Urban architectural heritage, not Real Estate

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Abstract. Vietnam is one of the fastest urbanizing countries in East Asia. According to September 2022 data, the national urbanization rate has reached about 41.5%, with 888 urban areas [1]. Along with that, real estate prices skyrocketed. As of 2020, the average housing price in the place of the lowest increase is also 3 times higher than in 2011 [2]. Rapid urbanization and rising property prices are two of the many factors that contribute to the difficulty of preserving urban architectural heritage. Owners when faced with the choice of preserving their heritage or "converting the estate" into real estate for sale often lean towards the latter. This theoretical paper aims to test the hypothesis about the first option - conservation of heritage whether there are long-term benefits for the owners as well as the community and society. The study is based on the analysis of changes in the value of urban architectural heritage and real estate over time. Combined with lessons learned on how to deal with heritage from cities around the world, the study raises the view that Urban Architectural Heritage is a form of long-term net-earning asset, not quick-profit Real Estate. The study also emphasizes the factors that create urban identity such as long-standing traditions and differences in urban architecture, which play a key role in helping to reverse the trend of globalization, which is a hot issue of many present urban.

Keywords: urban architectural heritage (UAH), real estate, heritage conservation, urbanization.

1 Introduction

1.1 Background and Research Interest

In large cities in Vietnam today such as Hanoi, Ho Chi Minh City, Da Nang, Hai Phong, etc., urbanization is taking place rapidly, the urban face is changing, and real estate prices are increasing rapidly. This aspect has had a significant impact on urban architectural heritage (UAH), especially in the core area of the urban center [1]. Urbanization brings

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modern and progressive values, but it makes it difficult to preserve urban identities, especially the preservation of historical heritages of sustainable urban development. Deputy Secretary General of the Vietnam Historical Association, Ms. Nguyen Thi Hau, said that “urbanization is one of the threats to heritage sites in major cities in Vietnam” [3].

The pressure of immediate economic returns has caused a series of urban heritages to disappear in the process of urbanization. According to the Department of Planning and Architecture, Ho Chi Minh City has 1,227 villas built before 1975, most concentrated in districts 1 and 3. However, a recent survey by the Center for Architectural Research of the Department of Planning and Architecture, shows that nearly half of the old villas have disappeared [4].

![The three-legged bridge in Hang Bang canal (District 6, HCMC) is no longer available](image1)

![Tax Mall (built-in 1880) was dismantled at the end of 2016 to make Metro Line 1](image2)

![The 100-year-old villa on No Trang Long Street was demolished to prepare for new construction](image3)

![Ba Son Shipbuilding and Repair Factory before demolition](image4)

Fig. 1. A series of urban architectural heritages in HCMC disappeared in the process of urbanization. Source: collected by the author

Sharing the same problem with Ho Chi Minh City is Da Lat, an urban area that is being oriented to become a heritage city but has several ancient villas disappearing at a rapid rate. In May 2020, the authors surveyed the current status of urban architectural heritages in Da Lat and found that the number of heritages that are deformed, degraded, or in danger of disappearing quite a lot, the decline in the UAH fund leads to a decrease in the attractiveness of the city. At the same time, the economic resources of Da Lat's heritage have not been properly exploited and have a long-term strategy [5].

In that context, the issue of heritage is no longer just a matter of the value of the building itself, but actually, it is a matter of urban life. As urban researcher Nguyen Minh Hoa once
said, “The appearance of an old city is like a human face, but an elderly person's face cannot be without wrinkles, melasma, etc. even the scars, but that's the human face, without them it's the face of a mannequin, smooth, lifeless. The cultural-historical-architectural heritages are the wrinkles of the city's face” [6].

Fig. 2. The images of Da Lat's urban architectural heritages are degraded and disappeared. Source: author's survey in May 2020.

The purpose of this paper is to test assumptions about whether choosing to preserve heritage will bring long-term benefits to the owner as well as to the community and society. Before delving further, it would be helpful to review and understand the relevant key terms, concepts, and arguments that underlie this research.
1.2 Literature Review

1.2.1 Real Estate and Urban Architectural Heritage (UAH)

As defined by the Oxford Dictionary, real estate is a form of property consisting of land or buildings located on land. However, there has not been any official definition of Urban Architectural Heritage (UAH) from any international heritage organization. But the idea of UAH has been referred to or interpreted in different notions from Urban Heritage and Urban Cultural Heritage [7].

The concept of urban heritage was proposed for the first time by Giovannoni in 1931. “Urban Heritage includes materials, prestigious or not, cities and groups of the traditional and preindustrial nineteenth century, and tends to encompass more broadly all highly structured urban materials” [8].

The definition of “urban heritage” that comes to the mind of most urban planners and managers is usually “monuments”, i.e. churches, temples, all sorts of religious buildings, palaces, castles, fortresses, historic city walls and gates, and other types of institutional buildings (e.g. of education, science, administration, or other social purposes). This interpretation often excludes historic residential areas and historic city centers which equally represent the urban heritage. In addition, there may even be intangible elements of urban heritage, such as customs and beliefs, which play a role in the articulation of space use and the built environment [9].

The concept of urban heritage is currently unclear because urban heritage is a form of living heritage, it exists with urban life, rather than being fixed and rigid like architectural works or buildings, and historical sites. As defined by Valérie Patin, the term “urban heritage” covers the entire range from monumental buildings to their surrounding pedestrian architecture. Far from being the sum of different monuments taken in isolation, the urban whole is a tight fabric of minor and major buildings, which explain and complete each other. Taken alone, none may have the value of a masterpiece, but the whole has considerable value because of its coherence, due to the common rules that governed construction and determined both site and size. Each building is part of the urban composition. In this sense, urban heritage stands out from cultural heritage in general, which usually concerns some isolated exceptional elements (monuments, archaeological sites, and movable pieces such as paintings and sculptures) [10].

The concept of urban cultural heritage otherwise is the physical representation of a community identity that demands to be passed onto others. Traditionally, conservation refers to the restoration of outstanding buildings. In more recent years, the concept has been extended to the urban material, the historic centers. Meanwhile, conservation issues often contradict the need for development. Urban cultural heritage would be the built expression of the city’s identity and of its symbolic values, the place where citizens could themselves. All urban policies are related to cultural heritage, both mobile and immobile [11].

1.2.2 Real Estate Value and Urbanization Process

Vietnam is one of the fastest urbanizing countries in East Asia. According to September 2022 data, the national urbanization rate has reached about 41.5%, with 888 urban areas [1]. The urbanization speed of Vietnam's major cities such as Hanoi and Ho Chi Minh City is reflected in the speed of boundary expansion - the administrative boundaries of these cities. Particularly, in less than 50 years, from 1954 to 2010, there were four major adjustments in administrative boundaries in 1961, 1978, 1991, and 2008. Of which, was
expanded in 1961 and 1978, narrowed in 1991, and expanded again in 2008 to the present scale, nearly 6 times larger than that in 1961. At present, in 2023, Hanoi's population has increased by more than 2 million people, to 8.3 million people [12].

![Image](https://doi.org/10.1051/e3sconf/202340301016)

**Fig. 3.** Imprints of Hanoi through changes in administrative boundaries. Source: [13]

With a more rapid development rate than Hanoi, Ho Chi Minh City now has an area of 2,095 km², 30 times larger than that of Saigon before 1975 (67.5 km²). The urban area alone is 820 km² (in 2010), 33 times larger than before 1975 (25 km² wide). Along with the economic development, the number of immigrants pouring into the city is also increasing. In terms of population, in April 2014, Ho Chi Minh City had 7.95 million inhabitants (of which about 6.7 million people lived in urban areas), an increase of 3.2 times compared to 2.5 million inhabitants of Saigon urban area as of April 1975. In 2017, if unregistered residents are included, the city's population reached 13 million people, an increase of 5.2 times compared to that of Saigon in April 1975. With a total area of 2,096 km² and over 9 million inhabitants (as of 2021), Ho Chi Minh City is the second-largest city in Vietnam in terms of area (after Hanoi) and the largest in terms of population [14].

![Image](https://doi.org/10.1051/e3sconf/202340301016)

**Fig. 4.** Urban development in Ho Chi Minh City was interpreted from Ho Chi Minh City land use planning. Source: [15]

Proportional to the speed of urbanization are real estate prices. As of 2020, the average housing price in the place of the lowest increase is also 3 times higher than in 2011 [2]. The value of real estate depends on the speed of urbanization, but in the opposite direction, the urbanization process is also affected by real estate prices. As a result, these two factors interact with each other and become two of many factors that lead to the difficulty in preserving UAH.
1.2.3 The Immaterial Value of Urban Architectural Heritage

According to Dr. Truong Ngoc Lan, a building is recognized as an urban heritage when it achieves one or more of the following values [16]:

- Historical and cultural values.
- Value of age of the work.
- Artistic value of the work (single work).
- Artistic and collective value of the work.
- Values of spatial organization.
- Value of construction technology.
- Value of inventiveness and creativity.
- Value of the typical.
- Values in the general structure of society.
- Value of construction conditions.

Thus, depending on whether the urban heritage is owned by individuals, communities, countries, or internationally, its "intangible" value is more or less. But it can be said that the value of urban heritage is always more than the value of mere real estate. With one or more of the above-acquired values, urban heritage may have more than the required qualities that increase its competitive value in the real estate market.

1.2.4 Economic Value of Urban Heritage

The heritage economy is a fairly new concept to Vietnam when we do not have guidelines on valuing urban heritage. Although there may be some differences in the details of different approaches to valuing cultural heritage in general and urban heritage in particular from an economic perspective, we can temporarily inherit these suggestions from the literature of previous studies.

According to [10], the urban heritage thus consists of a mixed capital that can generate services, producing value. Such capital sources are grouped into four main categories:
According to Dr. Truong Ngoc Lan, a building is recognized as an urban heritage when it achieves one or more of the following values: economic value, historical and cultural value, job creation, and heritage tourism.

The Immaterial Value of Urban Architectural Heritage

Economic Value of Urban Heritage

The heritage economy is a fairly new concept to Vietnam when we do not have guidelines on valuing urban heritage. Although there may be some discrepancies in the details of different approaches to valuing cultural heritage in general and urban heritage in particular, we can still understand the economic value of urban heritage. This value is always more than the value of mere real estate. With one or more of the above-mentioned values in designated heritage properties, they generally perform well in the market, with 74% doing average or better than average. The rate of sale among designated properties is as good or better than the ambient market trends and the values of heritage properties tend to be resistant to downturns in the general market.

According to Robert Shipley (2000), it was found that heritage designation could not be shown to have a negative impact. There appears to be a distinct and generally robust market in designated heritage properties. They generally perform well in the market, with 74% doing average or better than average. The rate of sale among designated properties is as good or better than the ambient market trends and the values of heritage properties tend to be resistant to downturns in the general market.

Small business: Since the beginning of the Doi Moi period in Vietnam (1986), various types of small businesses have had favorable conditions and sprung up like mushrooms. The bustling and vibrant growth of these small businesses can be seen everywhere. One of the costs that small businesses can control is the cost of the location and the cost of renting the store. Because it is not possible to rent shops and shops in commercial centers at low prices, old historical buildings become "nests" for small business models. This is the reality not only in Vietnam but all over the world, of which Hanoi Old Quarter can be considered a typical example. In addition, the dense density, diversity, and independence of this type of business create a common economic environment whereby this type of business thrives.

Job creation: Another important contribution of heritage buildings to economic development is an important strategic factor – employment. Of course, in addition to the small business sector, jobs are created through the preservation and restoration of historical and cultural sites and activities related to intangible cultural heritage.

Heritage tourism: Tourism is one of the fastest-growing service industries in the world, in which heritage tourism is a type with a high growth rate. Heritage tourists have different characteristics from tourists in general. They tend to stay longer, spending more per day visiting a city. Therefore, the economic impact of each heritage tourist is much greater than that of tourists coming for other reasons.

Many cities of Vietnam have a great attractions for international heritage tourists because only in Vietnam can they find the unique features of Hanoi Old Quarter, Hue Ancient Capital, and Hoi An Ancient Town. An and other urban monuments. The new shopping malls, western-style hotels, and skyscrapers of office buildings they could find anywhere in the world, couldn't have had the charm of heritage sites. They can find a golf course or a park anywhere, but can't find a second Hanoi Old Quarter.

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1.2.5 \textit{Experience in exploiting the urban heritage of Singapore and Japan}

Countries in Asia such as Singapore and Japan have been ahead of Vietnam in balancing the preservation of urban architectural heritage and the economic benefits of the heritage of the people and the community. Singapore represents the success of a compromised, pragmatic, wise, and effective conservation approach. Japan represents a standard, rigorous, efficient, and conditional conservation approach. Both countries have succeeded in protecting historic buildings, in harmony with high economic development and rapid urban development. This is possible thanks to the strategy of Public-Private Partnership (PPP) in conservation and development under the driving force of the market, with flexible and flexible policy mechanisms to persuade and entice businesses. The private sector participates in win-win conservation, thereby ensuring economic and financial sustainability in addition to cultural and social sustainability [19].

1.2.6 \textit{Successful Model of urban heritage conservation in Vietnam}

The successful model of preserving and promoting the value of the urban architectural heritage fund in the ancient town of Hoi An (Quang Nam province) and the 36 streets of Hanoi has long been a lesson learned for other cities throughout the country to follow. The preservation of the urban heritage of the community with the direction and support of the government has contributed significantly to increasing the real estate value of the whole area.

\begin{center}
\textbf{Fig. 6.} Residents of the Asakusa Kannon temple gate area, Tokyo have preserved and economically exploited the heritage effectively. Source: Trang\textsuperscript{2} taken in Dec 2010.
\end{center}

Just a preliminary survey on real estate sales and evaluation sites in Quang Nam province also shows that real estate prices in Hoi An are always three or four times higher than in other areas in the same province of Quang Nam.

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\textbf{Table 1.} Compare real estate prices in Hoi An with neighboring areas of Quang Nam [20]
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Table 1. Compare real estate prices in Hoi An with neighboring areas of Quang Nam [20]

<table>
<thead>
<tr>
<th>Area</th>
<th>Prize (dong)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoi An</td>
<td>13 - 213 million/m²</td>
</tr>
<tr>
<td>Tam Ky</td>
<td>3 - 37 million/m²</td>
</tr>
<tr>
<td>Duy Xuyen</td>
<td>3 - 25 million/m²</td>
</tr>
<tr>
<td>Dien Ban</td>
<td>3 - 43 million/m²</td>
</tr>
<tr>
<td>Thang Binh</td>
<td>1 - 18 million/m²</td>
</tr>
</tbody>
</table>

Similarly, we also check real estate values in Hanoi Old Quarter with other areas in the same Hoan Kiem district for a clearer view. According to the provisions of the Hanoi land price list 2020 - 2024 [21], based on profitability and favorable infrastructure conditions for living, doing business, and providing services, Hanoi land is determined to include 4 locations/positions as follows:

Location 01 (VT1) adjacent to the street, the street named in the land price list is more profitable and has more favorable infrastructure conditions than the following locations. Location 02, 03, and 04 (VT2, VT3, VT4) in order of profitability and infrastructure conditions are less favorable than VT1.

All in one, the highest land price in the city belongs to the Hoan Kiem district with a level of 187.92 million dong/m². This price corresponds to position 1, including Le Thai To, Hang Ngang, and Hang Dao, all three of which are located in the Hanoi Old Quarter area.

2 Research Methods

This article applies the following main methods: (1) physical field surveys to understand some areas with many precious urban architectural heritages such as Hanoi, Ho Chi Minh City, and Da Lat; (2) Document research and data checking; (3) Synthesize and analysis to test assumptions about whether choosing to preserve heritage will bring long-term benefits rather than converting heritage into real estate.

3 Research Results

The concept of urban architectural heritage seems to be new in Vietnam, it is a concept referring to cultural architecture in urban areas. In the past, we paid not much attention to urban heritage. But in recent years, the changes in the city in the process of urbanization make us pay attention to the issue of urban heritage. Urban architectural heritage is a component of the urban development context and has the relationship and impact between the heritage and other urban factors, in which the issue of the real estate value of the area that has a large number of urban architectural heritage properties is indisputable.

3.1 Urban Heritage cannot be considered Real Estate

As stated in section 1.2.3 on the immaterial value of urban heritage, it can be clearly seen that with such a wealth of value, urban heritage is not a form of physical property that can be easily attributed to money like real estate.

Urban architectural heritage is a form of property that is "slow to yield" but has lasting value. Areas with heritage (natural heritage, architectural heritage, ..) often have higher
economic value than new urban areas due to heritage elements that create the brand value of the real estate.

Fig. 7. Compare the differences and similarities between Real Estate and Urban Heritage.  
Source: authors.

According to the comparison table, it can be seen that urban heritage is a very special type of property. Although it takes time, effort, and expense for conservation, it has immeasurable value. In addition to the value of land that can be converted into money, urban heritage contributes to promoting tourism activities in the community, supporting historical and cultural research activities, and is an imprint and characteristic image of the city. These intangible values will indirectly increase the economic value that urban heritage can contribute to the locality.

3.2 Preserving urban heritage is preserving urban identity

The city preserves its heritage fund, contributing to increasing the value of the heritage itself, and at the same time bringing long-term value to the real estate in the surrounding areas and the whole urban area. The connection and interference between heritage buildings and newly built real estate bring high economic value, creating a premise for the urban identity. New urban construction can learn these lessons so as not to fall into the state of "internationalization" in planning and design. Cities that are on the way to completion of heritage certification will be more confident in their steps. Cities that have been recognized as heritage cities will actively preserve their existing heritage, enrich the local cultural capital, help increase the urban economy, and help people stick with the place. Preserving urban heritage is maintaining the identity of the city, the "soul of the place" and, in the long run, maintaining the attractiveness of the city. It can be said that urban architectural heritage helps urban areas create many economic types thanks to cultural and historical factors and identities because, unlike real estate, urban heritage also contains countless immaterial values in it.

3.3 Preserving urban heritage is contributing to sustainable urban development

The concept of a sustainable city is a theoretical concept that is gradually influencing and changing the economic development policy of all countries the World Commission on
Environment and Development - World Commission on Environment and Development - WCED (now the Brundtland Commission) in 1987. This report states: Sustainable development is “development that meets the needs of the present without compromising the ability to meet the needs of future generations…” [22]. In other words, sustainable development must ensure effective economic development, a just society, and a protected and preserved environment. To achieve this, all socio-economic sectors, authorities, and social organizations... must join hands to implement in order to harmonize 3 main areas: socio-economic - environment.

Now there's a new concept of “Sustainable Cities and Communities” of the World Bank’s Urban, Disaster Risk Management, Resilience, and Land Global Practice (GPURL) includes four key dimensions [23]:

- First, Sustainable Communities are environmentally sustainable in terms of cleanliness and efficiency.
- Second, Sustainable communities are resilient to social, economic, and natural shocks. They are well prepared for natural disasters, which are increasing in intensity and frequency due to climate change.
- Third, Sustainable Communities are inclusive communities. They bring all dimensions of society and all groups of people—including the marginalized and vulnerable—into their markets, their services, and their development.
- And finally, Sustainable Communities are competitive communities that can stay productive and generate jobs for members of the community.

Among the prerequisites of sustainable urban development, there is a sustainable environment and a community that creates jobs for its members. These aspects are extremely consistent with the criteria of preserving urban architectural heritage for a sustainable living environment as well as creating many jobs by taking advantage of the local heritage economy.

Development with the orientation of respecting the local heritage, natural landscapes, and traditional culture is contributing to adding value to the city. Cities with such solid foundations, along with local people and communities, joining hands with the government in all actions, will be more sustainable urban development in the future.

4 Conclusion

The field of heritage conservation faces a major problem as a result of the influence of heritage economic thinking. There are several economic challenges and barriers that heritage conservation must overcome. While choosing which UAH to preserve, economic factors are increasingly being prioritized over cultural, social, political, and aesthetic aspects. Vietnam's heritage conservation industry is no exception to that rule when it is facing economic obstacles like other countries in the world have been facing.

The article proves that the preservation of urban heritage has long-term benefits for the owners as well as the community and society as a whole. The study is based on the core value between urban architectural heritage and real estate. The research suggests that urban architectural heritage is a long-term profitable asset class, not a quick-yielding real estate. The article cites lessons learned on how to handle heritage from cities in Vietnam as well as in the world. It also highlights the factors that contribute to urban identity, which are very important in reversing the trend of globalization, a trend that is controversial but has shown many weaknesses.
References


