

# Building prosperity through architecture

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**Emblematic buildings can bring economic, socio-cultural, environmental, touristic and commercial impact to a city or region, and define a city itself. These buildings and their impact warrant a closer look.**

The Guggenheim Museum in Bilbao. The "Gherkin" in London. The "Bird's Nest" Stadium in Beijing. These and countless other buildings call to mind not only architectural adventurousness and innovation, but also the very cities that they call home.

But besides serving as icons for postcards and souvenirs, what impact do these buildings have? In "Starchitects, Emblematic Buildings and Their Effects on Urban Economies," IESE professors [José Luis Nueno](#) and [Elena Reutskaja](#) explore the importance of emblematic buildings and explain the many ways these buildings impact their cities and regions.

First, what is an emblematic building? An emblematic building must have a "wow" factor; it must have a distinctive, cutting-edge design that garners worldwide attention. Simply being different from other buildings isn't enough; an emblematic building must have a design that elicits strong human reactions. Emblematic buildings can have a variety of functions, from museums to office buildings to sports stadiums to airports. But they all somehow transform a city's skyline and play an instrumental role in redefining a city's image to the world.

Usually, emblematic buildings are created by star architects - or "starchitects" - such as Norman Foster, Frank Gehry, Daniel Libeskind and Santiago Calatrava. Emblematic, or iconic, buildings have been emerging for decades, and the roster of historical starchitects is long and impressive, including the likes of Frank Lloyd Wright and Eero Saarinen. These starchitects have reached celebrity status due to their consistent commitment to "continuous

innovation and architectural uniqueness."

Besides giving residents a boost of pride, emblematic buildings can impact their communities in five main ways: economic, socio-cultural, environmental, touristic and commercial.

Emblematic buildings can have three types of economic impact.

- Direct impact is defined as direct net benefits connected to the building's construction and operations, including employment, revenue from activities within the building, tax contributions and community investment attraction.
- Indirect impacts are additional economic effects generated from the activities that service those which are directly involved in construction and operation of the building, such as manufacturing, urban infrastructure improvements, revenue and image enhancement for nearby businesses, and souvenirs.
- Induced impacts are related to changes in households' disposable income brought about by the new building, including enthusiasm for additional regional projects, better quality of life and higher salaries.

Not all economic effects are positive, however; architects may feel entitled to higher fees, building budgets may be underestimated and buildings may have functional inefficiencies.

Emblematic buildings' socio-cultural impacts include image revitalization for a city, introduction of a city "symbol" and the indication that a city or region is able to "innovate and employ new technologies." Also, these buildings sometimes become social places, home to various educational and cultural events.

Potential socio-cultural weaknesses include an unfavorable population distribution, as more people flock to take advantage of employment opportunities and salary increases; and a failure of the new building to become "emblematic."

The environmental impact of emblematic buildings involves, first of all, "natural" designs; often, these buildings draw on elements that reflect nature, such as Gehry's fish scales and wavy surfaces. Emblematic buildings also strive for environmental efficiency, demonstrating that architecture can greatly contribute to ecological problem solving.

The touristic impact includes growth in tourism, higher standards of service to accommodate tourists, new tourism-related jobs, increased visitor spending, infrastructure improvements and transformed social relationships. Both visitors' and residents' worldviews can change as a result of their interactions. Furthermore, tourism helps regions preserve local customs and

traditions, and can even help residents themselves learn more about their home.

A highlight of the commercial impact of emblematic buildings is growth in shopping, a function that all types of buildings generally attempt to accommodate. Museum shops, duty-free shops and buildings' commercial ventures all play a role in attracting visitors. Buildings benefit when they provide "externally attractive design, a comfortable shopping environment and reputation or image."

Though emblematic buildings may have both advantages and disadvantages, any inefficiencies are greatly offset by their aggregated benefits. The overall economic, socio-cultural, environmental, touristic and commercial impacts of emblematic buildings are generally positive in comparison with regular buildings.

Demonstrating all five types of impact is the Guggenheim Museum, Bilbao, one of the most recognizable buildings in the world. It has come to represent Spain's Basque region, strengthening the region's global status, and it was critical in propelling Frank Gehry to super-stardom.

The effect of this building on the region is so dramatic that it has its own moniker: the "Bilbao Effect." Some statistics: the Guggenheim has generated over 1.6 billion euros in revenue to GDP since 1997; the building's direct economic impact through taxes has exceeded 260 million euros; and over 4,300 new jobs have been created regionwide, spurred on by the building's success. More than 10 million visitors have ogled the museum's titanium fish-scale exterior and airy interior spaces. The building has played a vital role in drawing new visitors to the Basque region.

With the rise of globalization, the danger is that all cities will come to resemble one another, becoming a homogenous mass of urban sprawl. Emblematic buildings help preserve - and enhance - cities' uniqueness, contributing to their identity and positioning them on the world stage. These buildings play an instrumental role in sustainable growth and enable regions to experience profound positive changes.

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