undertakings'; and (4) 'fostering better exploitation of the industrial potential of policies of innovation, research and technological development' (Article 173 TFEU).

Seasonally adjusted GDP rose by 0.6% in both the euro area (EA19) and in the EU28 during the second quarter of 2017, compared with the previous quarter, according to a preliminary flash estimate published by Eurostat, the statistical office of the European Union. In the first quarter of 2017, GDP had grown by 0.5% in both zones.

Compared with the same quarter of the previous year, seasonally adjusted GDP rose by 2.1% in the euro area and by 2.2% in the EU28 in the second quarter of 2017, after +1.9% and +2.1% in the previous quarter. Notes that industry is responsible for 80 % of expenditure in the field of R&D and that nearly 75 % of European exports consist of industrial goods. It should be mentioned that industry is responsible for much of the value creation in the economy, with each job in industry creating approximately two additional jobs in the supply and service sectors[1, 2].

3. METHODOLOGY

The objective of the paper is to put the future competitive successful factors and to find the European market strength elements. The methodology of the research will start from analyzing the current market factors by evaluation and analysis of actual studies and statistics in relation with European urbanization. The aim is to get a theoretical understanding, to identify existing concepts and models, to relate them and to discuss critical factors within the usage of the international standard. Explorative studies in selected European countries and towns were done.

Expert interviews with practitioners of the field of urbanization will clarify the present market factors, and define the future trends; evaluation and analysis of statistical data on the development of investments within this branch in correlation to the availability resources.

4. EUROPEAN URBANIZATION PROSPECT – SOME CASE STUDIES

Strengthening recovery is the story in most of Europe's major cities; expanding economics, more liquid credits, low interest rates, and growing demand from occupiers underpins an optimistic view of real estate. Studies haven't shown any poor investment in 2016, the prospect investment has increased from 2006 to 2016. (M. Phillips, 2016)

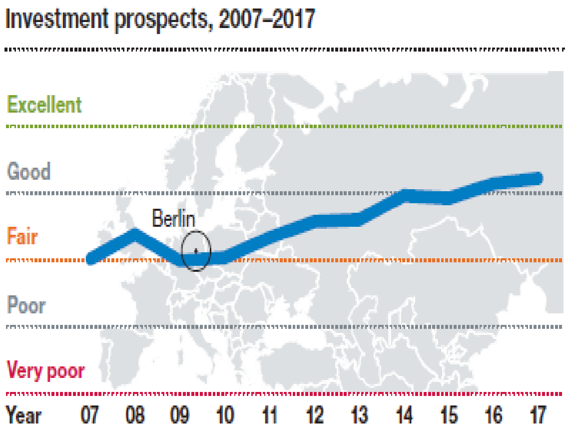
[1] 123/2017 - 1 August 2017, Preliminary flash estimate for the second quarter of 2017, GDP up by 0.6% in both the euro area and the EU28; +2.1% and +2.2% respectively compared with the second quarter of 2016. Seasonally adjusted GDP rose by 0.6% in both the euro area (EA19) and in the EU28 during the second quarter of 2017, compared with the previous quarter, according to a preliminary flash estimate published by Eurostat, the statistical office of the European Union. In the first quarter of 2017, GDP had grown by 0.5% in both zones. Compared with the same quarter of the previous year, seasonally adjusted GDP rose by 2.1% in the euro area and by 2.2% in the EU28 in the second quarter of 2017, after +1.9% and +2.1% in the previous quarter. EU28 and euro area GDP growth rates.

[2] The euro area (EA19) includes Belgium, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland.
The European Union (EU28) includes Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Croatia, Italy, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

A. BERLIN

The strength of the Germany's economy and its main real estate markets shined during 2016 through his capital Berlin. Berlin topped the ranking for both investment and development, while Hamburg took the silver and Munich also featured in the top 10.

Berlin has taken the advantage of the diverse wealth to become much stronger by the prospect investments. All the creative industries are going there;

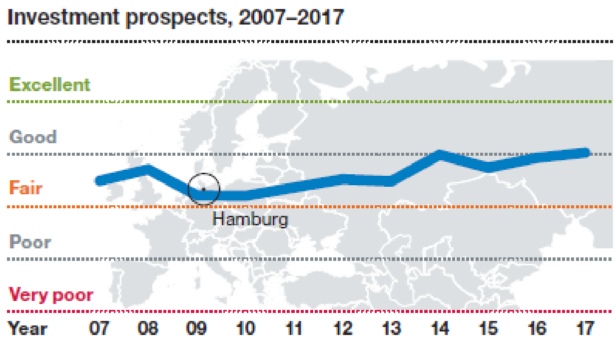


it is dynamic; and the new infrastructure has attracted multitude of different tenant types. Technology innovation changed Berlin into Europe tech hub, and forming a startup becomes a streamlined process not complicated which facilitates many startups across the Atlantic to run their European operations from there.

"As a startup founder, I love the scene that has sprouted up here. It channels the city's creative energy which has contributed to vibrant art, film and TV, gaming and publishing industries into solve problems through technology. We are fortunate to enjoy a relatively low cost of living compared to other tech hubs like Silicon Valley and London. Living costs are 43% higher in London….." (Verhoog, 2016)

B. HAMBURG

Hamburg completes the German domination by taking the second spot from Duplin. More than €5 billion has been invested in Germany's trading capital over the third quarter 2015, making it the sixth most active market in Europe.



More than 60% of the capital are originated with foreign vendors for whom Hamburg provides a safe haven outside the expensive London and Paris markets. Hamburg is placed at number for development prospects and construction is expected to ramp up in the next years, delivering 127000 square meters of new offices to ease the currently constrained supply. (M. Phillips, 2016).

Hamburg has one of the largest ports; it is one of the top 20 container ports in the world. The Port of Hamburg not only has a very broad network of connections with ports all over the world, but also is one of the dominant ports in the network. (Merk, Hesse, 2016)

C. COPENHAGEN

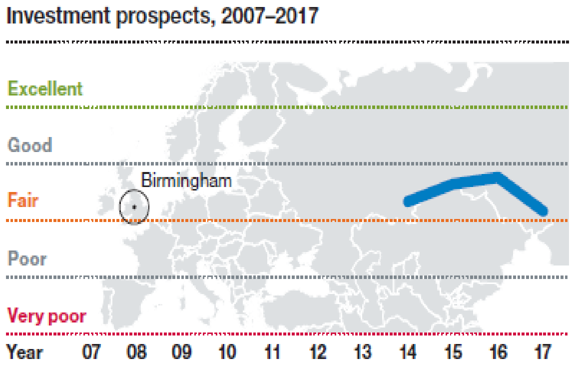
Economists have determined Denmark as a woeful market up to 2011, Copenhagen now appears sounds to be "noteworth". The Danish capital has "good dynamics in term of younger segments of the population" (M. Phillips, 2016).

Copenhagen is 15-20% cheaper than Stockholm in terms of total costs operating a Scandinavian headquarters or a shared services center for IT, HR, R&D, supply chain, and customer services, the office rental prices as example is 50% cheaper than Stockholm.

Denmark offers the best business conditions in the Nordics in terms of availability of skilled, ambitious and motivated employees. Copenhagen owns the most flexible labor market regulations and polices. hiring and firing can happen almost from one day to another; the total employment costs are significantly lower than in Sweden, in Denmark employer paid social security contributions are less than 1% of salary. (www.fdibenchmark.com, 2017).

D. BIRMINGHAM

Birmingham is the second Britain's city after London; it has been established in the top 10 places for investment. Birmingham's relative cheapness is also



brining

occupiers to its offices market; global bank HSBC moved its retail division to the city. The €750 million redevelopment of the city's New Street opened in September 2015, including a 25000 square meter John Lewis department store.(M. Phillips, 2016).

Birmingham provides a stable real estate market that doesn't have the sort of wild appreciation/depreciation swings that plague bigger markets like New York and California. Real estate investors know the unemployment rate and job creation rate are important factors to consider when seeking a location. Good news for those seeking to invest in Birmingham, which has an unemployment rate of 4.6%, placing it 14th out of 49 large metropolitan areas.

Birmingham also ranks 19th out of 50 in job creation and boasts a GDP growth of 3.8%, outpacing the national average of 2.5%, placing the Magic City in the top 15% of metropolitan areas. (alliancewealthbuilders.com, 2015).

E. LISBON

Portugal has recovered its credibility, and return back as one of the European markets that is

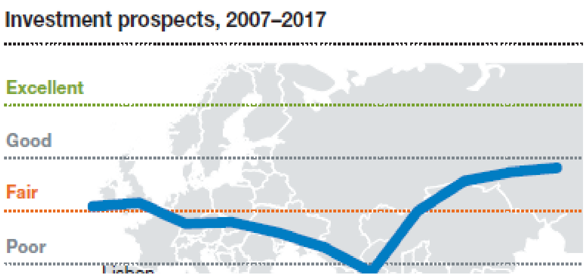


Figure 7-Source: Emerging Trends Europe 2017 Survey

attacking investors around Atlantic. Lisbon's recovery has been dramatic; international popularity and trans-Atlantic connections have hastened its return to health.

Lisbon attracts young talent to start their startups for a lot of reasons: because of the financial system, a very competitive fiscal setting for startups; but also because of the lifestyle and quality of life that entrepreneurs find there. (why Lisbon could be the next tech capital, 2016)

From the point of entrepreneurs, Lisbon has solved the problem of thwarted of high cost living, and the lack of housing. Lisbon wonderful nights and beautiful weather becomes the direction of all those that are escaping from high cost life in London and Paris where the startup is turned to enjoyable process. For startup, it is better to get benefits from hiring high qualified human resources, and the awesome governmental regulations all gives the advantage of changing Lisbon to a new Silicon Valley.

F. MILAN

Milan is the world's 11th most expensive city for expatriate employees, and its influence in fashion, commerce, business, banking, design, trade and industry make it an Alpha world city, as well as the world's 42nd most important in the Global Cities Index. Also, the city's hinterland is Italy's largest industrial area, and the Fiera Milano fair is considered the largest in Europe. Milan, also, has one of Italy's highest GDP (per capita), about €39.277,18 (US$ 52,263), which is 162% of the EU average GDP per capita.

Milan is also regarded as the true current fashion capital of the world, according to the 2009 Global Language Monitor, and annually competes with other major international centers, such as New York, Paris, Rome, London, Los Angeles and Tokyo. Major fashion houses and labels, such as Versace, Gucci, Armani, Valentino, Prada, Dolce & Gabbana, Moschino and Missoni are headquartered in the city, which greatly contribute to its economy. (The Economy of the City of Milan, 2017)

Milan is home to a large number of media and advertising agencies, national newspapers and telecommunication companies, including both the public service broadcaster RAI and private television companies like Mediaset, Telecom Italia Media and Sky Italia. In addition, it has also seen a rapid increase in internet companies with both domestic and international companies such as Altavista, Google, Lycos, Virgilio and Yahoo! establishing their Italian operations in the city. (The Economy of the City of Milan, 2017)

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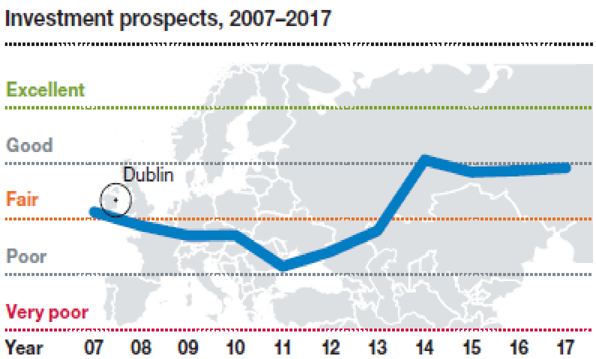
Figure 9-Source: Emerging Trends Europe 2017 Survey

Other key sectors in the city's economy are advanced research in health and biotechnologies, chemicals and engineering, banking and finance. Milan is the home to Italy's main banking groups (198 companies), including Banca Popolare di Milano, Mediobanca, Mediolanum and UniCredit and over forty foreign banks.

Milan is presently undergoing a massive urban renewal. FieraMilano, the historical city trade fair operator, owned a fair ground known as "FieraMilanoCity", which was dismantled to be house for a major urban development, CityLife district.

G. DUBLIN



In a world of slower economic growth, Dublin's performance in the past three years an average of growth rate of 2.4% annually is probably as good as it gets for a large, mature and diversified economy (Fitzgerald, 2016). Dublin has slipped few ranks from 2014 the only biggest issue is how the Ireland market fares from the context Brexit.

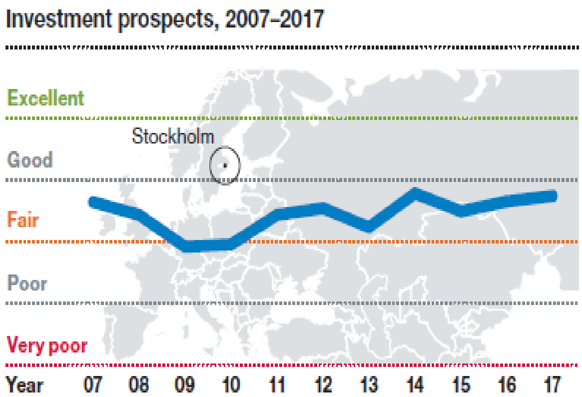
Brexit has added instability to the viewpoint and is required to be a net negative for Ireland. Notwithstanding, two qualifying components ought to be noted. Right off the bat, some slippage can be managed as the Irish economy is plainly growing vigorously at present. Besides, despite the normal effect of Brexit Ireland is conjecture to keep demonstrating hearty yield and occupations development (Savills, 2016).

The entire recognition is that, Dublin will be a recipient of Brexit. This is joined with private and business advertises that don't offer the deals of a few years back yet which ought to be supported by proceeded with financial development anticipated to be 4.9% for Ireland in 2016 and remote direct venture (Jane Roberts, 2017).

The measure of capital coming into the market has as of now moderated, however that is contrasted with an unmatched measure of movement in 2013, 2014, and 2015 particularly for a market of Ireland size. This is helped by an obligation market that has gone from being "essentially broken with no loaning at all to presumably mostly back towards some kind of typicality". Close by residential and worldwide banks, obligation assets are filling the crevice for higher advance to-esteem and improvement loaning. (Jane Roberts, 2017).

Another positive component is the irregularity among free market activity in the lodging market. For the Dublin rental area, the request in the market is colossal. The request in the market is not quite recently new individuals existing stock is old and individuals need to redesign (Jane Roberts, 2017).

H. STOCKHOLM



Stockholm is one of the most knowledge-intensive and innovative regions in the world. The core investment opportunities are founded on innovation and tech. Stockholm keeps up its main 10 positioning between European cities, with Sweden's capital discovering support for solid demographics, sound monetary development and, post Brexit, as another sanctuary of political solidness. investors expect Swedish cap rate levels might go down even further especially for the best real estate as the growth there is tremendous especially in Stockholm (Jane Roberts, 2017).

Sweden has been a supplier of metals and mining products for hundreds of years, with one of the world's largest known resources of iron ore. Historically, the Stockholm region too has been a stronghold. Now with several projects on the way, a new era has begun. Come and be part of it (Krüger, 2016).

Office properties, trailed by residential properties, were the two biggest sectors in terms of transaction volume during the first three quarters of 2016. The investment volume in the sectors amounted to approximately together 53% of the total transaction volume in 2016. The share of foreign buyers has decreased in 2016. Foreign investors accounted for 14% of the total investment volume during the first three quarters, which is significantly lower compared to the previous years when foreign investors represented 21% of the total transaction volume (P. Wiman, C. Sahlstorm, 2016).

The main drivers behind the strong investment market are that the market is extremely well-supplied with equity along with favorable lending conditions. The favorable market situation has led to a highly competitive market where demand by far surpasses the supply. The high demand for properties has contributed to historically low yields across all property sectors and geographical markets (P. Wiman, C. Sahlstorm, 2016).

There is widespread affirmation now of Stockholm as an built up destination for global capital. An investor says: "Sweden has solid financials, so people look to invest here as a safe haven. We are seeing more and more interest coming, strong interest from Asia also other countries and from other sovereign wealth funds (Jane Roberts, 2017).

Over the past decades, the insight has grown among national, European and international policymakers that policy action cannot be solely guided by reference to gross domestic product and its growth without integrating intangible investment, social and environmental dimensions, individual well-being and qualitative dimensions in the GDP. The changing characteristics of economies and societies in Europe require inclusion of multiple dimensions, including gender and age, new measurement and data for developing new policy for economic growth and well-being.

CONCLUSIONS

Europe needs to understand and analyze the changing frame of references for the evaluation of the state and development of societies. Official statistics need to be modernized to provide a more complete picture through the incorporation of new metrics, based on new sources and data collection methods, in coherent frameworks delivering consistent evidences and narratives to policymakers. New sources (including social media) offer unparalleled opportunities to elicit information on welfare, wellbeing and societal progress by other means than traditional sample surveys and require the development of modern, innovative methods for official statistics. With all strata of the population being in scope, methodologically sound official statistics ensure that for e.g. a "silent majority" (those who do not tweet) or marginalized minorities (those who for e.g., lack bank accounts and credit cards and hence leave no trace in certain electronic systems) remain visible to policymakers when innovative, non-traditional sources are used to measure progress. The protection of individual data is furthermore a concern that should be taken into account.

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