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THE ECONOMIC CRISIS AND DEVELOPMENT OF VILNIUS URBAN REGION — SPATIAL ASPECTS

Abstract: The development of Lithuania was deeply affected by the recent world economic crisis, which had a negative impact on most countries in Europe. However, the degree of impact was quite differentiated spatially, and various localities suffered from the crisis unevenly. The economic sectors that suffered the most in Lithuania, were concentrated in metropolitan areas, so the crisis damaged urban economy most seriously. How the economy of the capital city was affected at this time is a central question for researchers. Different areas and sectors of the urban economy were affected differently, so the impact on urban space was fragmented. Our analysis is mainly seeking to understand changes in the construction sector and housing market. The paper also tries to reveal the main features of the development of the whole Vilnius urban region, which occupies much wider territories than the city municipality. The capability to withstand economic threats depends both on urban economy and on the situation in the surrounding region or hinterland of the city. The process of the transformation of rural areas into urban regions is constantly taking place and in the case of metropolitan regions, it depends on the situation in the urban, country, and global economies. The rise of discussion about possible paths of prospective development of the Vilnius city region is also among the tasks of this paper.

Keywords: urban development, economic crisis, Vilnius urban region.

KRYZYS GOSPODARCZY A ROZWÓJ REGIONU MIEJSKIEGO WILNA — ASPEKTY PRZESTRZENNE

Streszczenie: Ostatni kryzys gospodarczy, który miał negatywny wpływ na większość krajów europejskich odcisnął swoje głębokie piętno również na procesie rozwoju Litwy. Oddziaływanie kryzysu było jednak dość zróżnicowane przestrzennie, a poszczególne układy lokalne ucierpiały w różnym stopniu. Branże gospodarcze najsilniej dotknięte kryzysem są skoncentrowane w obszarach metropolitalnych, co oznaczało najpoważniejszy regres gospodarek dużych miast. W artykule autorzy pytają przede wszystkim o to, w jakim stopniu ucierpiała gospodarka Wilna. Z uwagi na to, że poszczególne sektory i obszary miasta ucierpiały na skutek kryzysu nierównomiernie, jego wpływ na przestrzeń miejską jest mozaikowy. Głównym celem podjętej analizy była ocena tego, jak w obliczu kryzysu zachował się sektor budowlany oraz rynek mieszkaniowy. Artykuł przedstawia te zjawiska w kontekście rozwoju całego regionu miejskiego Wilna, a zatem w ujęciu znacznie wykraczającym poza granice administracyjne miasta. Odporność na gospodarcze trudności jest bowiem pochodną reakcji zarówno gospodarki miasta, jak i jego regionalnego otoczenia lub zaplecza. Proces przekształcania obszarów wiejskiej w region miejski w otoczeniu dużego miasta ma charakter ciągły i zależy od sytuacji miasta, kraju i globalnej. Skłania to podjęcia próby oceny dalszego rozwoju regionu miejskiego Wilna.

Słowa kluczowe: rozwój miast, kryzys ekonomiczny, region miejski Wilna.

Introduction

Cities, like all social spatial systems, constantly evolve, and this evolution includes both the transformation and the expansion of their space. Such an expansion or, in other words, the transformation of surrounding areas, is not taking place in an empty space. It usually means the transformation of rural areas into urban ones. Urban regions are places where both structures – urban and rural – coexist together. Such areas function as coherent social systems, which are widely regarded as being the most important nodes of the global and national economy. The concentration of economic activities and population means that the economy of the cities becomes economy of their regions in modern times (Marvin, Harding and Robson, 2006; Scott, 2005). The process of the transformation of rural areas into urban regions is constantly taking place and in the case of metropolitan regions, it depends on the situation in the urban, country, and global economies. From that point of view, such areas should be especially vulnerable to various economic disturbances of the local and international kind.

The main aim of this article is to uncover recent trends in the development of the Vilnius urban region, while emphasizing the impact of the present economic crisis. Two dimensions will be addressed: the external one (Vilnius metropolitan areas vs. the rest of the country), and the internal one (the City municipality vs. its surrounding municipalities). The urban region, which is sometimes defined as a metropolitan area (Smętkowski et al., 2011), is an integral part of the wider Vilnius metropolitan region or, as authors of the paper tend to call it, the city (functional) region. The Vilnius city (functional) region could be defined as a functionally united spatial system, where the capital city is one of the main factors in the development of the wider area, and vice versa. Strong mutual links between the city and surrounding territories, which comprise economic, social, and environmental aspects, are common for many cities (Pichler-Milanovic and Krevs, 2010). The functional city region could be the wider object of this research, though, as was already mentioned, the main target in this case is smaller – e.g. the Vilnius urban region. It could be defined as a territory where residents of the city permanently live and work. It does not mean that this is pure urban space; it just means that it is an area where the city already exists.

The authors of this paper are seeking to reveal spatial aspects of the recent economic crisis, some of which could remain unnoticed if one only investigated the city as a coherent unit in its administrative limits. It should be noted that the broader perspective of this research raises some complications, because certain methods based on the inductive analysis of statistical data cannot be employed. In Lithuania, there is very little data available on the level below the municipal one, and it cannot even be used for the identification of Vilnius urban region. Trying to solve the problem of identifying a pattern in the Vilnius urban region, the authors have created their own methodology, which is based on the empirical analysis of indirect indicators and field trips. Nevertheless, due to illustrative reasons or lack of data, some processes that reveal the spatial distribution and intensity of the recent economic crisis are presented only within the administrative boundaries of

Vilnius city. The main indicator that is used to reveal the territorial impact of the economic crisis and the development of the Vilnius urban region in recent years is the development trend in the construction sector, because it plays a crucial role in shaping urban space.

This paper presents some results of wider research on the development of Vilnius city, which was funded by the Lithuanian Research Council (project number – MIP-26/2010).

Defining the concept of the Vilnius urban region: structure, shape, contrasts

When analyzing spatial aspects of the economic crisis, one should take into account the fact that the administrative borders of the city municipality define only the formal area of the city and not a space, which functions as a unified spatial system. In order to understand the processes shaping this space, one should analyze much wider areas, which often are defined as metropolitan regions. However, in the case of the capital city, such a metro-region (or the city and its hinterland) includes the whole territory of the country, and even stretches far beyond its borders. The analysis of territories that are directly affected by city sprawling processes will be the most relevant in this case. The authors use the concept of an urban region in order to define such an area, though there are other terms used to define this space (such as metropolis area, mentioned above). It is a territory where the city already exists in the landscape, lifestyle, and human minds, though rural spaces may coexist there as well. Such an area could also be called a city, but it would be confusing, because this concept is used mostly for defining an area in its administrative limits. The term ‘Vilnius city’ would be widely understood as a city in its administrative boundaries (or legal city).

The authors of the paper do not try to define urban and rural concepts, nor do they seek to establish the exact places of urban and rural space in the area of the study. The definition of the urban and rural concepts proposed by British researcher H. Halfacree makes it unnecessary to discuss the existence or non-existence of urban or rural spaces. ‘The definition of “rural” could be found in people everyday speech’ (Halfacree, 1993). If people use such terms as rural and urban, country or city, it means those concepts exist. The same place could be perceived as a city by some persons and as a village by others, but if some place is a city for at least one person, then this place is at least partly an urban space and vice versa. It is not very important to establish exact limits in the urban-rural continuum, which hardly exist. The most important task is to establish places of transformation from rural or semirural (in old suburban towns) areas into new urban ones. Interesting phenomena take place at these locations, because there is a higher potential for tensions and problems to arise. Such places, especially in studies analyzing Asian cities, are often defined as peri-urban areas (Webster and Muller, 2009). Peri-urbanisation is seen as a process in which rural areas located on the outskirts of established cities become more urban in character. Such rural-urban areas, stretching hundreds kilometres around cities (especially

in the Asian case), could remain in such semi-equilibrium, being neither totally urban nor totally rural, for a long period of time (Webster and Muller, 2009). Though this phenomenon has many similar features, in fact it differs from the process of city sprawl that is analyzed in this paper. The terms ‘suburbanization’ or even ‘urbanization’ of rural surroundings would define such processes much more precisely. This paper deals with the process of transformation of rural areas into a particular city, namely, Vilnius.

One of the central questions of the research of city development is that of its actual space, or establishing its urban region. Where the city begins and where it ends is a permanent question of urban studies, which will probably never be completely answered. Variations in the type and intensity of interaction between urban cores and their hinterlands means that any attempt to draw clear and unambiguous limits of a city or city region will always be contestable. This observation alarms those who prefer geographical simplicity and tend to think in terms of neat administrative responses to particular issues and challenges (Marvin, Harding and Robson, 2006). Studies of municipalities may hide a lot of phenomena taking place in the contemporary urban world. There is a lot of evidence that in some cases rural areas penetrate city limits as well. Such a dual existence allows one to perceive a city and a country both as a separate ‘worlds’ and as a one coherent system.

Areas surrounding city administrative limits are among the most dynamic spaces in the human environment. Constantly changing urban and rural activities coexist here. Those spaces have tight economic, cultural, and social mutual dependencies with a city. One could describe those ‘war zones’ as areas of extreme competition between urban and rural worlds, where the urban one usually has more competitive advantages. Obviously the clash between those two worlds does not have a straightforward front line, and the influence of the city on rural surroundings tends to diminish as the distance from the core city increases, though the pace of decline differs depending on local site factors. Establishing the size and structure of such areas is of the greatest importance for many urban studies, because most dynamic areas could potentially experience different trends of development from the remaining territory of the country. The impact of economic disturbances also could be different here, so official statistics based on municipalities might not reveal actual trends.

Simplified structure of urban region. Analyzing processes taking place in Vilnius city and its hinterland, the authors elaborated the simplified scheme of structure of Vilnius functional region (or Vilnius metropolitan region). The actual size, zones, and their limits were defined using a set of indicators that could directly and indirectly reveal urban areas and their functional relations. The main object of interest is the central part of such a region, which is called the Urban region (Figure 1). The urban region typically consists of:

- *Core city*, or completely urbanized area, without any objective or subjective features of rural landscape.

- *Middle part*, which consists of mostly urban landscape, where urban lifestyle, landscape, and images dominate, but rural features are still visible. Urban perception clearly dominates here.
- The *peripheral part*, which could be described as a 'war zone' (or a clash zone, depending on the actual situation), where the urban world still has not achieved a final victory. This is a part where urban lifestyle, landscape, and identity gradually decreases and disappears at the edges.

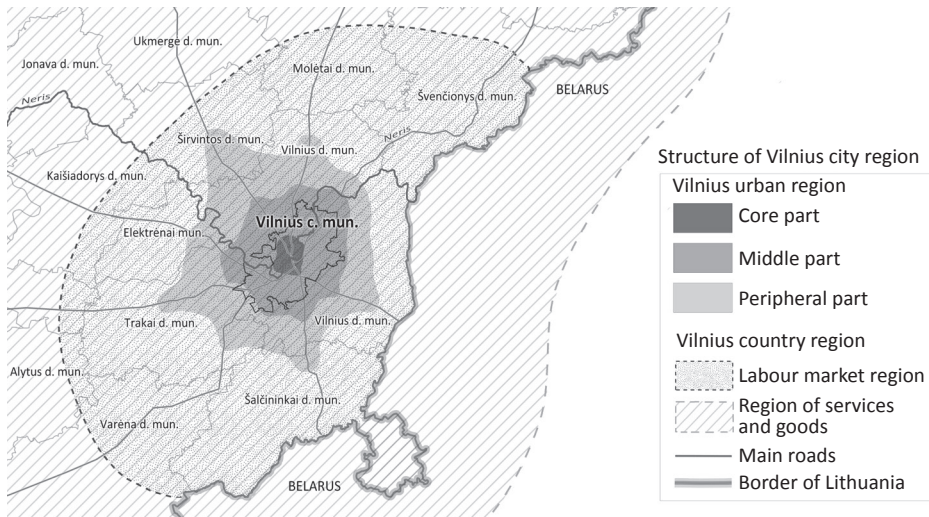


Figure 1. Simplified structure of Vilnius city functional region

Source: authors' elaboration.

As mentioned earlier, the city region involves urbanized, semi-urbanized, and rural areas. Semi-urbanized and urbanized areas represent the most significant part of the research, which could be called the urban region. In this case, the city itself is perceived as a specific kind of region. Areas outside this urban region also have very strong mutual dependences with the city, so they apparently could be considered to be part of city functional region, but not the city itself. Eventually no clear limits of social phenomena or different zones exist in time space continuum. All classifications and models are to some degree incorrect, but such simplification helps to organize further research. As geographer Robert E. Dickinson suggests, the concept of a city-region, like all concepts, is a mental (or indeed social) construct; it is not an area that can be presented on a platter to suit the general needs (Dickinson, 2003). The main objective of the elaborated scheme is to serve as a framework for the next task, which is related to the exploration of the development of Vilnius urban region.

The shape of the region could provide us with some answers as to the main factors of development of the region. The quite elongated form of the city functional region could be explained by limiting macro level factors. In particular, the influence of the second biggest city of Lithuania, Kaunas, from the west and

of the Belarus border from the east is obvious in this case. Mezzo factors, such as roads, protected territories, and forests shape the actual urban region. Micro level factors, such as lakes, settlements, available private land, etc., play their role in defining where urban spaces will penetrate rural ones at the beginning of the urbanization (suburbanization) process.

Context of development of Vilnius city. It would be hard to understand processes taking place in the Vilnius urban region without acknowledging the context of its development. Vilnius city develops (and sprawls) in an area that is located in the middle of a central European depression, which appeared mostly due to peripherisation processes (Daugirdas and Burneika, 2006). The area is located in a border zone of East and West European civilizations and has traditionally experienced problems of development (almost constant lagging behind), especially during unstable periods of history. Such a context was unfavourable for the growth of Vilnius, because resources available in the region were insufficient. However, changing modes of economy, globalization, and diminishing dependence on local markets have reduced those negative influences. Actual trends of the city's development confirm this statement. Most of the evidence shows that the growth of the city was largely based on relationships with the entire country and across the border, while the regional dimension was not a decisive one. In the middle of the first decade of the 21st century, the growth of the city spurred the growth of the surrounding region (Burneika, 2007).

Another factor that constantly impacts the development of the Vilnius urban region is the significant difference between the social structure of the city and that of the surrounding region. The zone between Vilnius and the surrounding region (a zone of urban sprawl, or peri-urban zone) is an area of Lithuania with the greatest contrasts, in particular in such areas as:

- economy,
- ethnicity,
- politics,
- demography,
- environment,
- culture.

Potentially all these differences could cause various tensions and impact the conditions for city sprawl in various directions. Vilnius city is surrounded by the Vilnius district municipality and actually has no other alternatives for growing destinations. The present government of district municipality relies on support from the original residents. Suburbanization in such a context has a big impact on the fragmentation of the population in Vilnius district and could threaten both traditional communities and local government. Different societies have different needs, values, images etc. Newcomers could threaten the way of life of those who have been living there for ages. Such potential conflict is to some extent inevitable, though mostly ignored in science and mass media. The way of addressing these challenges is almost always related to the expansion of the city's administrative boundaries, but in this case new areas of the city include

both newcomers and the original population and the latter find themselves in a somehow 'alien' environment.

This context of the development of Vilnius city could and even should have had an impact on its growth in prosperous years. The recent economic crisis also had to have a different impact on different places and societies, so its influence on the development of the peripheral part of Vilnius urban region should differ from that of the city's core. It is necessary to assess the impact of the crisis on the preferences and possibilities of Vilnius citizens to have a detached house in a suburban area on the one hand, and on the structures and influential actors who could make these needs possible, on the other hand. It is very difficult to carry out such a deep analysis in the modest framework of this research, so the authors endeavoured to establish the main trends of city sprawl instead.

2. Economic crisis in Lithuania and its spatial patterns

Over the last two decades, the economic development of Lithuania experienced a lot of disturbances, though the general trend of fast growth prevailed. However, despite generally positive trends, the recessions that happened before 2008 (Figure 2) have had a deep impact on the national economy and the country's spatial development (Burneika and Kriauciūnas, 2005). The most recent crisis, though short, had one of the deepest negative influences on the country's development. Despite the fact that Lithuania's GDP has increased in 2010 and was rising quite fast at the beginning of 2011, the ambiguous situation of international markets, especially in southern Europe, does not allow one to state that this third crisis is over.

Economic challenges have affected the territory of Lithuania unevenly. Previous crises mostly hit peripheral parts of the country and caused huge spatial imbalances in its economic development. The more or less steady and constant growth of the economy in the post-reform period prior to the crisis of 2008 was evident only in the capital city of Vilnius and to a lesser extent in the port city of Klaipėda (Burneika, 2007).

The recent world economic crisis has deeply affected the development of Lithuania, and of most countries in Europe. However, the degree of impact varied a lot in different sectors and localities (as a consequence). The economic sectors that suffered the most (exporting industry and construction) this time were concentrated in metropolitan areas. So it was the urban economy that was most seriously hit. This is a major difference from the previous crises. The impact was hardly noticeable for the economies of the least developed regions (rising prices and demand for agricultural goods and a weak dependence on construction industry were the main reasons). The situation was completely different in metropolitan regions and especially in Vilnius, where during the last decade 1/3 of all construction work took place. The proportion of construction of buildings that were affected the most was even higher – in 2007 almost half of all flats were built in Vilnius (<http://db1.stat.gov.lt/statbank/Selectout/pivot.asp>). Considering that the construction of new housing stock, which is mostly dependent on local

resources, dropped by almost 3 times, it is not surprising that Vilnius suffered from the crisis more than the country as a whole. Figure 3 illustrates that in Vilnius between 2008 and 2010 collections of profit tax have dropped more than three-fold and almost reached the average level for Lithuania.

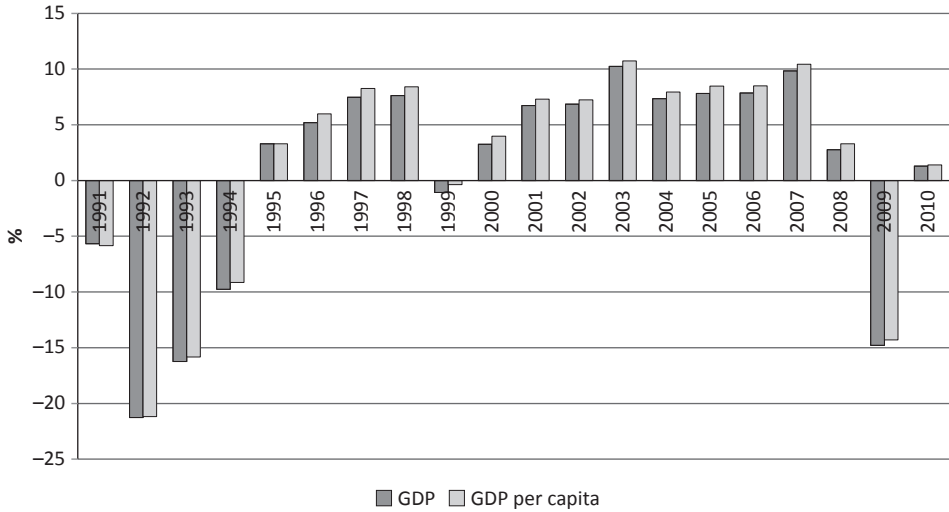


Figure 2. Trends of economic development of Lithuania

Source: According to the data of Statistical Department of Lithuania, <http://db1.stat.gov.lt/statbank/default.asp?w=1680>.

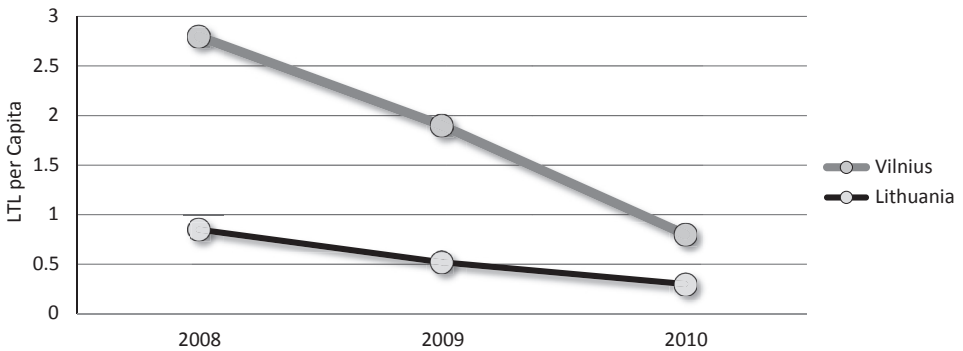


Figure 3. Collected profit tax (LTL per capita)

Source: data from the State tax inspection, www.vmi.lt.

The deep crisis in urban areas and for the whole economy of Lithuania could be explained by developments in the housing market, which was stimulated by huge amounts of borrowed money from Scandinavian banks. The price bubble (Figure 4), which guaranteed very high profits for construction companies (according to some investors, profits could reach 300%), diverted investments from other sectors of economy, which could not match this level of profitability.

When the property price bubble burst, the construction industry collapsed, along with many other related industries.

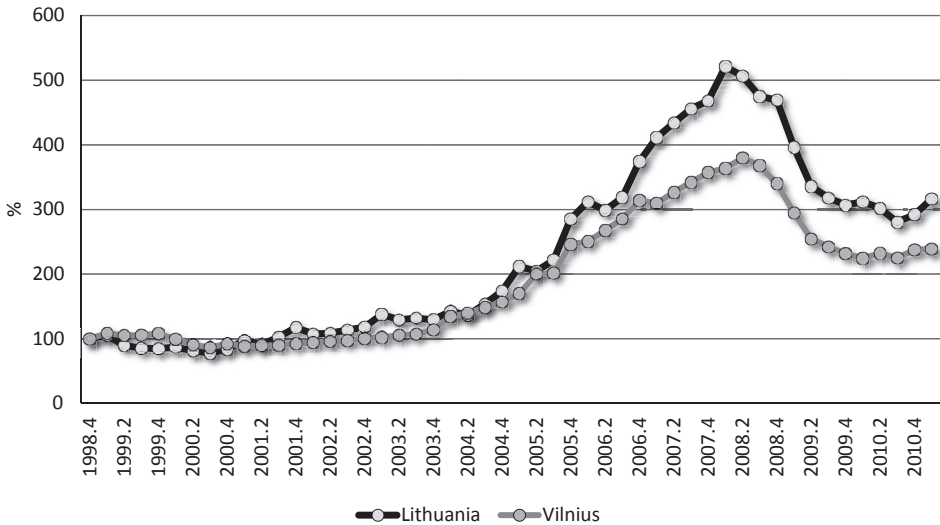


Figure 4. The changes of prices of dwellings in Lithuania and Vilnius

Source: data of State Enterprise Centre of Registers. http://www.registrucentras.lt/ntr/index_en.php.

The same trends could be confirmed by the substantial decrease in the construction sector itself (Figure 5), where in Vilnius in 2009 and especially in 2010 it was much higher than in other parts of the country, which did not rely so much on the construction of housing.

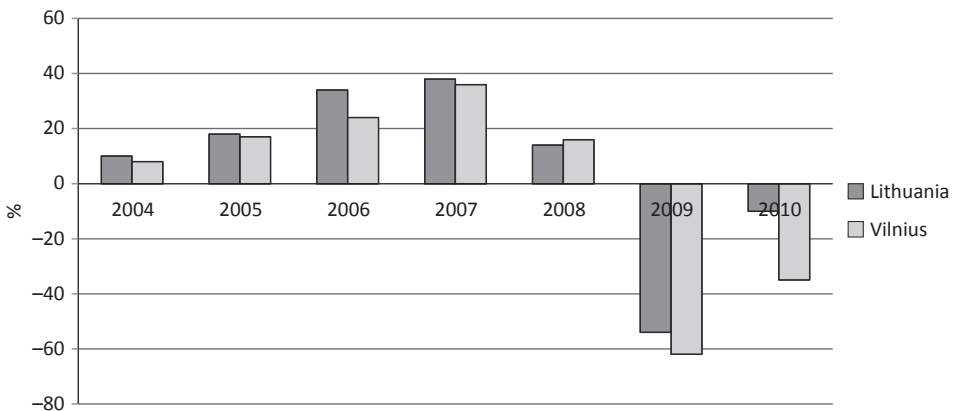


Figure 5. Trends in construction sector in Lithuania and Vilnius. (changes in construction works carried out)

Source: data of Department of Statistics of Lithuania, <http://db1.stat.gov.lt/statbank/default.asp?w=1024>.

Recent trends of transformation in the Vilnius urban region – impact of the crisis

The development of Vilnius city was deeply affected by post-soviet transformations that began in early 1990s. Political reforms led to economic and social changes, which in turn determined urban spatial transformations. In the last two decades political and economic reforms (especially at the beginning of the period) and natural processes of city evolution (technological, economic, social progress, urbanization, globalization, regionalization, etc.) caused intense transformations in Vilnius city and its region. These trends mostly correspond to those of other capital cities of post-communist Europe – they had the fastest pace of development right from the beginning of reforms (Bachler and Downs 1999). Moreover, post-socialist urban and regional transformations have been just as profound (Smith and Timar 2010). The instant growth of service sectors and suburbanization were the most common features.

Various activities of urban life had different tendencies of spatial development since the beginning of reforms in the early 1990s. Some of these processes caused transformations of existing urban spaces, some – transformations of former rural areas. The analysis carried out by the authors of the paper revealed that numerous transformations primarily took place in the core and middle part of the Vilnius urban region (Ubarevičienė, Burneika, 2015). This was also evident in other capital cities of post-soviet countries. Economic growth has tended to be spatially concentrated in core city regions, most notably, in the rapidly expanding capital-city regions, where the model of capitalist transformation centred on the inflow of Western capital, and where most banking investments were concentrated. There is also evidence that uneven development was experienced through processes of suburbanization alongside the gentrification of inner urban areas and the redevelopment of city spaces (Smith and Timar 2010).

Consequently, the sprawl of the city and formation of the Vilnius urban region was determined mostly by the spread of a very few activities of urban life. Unsurprisingly, the most important factor for growth was the process of suburbanization, which did not exist in the Soviet era, at least not at this scale. The only other important phenomenon leading to the spread of the urban region was the suburbanization of industry and logistic infrastructure. Other activities did not make any substantial influence on sprawling process. Neither the retail sector nor social infrastructure were moving out of their present core urban areas at a significant scale. This can be explained in part by an abundance of free spaces inside middle and even central parts of the urban region, and partly by poor management of the city's growth.

The most intense development was visible in sectors that had not previously existed in the centrally planned command economy, particularly detached housing and the development of office centres. Another factor of changes of urban space prior to the recent crisis was related to the very limited supply of private land for new developments, and a complex procedure to change the purpose of land use. Unsurprisingly, most changes appeared in places where free land and private

property was available. The Soviet neighbourhoods ('microrayones') of tower blocks were not among them, so transformations inside such areas were hardly visible. Quite a few changes were taking place in vast areas occupied by parks and forests.

The influence of the recent crisis on urban development, as well as other economic downturns, could be partly revealed through development trends in the construction sector. However, it is necessary to take into account the fact that the construction sector usually reacts to economic changes with some delay, as current activity is based on orders made months/years earlier (European Construction Industry Federation, <http://www.tmb.org.tr>).

The downfall of the construction sector (especially housing) during the recent crisis was very significant in Lithuania, particularly in Vilnius. However the degree of the downfall varied in different sectors, so one could expect that different places should also experience different impacts. The construction of detached houses based on private initiative was the only sector of housing that was 'alive,' even during the period of the most intense crisis. This could be partly explained by the fact that, according to the polls, the wish to have a private house is still widespread among the population, and even during periods of crisis not all residents suffer from a decline of income. On the other hand, the prices of construction also dropped substantially, while other sectors of housing suffered from oversupply.

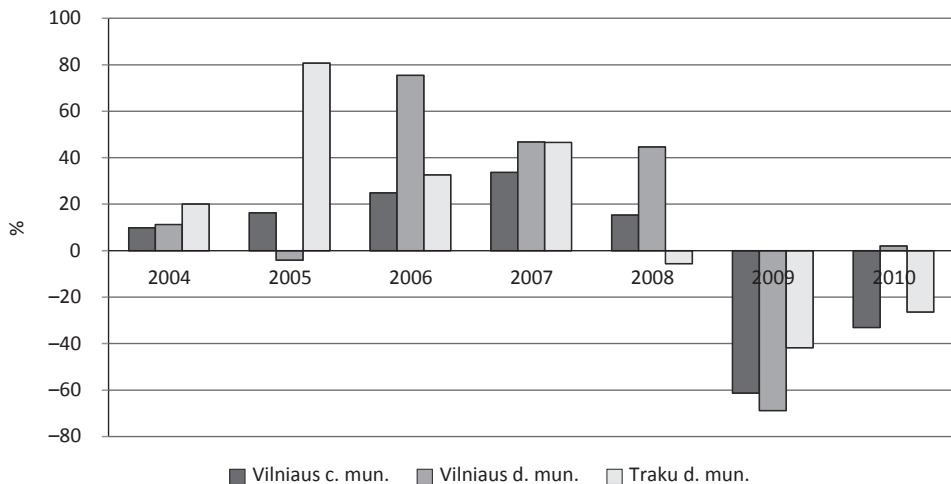


Figure 6. Trends in construction sector in the municipalities of Vilnius region (changes carried out construction works, as % compared with previous year)

Source: data of Department of Statistics of Lithuania, <http://db1.stat.gov.lt/statbank/default.asp?w=1024>.

The spatial distribution of building permits granted during recent years could illustrate some spatial implications of the crisis and reveal some factors determining urban development (Figure 6). The growth of construction, with

very few exceptions, was substantially higher in municipalities bordering Vilnius city than in the city itself. This is obviously clear evidence of suburbanization. The initial impact of the crisis was clearly felt in Vilnius city and the surrounding district, but the constructions in the latter had already started to grow in 2010, while the downfall in Vilnius still reached some 35 %. On the other hand, the city was hit earlier, and construction ceased to grow in 2008. Recent trends in the more distant Trakai district municipality are not so different from that of Vilnius, because suburbanization process affected this area to a much lesser extent. The distance and land use limitations in national parks are major factors influencing the construction there. Obviously, the impact of the crisis was less evident in the private house construction sector than in other sectors, and the core area of the urban region was affected more than its peripheral parts. The result of this downfall is clearly visible in the landscape of Vilnius and surrounding areas. Unfinished projects of towers of flats in the central and middle parts are spoiling image of the city, while uncompleted detached houses are not so visible in the peripheral part.

The distribution of permits for new buildings inside Vilnius municipality also illustrates similar trends (Figure 7 and Figure 8). The most intense decrease is visible in the core area or in the very central part of the city.

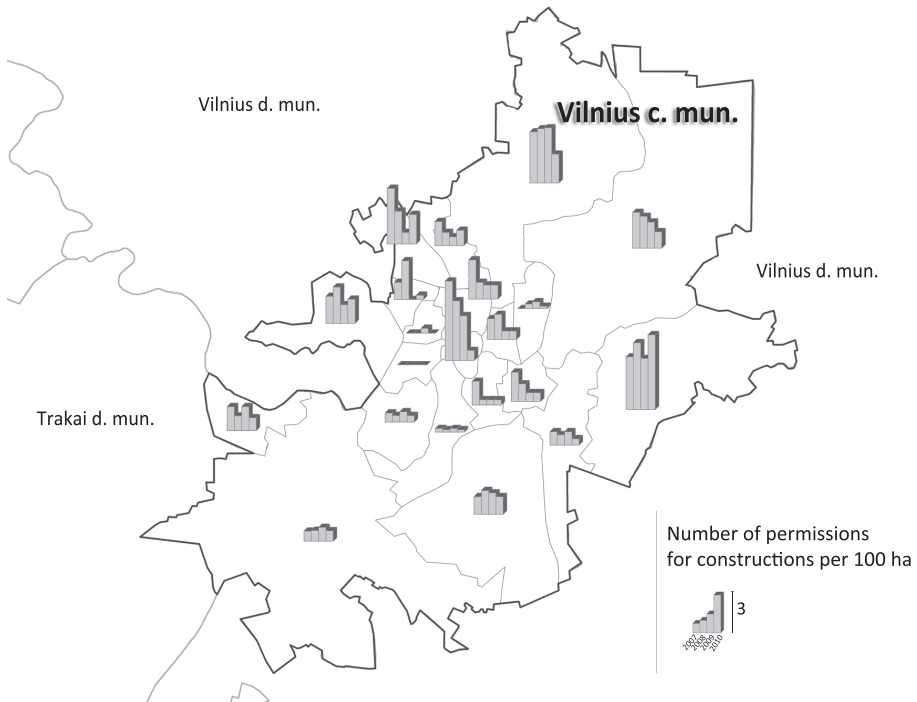


Figure 7. The distribution of permits for new residential buildings in local administrative units (LAU 2) in Vilnius in 2007–2010

Source: according to the data of Vilnius municipality, www.vilnius.lt.

The most significant and obvious drop in construction work occurred in the centrally located units, while some more peripheral ones did not experienced any significant decline between 2007 and 2010. Those are the least urbanized areas, with the highest proportion of semi-urban and rural spaces. Though there is no data available, one could expect that areas right behind the city border would be quite 'busy' as well.

There were no changes in the volume of construction in Soviet planned neighbourhoods of tower blocks (western-central part of core urban area), because there was almost no construction before the crisis. These 'sleeping' spaces are largely inhabited by the elderly population and present the most stagnating element of urban life in Vilnius.

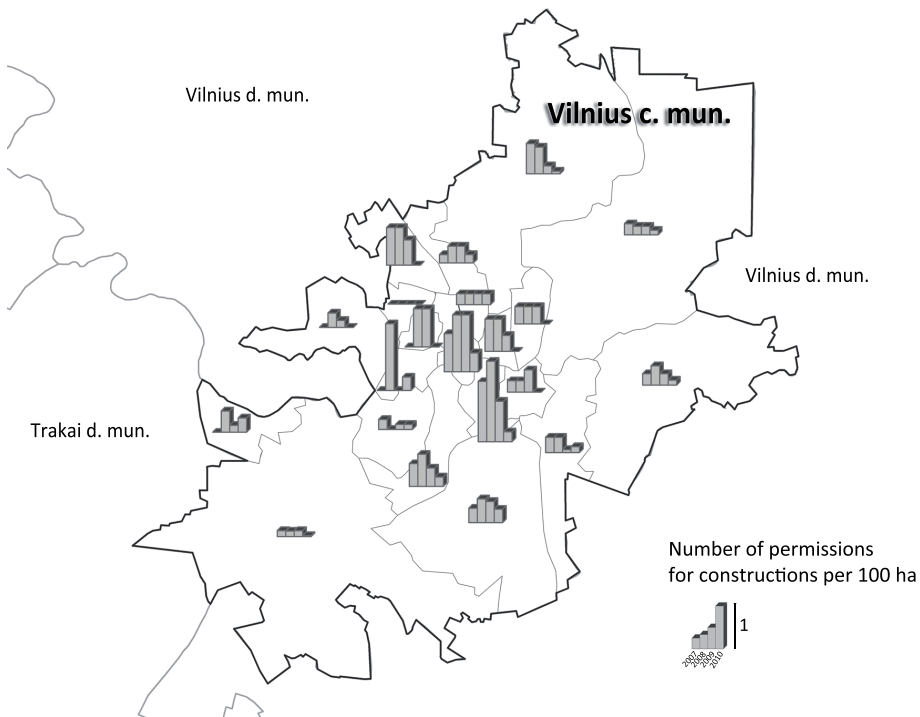


Figure 8. The distribution of permits for new non-residential buildings in local administrative units in Vilnius in 2007–2010

Source: according to the data of Vilnius municipality, www.vilnius.lt.

The situation in the market of non-residential buildings is significantly less diverse. There were almost no sectors of urban economy that had positive conditions for development during the crisis. This, and the oversupply of real estate, resulted in stopping the construction of these buildings throughout the whole city almost without exceptions.

Lack of available statistical data and limited resources for more detailed field research did not permit the authors to draw more accurate conclusions concerning the impact of the crisis on suburban developments inside the Vilnius district municipality. However, it is clear that the process of urban sprawl continued even during very recent years. On the other hand, the crisis had some negative influence here as well, because bigger and better planned projects were stopped and urban sprawl continued in a wild, disorganized, and chaotic way. It is entirely dependent on the private initiative of those wishing to have a house and those wishing to earn money by selling their private land. Chaotic growth often spoils the landscape, creates mixed communities, and escalates social and ecological problems. The authors must state that there is no clear evidence that this situation will change in the near future, because there are no decision-making actors with obvious motivation to change this situation.

The consequences of previous crises, expressed in unfinished projects or wastelands, are still visible in the landscape of Vilnius city, and even the recent housing boom was not able to eliminate them. There are plenty of reasons to expect that the physical outcomes of the current crisis will be visible as yet another dark stain on the city's landscape.

Conclusions

Analysis of cities oriented to functionally related spatial systems with integrated social, economic, and natural environments are able to reveal spatial as well as structural development processes that could otherwise be missed. Such a wide spatial social system can work as a logical framework for research on various social and even ecological phenomena. The impact of the crisis was felt much more strongly in the Vilnius city-region/metropolitan area than in the rest of the country; however, the signs of revival were also stronger at the beginning of 2011. Unlike the previous crises, which resulted in the fast growth of imbalances in regional development of the country, the recent one did not have such clear spatial consequences, at least in the short term.

The spatial consequences of the recent crisis on the development of the Vilnius metropolitan area were uneven as well. The construction sector of individual houses in suburban areas suffered the least, therefore the impact on the suburban economy was less evident. On the other hand, the negative impact on the labour market was spread over the whole metropolitan area, because the labour-intensive construction sector of Vilnius was one of the major job suppliers for residents of the weakly developed region around the city.

Trends of economic development throughout the Lithuanian territory and in neighbouring countries, international economics and politics, the evolution of socio-economic processes, prevailing images or fashions, and many other factors will determine the further development of the Vilnius urban region. However, one of the most important factors, which always will have a decisive influence on these processes, is related to the socio-economic situation in the surrounding region. Most probably, it will not function as a cause, but as a limitation. So it

will not result in the spread of the city, but will impact the speed and pattern of its growth.

Structures, urban and rural, coexist in the same space and consequently, some conflict is almost inevitable, especially in cases where there are substantial differences between these two worlds located in the same place. The consequences of such conflicts fall upon society and the urban landscape.

The impact of economic crisis has very clear spatial consequences that will be tangible for a longer period of time than the economic ones. Even critical periods of development could halt natural city development processes.

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