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# The Impact of Urban Renewal on Economic Activities in the City Centers: Central of Mahayil Asir, a case study

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#### **Abstract**

The research paper highlights the analysis of the impact of urban renewal on economic activities in the center of old cities by applying it to a case study of the center of Mahayil Asir in Saudi Arabia. The research seeks to understand the negative effects of urban renewal projects in the absence of a comprehensive perspective in line with the environmental, economic, and social dimensions. The research used field survey tools and conducted exploratory studies with those involved in the urban renewal project for central Mahayil Asir, including visitors, commercial real estate owners, and investors in economic activities. The data was entered in a quantitative manner that can be measured statistically. The results of the study showed that the urban renewal project for the center of Mahayil focused on the urban dimension in terms of widening streets, solving traffic congestion problems, and improving the visual appearance. However, many negative effects that contributed to the migration of some economic activities, weak economic returns, and real estate values accompanied the project. The study recommended including economic feasibility studies in urban renewal projects for central Saudi cities and that these projects be compatible with sustainability principles, including the economic, social, and environmental dimensions.

Keywords: Urban Renewal, Local Economy, City Center, Muhayil Asir, Saudi Arabia

### 1- Introduction

Over the past decades, the cities in Saudi Arabia have witnessed significant urban expansion and an increase in urbanization and population growth rates as a result of the economic boom and the diversification of the economic base. Economic and demographic factors have influenced the increase in demand for housing, transportation, and services, and market forces have transformed the centers of old cities from the traditional urban fabric to different urban patterns dominated by commercial and investment uses (Mulliner & Algrnas, 2018). Due to the rapid population growth, cities expanded, and many economic activities and administrative buildings moved to the outskirts of the cities, causing the economic strength of the city centers to weaken. Thus, it contributed to increasing urban deterioration. The city center constitutes the nucleus that plays a major role in strengthening economic activity, as it is an area where economic, administrative, and cultural activities are concentrated, enhancing trade exchange among the city's residents. As a result of the city's expansion and sprawl, the city center suffers from urban decline, causing economic activities to migrate and the social structure to change. Urban renewal projects aim to restore their economic vitality and enhance their importance. For city centers, they can improve infrastructure, renovate old buildings, improve public areas, and attract more investments (Dall'Orso, 2023). Increasing investments in the region leads to increased job opportunities and increased economic growth

in the region. Urban renewal projects can also increase the area's real estate value and demand for real estate there, which helps stimulate real estate investments. Cities are prioritized in urban renewal strategies because they include many cultural and heritage sites, increasing tourism and enhancing the city's economic revenues. Within the framework of the Kingdom of Saudi Arabia's Vision (2030), many urban efforts have begun to be implemented in the context of renewing and rehabilitating city centers, as they contain many cultural and economic components. Urban policies have emphasized the principle of supporting the integration of the city center with the urban context and enhancing the competitiveness, accessibility, and cultural dimension of city centers. These policies also indicated the importance of expanding partnership frameworks between the public and private sectors to develop unexploited lands, rehabilitate deteriorating urban areas, and stimulate local community participation. However, many urban renewal projects in city centers have negatively impacted economic activities, contributing to their migration and weak economic investment. Therefore, this research paper aims to analyze the effects resulting from urban renewal policies in old city centers on economic activities by applying them to a case study of the city center of Mahayil Asir in order to develop a number of guidelines that enhance the role of urban renewal in a context consistent with the directions of the Kingdom's Vision 2030, aimed at revitalizing the local economy and improving quality of life.

# 1-1 Research problem

Urban renewal projects seek to address the manifestations of urban deterioration, rehabilitate these areas in accordance with modern planning considerations, and integrate with the urban context. However, many projects negatively impact economic activities, causing migration and poor economic returns. The urban renewal project for central Mahail Asir has contributed to improving the urban environment. However, the process has negatively affected economic activities on vital roads such as King Abdullah Road. The urban renewal project for the center of Muhayil Asir focused on restructuring movement in the city center and unifying the direction of movement on King Abdullah Road to address traffic congestion. Many economic activities in the city center were affected due to difficult accessibility, like the lack of parking and an integrated network of pedestrian paths in the project. This led to the migration of some economic activities, the spread of vacant buildings, the weak economic returns of commercial activities, and decreased demand for renting real estate in the city center. Therefore, the research problem lies in the need to track the harmful effects of urban renewal projects in central cities on economic activities to develop a number of guidelines that enhance the role of urban renewal in revitalizing the local economy and improving the quality of life.







**Figure 1.** The urban condition in the study area Source: (Authors, field survey, 2023).

# 1-2 The importance of research

The results of this research will help decision-makers deduce the negative economic impacts of urban renewal projects in cities and develop sustainable options. The research paper reviews the most important guidelines that enhance the role of urban renewal in a context consistent with the directions of the Kingdom's Vision 2030, which aims to revitalize the local economy and improve the quality of life.

# 1-3 objectives

This research paper aims to analyze the effects resulting from urban renewal policies in old city centers on economic activities by applying them to a case study of the city center of Mahayil Asir in order to develop a number of guidelines that enhance the role of urban renewal in a context consistent with the directions of the Kingdom's Vision 2030, aimed at revitalizing the local economy. Improving quality of life.

## 2- Theoretical framework

# 2.1 The concept of urban renewal

The urban renewal of central cities aims to improve the urban environment in a way that is compatible with modern patterns and concepts in urban planning and design (Mehanna & Mehanna, 2019). Urban renewal projects include all deteriorating urban areas, including the city center. The urban renewal process is not only limited to maintaining or rehabilitating the physical structure; instead, it is improving living standards by developing job opportunities and creating an economic base that meets the population's needs. Urban renewal processes resulted from the expansion of cities over successive periods of time, high rates of urbanization, and increased demand for services. The city centers are the beating heart of the city's economy; the city's economic strength is linked to the quality of economic activities in the city center, making them all-important. Urban renewal of city centers can include the complete or partial urban development of deteriorating areas, including removing illegally established areas such as slums. The process of urban renewal emphasizes the principle of preserving urban or cultural identity, as removal does not mean destroying the social or economic fabric of the region (Mirzakhani, et al., 2021). Urban renewal aims to rehabilitate deteriorating urban areas by focusing on aging or marginalized urban areas that residents abandoned and integrating them within the city's urban context. It is clear from the above that the urban renewal process takes on a developmental dimension that emphasizes sustainability. The goal of urban renewal is to rehabilitate the physical structure and improve the economies of the population and the region while preserving social and cultural values. Therefore, the success of urban renewal operations depends on the extent to which they are compatible with the dimensions of sustainable development, including the environmental, economic, and social aspects.

## 2.2 Urban problems in the city center

Central cities are affected by rapid urban growth and development in transportation and transportation systems, which leads to the inability to keep pace with modernity and the unsuitability of the urban fabric to the requirements of modern life. Many central cities around the world suffer from poor connectivity with the urban environment and a decline in their importance, especially with the transformation in functional systems and the emergence of modern commercial centers that have made them lose the ability to compete economically. Central cities suffer from urban deterioration and the inability to accommodate traffic. Many city centers also do not have multiple transportation systems and an integrated pedestrian environment, and high levels of urban and population density make them unsuitable environments for living (Shartova, et al., 2023). The urban deterioration and neglect of the city centers have led to the migration of local residents due to the decline in services and infrastructure. Modern buildings also affected the region's traditional urban style and identity, making it lose its aesthetic appearance.

## 2.3 The impact of urban renewal of city centers

Urban renewal of city centers is described as a comprehensive process to improve the physical structure and the region's economies. Urban renewal of city centers aims to improve buildings and infrastructure and connect them within their urban context, emphasizing considerations of improving the quality of life in the central area and making it more attractive and suitable for urban use. The urban renewal of city centers usually includes removing old and dilapidated buildings and constructing new and modern buildings with advanced designs suitable for different uses while preserving the historical identity and social fabric. The urban renewal process also includes improving the area's infrastructure, rehabilitating roads and streets, adding green spaces, seating, and entertainment areas, and improving public transportation services and health, educational, and cultural facilities (Wang, et al., 2022). The urban renewal process in central cities is described as a dynamic process that requires cooperation and coordination between all parties involved in the urban renewal process, including the local government, the private sector, the local community, and the non-profit sector. The process emphasizes the

participation of the local community in decision-making, especially the nature of services and the quality of public facilities and housing.

**Table 1.** The impact of urban renewal in the city centers

	Pros	Cons
Economic	<ul> <li>Providing new job opportunities in the city center by developing investments capable of absorbing human energies.</li> <li>Increase investment and enhance the local economy and growth opportunities for the region.</li> <li>Urban regulations and legislation encourage the private sector to invest in the city center.</li> </ul>	<ul> <li>Land prices and rents in the city center rise after renovation, leading to poor residents' migration.</li> <li>The new economic activities do not keep pace with the nature of the local community.</li> </ul>
Social	<ul> <li>Providing diverse housing types capable of accommodating all social segments.</li> <li>Providing public spaces and social activities that encourage increased social cohesion and preserve the area's identity.</li> </ul>	<ul> <li>Removing urban deteriorated areas without providing suitable housing alternatives.</li> <li>An urban fabric that lacks social suitability and provides services that meet the needs of residents.</li> <li>Lack of public spaces and urban design that does not take into account the human dimension.</li> </ul>
Environmental	<ul> <li>Improving the quality of life in the city center by improving infrastructure and public services and enhancing levels of attractiveness and livability.</li> <li>Improving the public environment by developing green spaces and improving hygiene levels, which reflect positively on the health and wellbeing of residents.</li> </ul>	<ul> <li>Removing green areas and replacing them with investment and economic areas.</li> <li>Lack of diversification of public transportation alternatives, which negatively affects accessibility levels and traffic congestion.</li> </ul>
Cultural	<ul> <li>Preserving cultural heritage and maintaining historical buildings.</li> <li>Enhancing the accessibility of heritage and cultural areas.</li> </ul>	<ul> <li>Neglecting the historical physical structure of the region and relying on modern or imported styles that are not compatible with the local context.</li> </ul>

Source: Authors based on (Mirzakhani, et al., 2021), (Pan & Du, 2021), (Wang, et al., 2022).

#### 2.4 Urban renewal policies

When starting to plan an urban renewal project, there are a number of policies, which are as follows:

- Urban rehabilitation: This policy deals with areas that suffer from partial deterioration to improve and raise the urban fabric's urban level.
- Revitalization: This policy emphasizes reviving the central area to preserve its previous urban identity and social and economic characteristics.
- Redevelopment: This policy deals with central cities whose dilapidated urban fabric cannot be maintained, which requires the removal of dilapidated urban areas while preserving and rehabilitating buildings of historical importance (Pan & Du, 2021).
- Historic preservation: This policy is used in central cities dominated by heritage and historical areas, where they are protected and preserved while making them suitable for use, but it is not necessary for them to have the same original function (Mehanna & Mehanna, 2019).
- Urban dictation: This policy deals with the centers of cities with vacant lands or informal areas, so
  these gaps are developed and linked to the surrounding urban fabric.

## 3. Research methodology

The research paper relies on a descriptive and theoretical approach. It uses the tools of a documentary field survey by applying them to the case study model of the urban renewal project in the center of Mahayil Asir. The paper begins by analyzing the theoretical frameworks and concepts for urban renewal in central cities and deducing the positive and negative aspects of the urban renewal process, including the economic impact on residents and spatial space. Case study data were collected by reviewing government reports from the Ministry of Municipal, Rural Affairs, and Housing and a field survey of the area. The opinions of owners of existing economic activities and residents were also surveyed to understand the economic impact of the urban renewal process in the city center in

order to develop a number of guidelines that enhance the role of urban renewal in a context consistent with the directions of the Kingdom's Vision 2030.

#### 3.1 Research tools

The research paper used the questionnaire as a research tool to survey the opinions of those concerned with the urban renewal project for the center of Mahayil Asir, including visitors, commercial property owners, and investors in economic activities. The questionnaire form was designed through Google electronic forms, and the respondents' responses were analyzed according to three considerations: economic activities, economic return, and real estate value. The questionnaire consists of three main axes: The first axis measures the characteristics of the target sample, such as gender, age group, and relationship to economic activities. The second axis deals with analyzing the impact of the urban renewal project on current economic activity according to considerations of the type of economic activity, economic return, and real estate value. Lastly, the third axis discusses the economic impacts from the perspective of visitors and commercial property owners. The questionnaire questions were reviewed and verified for their suitability for the research objectives. Then, the final forms were distributed to a sample of (61) visitors, real estate owners, and investors. The subjects' responses were recorded using a five-point Likert scale, starting with strongly agree, agree, neutral, disagree, and strongly disagree.

#### 3.2 Spatial framework

As shown in Figure No. (2), the Asir region is located in the southwestern part of the Kingdom of Saudi Arabia on an area of more than 81,671 km². The city of Mahayil is one of the most important governorates of the Asir region and the third governorate in terms of population, as its population reached 230,500 people, according to the 2022 census issued by the General Authority for Statistics. The city is distinguished by its location at the crossroads of roads that connect it to Abha, Jizan, and Mecca. Its importance also lies in the fact that it is located in the middle of many cities, centers, and villages and contains the necessary government services and economic, marketing, and tourism requirements.



**Figure 2.** Location and spatial relationship of Mahayil Asir Source: (GATA, 2010).

## 4. Results

#### 4.1 Economic activities

The quality and intensity of economic activities vary in the center of Mahayil Asir, but they have not clearly contributed to enhancing the importance of the city center. The urban renewal project focused on solving traffic congestion problems without a comprehensive understanding of the center's nature and the type of economic activity. The project worked to unify the direction of King Abdullah Road in Mahayil Asir in order to reduce traffic congestion. Moreover, the urban renewal project provided a plan that included widening the road for vehicles without providing a pedestrian-friendly environment or adequate parking. These factors contributed to

weakening the connection of King Abdullah Road to the surrounding neighborhoods, causing the migration of economic activities to the outskirts of the city, a decrease in the economic returns of the economic activities located on the road, and a decrease in the real estate value of the properties located on both sides of the road. The study results indicated that 59% of respondents believe that the urban renewal project for the center of Mahayil Asir has caused the migration of economic activities to the outskirts of the city or areas outside the perimeter of the center. Results also indicate that 62% of respondents believe the project weakened the city center's competitiveness and economic importance.

#### 4.2 Economic return

The urban renewal project for the center of Mahayil Asir did not provide an environment that would attract visitors and enhance the city center's purchasing power. The project focused on improving traffic movement without considering providing a pedestrian environment, adequate parking spaces, transportation alternatives, or integrated urban designs that preserve urban identity. As a result, the city center did not provide added value that could attract visitors to the area, which contributed to the weak economic return and the closure of many economic activities in the city center. The project did not provide attractive facilities that enhance the owners' economic returns, including parking and pedestrian environments, according to 69% of respondents. In addition, 70% of respondents believe that the levels of accessibility of economic activities are weak, which has contributed to the lack of visitors and economic returns. Figure No. (3) shows some of the shops that were closed due to poor economic returns.



**Figure 3.** Closing a number of economic activities Source: (Authors, field survey, 2023).

#### 4.3 Real estate value

The urban renewal project for the center of Mahayil Asir caused a decrease in the real estate value of properties located on King Abdullah Road and an increase in vacant commercial showrooms and abandoned buildings due to the weak economic activity of the city center. The study results indicated that 64% of respondents believed that the urban renewal project for the center of Mahayil Asir negatively impacted the real estate value of properties on King Abdullah Road. As for investing in the center, 28% of respondents took a neutral position. The results of the study indicated that urban renewal projects could negatively affect economic activities if the physical improvement approach is considered without taking into account the analysis of the nature of economic activity and the surrounding environment. The field survey results confirmed that King Abdullah Road poses a danger to pedestrians, which has caused shoppers to refrain. The economic activities on the left side also suffer from very weak demand compared to those on the right side of King Abdullah Road. The urban renewal project for central Mahayil Asir has increased traffic accidents on King Abdullah Road and changed the nature of economic activities on both sides. All of these factors led to a change in the characteristics of visitors to the place and contributed to weakening the economic role of the center. Table No. (2) summarizes the impact of urban renewal on economic activities in the center of Mahayil Asir.

Table 2. Summary of the impact of urban renewal on economic activities in the center of Mahayil Asir

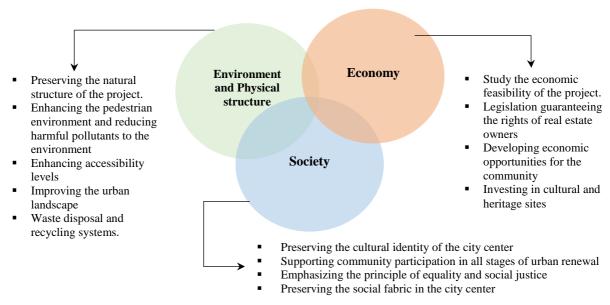
	Results	Statistical analysis
Economic activities	59% of respondents believe that the urban renewal project for the center of Mahayil Asir has caused the migration of economic activities.	Strongly Disagree Disagree neutral Agree Strongly Agree  0 10 20 30 40
	62% of respondents believe that the urban renewal project for the center of Mahayil Asir has contributed to weakening the economic importance of the city center.	Strongly Disagree Disagree neutral Agree Strongly Agree  0 10 20 30 40
Economic return	The urban renewal project for the center of Mahayil Asir did not provide a sufficient number of parking lots to suit the number of visitors to commercial activities, which weakened the economic returns. The percentage of the total agreed upon is 69%.	Strongly Disagree Disagree neutral Agree Strongly Agree  0 10 20 30 40 50
	The urban renewal project for the center of Mahayil Asir caused difficulty in movement on King Abdullah Road, which affected the ease of accessibility for economic activities on the road. The percentage of the total agreed upon is 70%.	Strongly Disagree Disagree neutral Agree Strongly Agree  0 10 20 30 40
	The urban renewal project for the center of Mahayil Asir did not provide a safe environment for pedestrians that encourages movement between economic activities along King Abdullah Road or on both sides of the road. Increasing the width of the carriageway also contributed to increasing the speed used for the road, and the percentage of the total agreed upon is 82%.	Strongly Disagree Disagree neutral Agree Strongly Agree  0 10 20 30 40 50
Real estate value	The urban renewal project for the center of Mahayil Asir had a negative impact on the real estate value of properties located on King Abdullah Road, and the percentage of the total agreed upon is 64%.	Strongly Disagree Disagree neutral Agree Strongly Agree  0 10 20 30 40 50



Source: (Authors, questionnaire for users and owners of economic activities, 2023).

# 5. Guidelines for urban renewal of city centers

Urban renewal policies must work to harmonize the physical structure of the city center with the social fabric and economic potential, which contributes to creating an urban environment that responds to economic transformations and preserves the culture and identity of the region. The study's results confirmed that the process of urban renewal can negatively affect the economics of the land and the population due to the migration of economic activities and the weakening of the economic return and real estate value. The process of urban renewal can contribute to replacing deteriorating urban structures with new ones. However, at the same time, the urban renewal process must not affect the economics of the land, real estate values, or job opportunities for residents. In other words, the urban renewal process will not be sufficient if it does not consider the rehabilitation of the urban environment in a way consistent with economic activities and the social fabric. As shown in Figure No. (4), urban renewal guidelines for city centers emphasize sustainability so that the new physical structure does not negatively affect the economics of residents, society, or the environment.



**Figure 4.** The most important guidelines for urban renewal in city centers Source: Authors based on the results of the study.

### 6. Conclusion

The paper analyzed the impact of urban renewal on economic activities in the center of old cities by applying it to the center of Mahayil Asir as a case study. The study analyzed the economic impact according to three main factors: economic activity, economic return, and real estate value. The study found that urban renewal projects for city centers can improve the built environment. But at the same time, it can contribute to the negative impact on economic activities in the city center. The study results indicated that the urban renewal project for the center of Mahayil Asir contributed to the migration of economic activities and the weakening of the center's importance. The urban renewal project did not enhance the competitive value of the city center compared to other commercial

centers, which contributed to the lack of visitors and the weak economic return and real estate value. The urban renewal project has affected the accessibility of economic activities on King Abdullah Road. Increasing the width of the carriageway also contributed to increasing the speed used on the road, and the project did not provide any alternatives to enhance a safe environment for pedestrians. The results of field visits to commercial real estate in the center of Mahayil Asir indicated the closure of many economic activities and their transfer to other areas due to weak economic returns and inaccessibility. The results of the research paper gave an insight into the importance of applying sustainability principles in urban renewal projects so that these projects take into account improving the urban environment, such as buildings, transportation networks, and public facilities, without neglecting the social and economic fabric of the city center, leading to improving the urban environment, which is the ultimate goal of renewal. Urban. According to the above, the research paper recommends the following:

- [1] The Ministry of Municipal and Rural Affairs and Housing undertakes the development of procedural guides for urban renewal projects in the Kingdom of Saudi Arabia to be compatible with sustainability principles, including the economic, social, and environmental dimensions.
- [2] Enhancing the attractiveness of city centers by developing urban legislation that allows for increasing urban density, designing an integrated pedestrian environment, and improving levels of accessibility for economic activities.
- [3] Supporting local community participation in urban renewal projects, whether in the planning, implementation, or evaluation phase, in a way that serves the directions of the national vision in supporting community participation.
- [4] Investing in economic opportunities in city centers and providing sources of income for the local community through holding seasonal festivals and popular markets, displaying the products of productive families, and managing cultural sites to enhance the city center's competitive value.
- [5] Including economic feasibility studies in the procedures for adopting the urban renewal plan for central Saudi cities.

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