

# AREA SUD

Economic Region  
Southern Austria



**More people.  
More markets.  
More togetherness.**

# THE NEW KORALM RAILWAY CONNECTS.



**Jürgen Mandl,**  
*President of the  
Carinthian Eco-  
nomic Chamber*  
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“From Klagenfurt to Graz in three quarters of an hour – as of 2025, the Koralm Railway will bring together the two central provincial capital regions and create a new Southern Austria Economic Area: a European metropolitan region with more than one million people, hundreds of thousands of businesses and endless opportunities for further economic growth, a higher quality of life and less out-migration.

Heightened visibility as a business location and key logistics hub, closer links between education institutions, convenient mobility between urban and rural areas – all of this makes Carinthia and Styria a new centre of vital interest for people in the Alps-Adriatic region.”

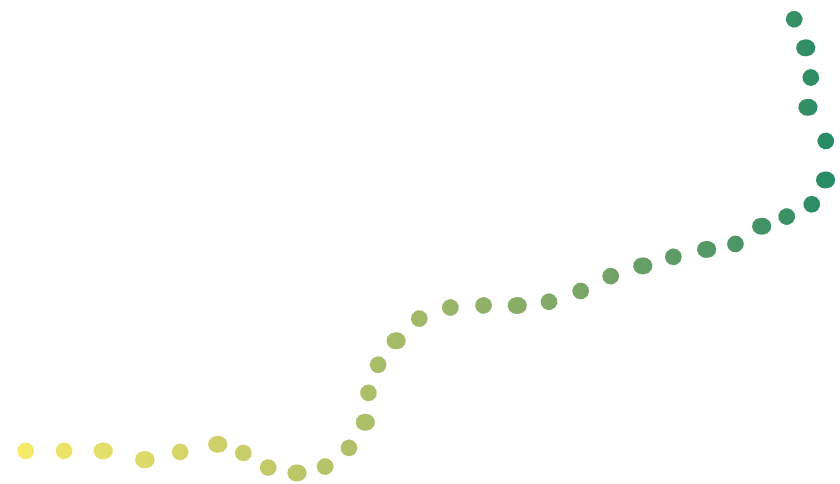


**Josef Herk,**  
*President of the  
Styrian Econo-  
mic Chamber*  
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“With **AREA SOUTH** our country’s second largest economic region is emerging in the south of Austria. Where boundaries are overcome and connecting elements come to the foreground, new things emerge.

The good accessibility and the greater catchment area provide a substantial boost for the future. Our task now is to seize this once-in-a-century opportunity for Styria and Carinthia and the entire Alps-Adriatic region.

**AREA SOUTH** is a fresh lifeline that brings us closer together – our economy, the people and especially the youth. A region with great potential, where people are happy to work, study, invest and most of all live.”



# READY FOR NEW WAYS.

## AREA SOUTH. **MORE PEOPLE.**

Our working world faces one of the biggest changes in the past centuries. In just a few years it has become evident that our old work principles and models no longer apply. The way we work has changed. Shorter hours. Far too long. Often from home, then again from everywhere.

We align our work with our environment – not the other way around. The new **AREA SOUTH** signals a **spirit of optimism**. Attractive working conditions meet a unique, liveable environment located in the heart of Europe.

## AREA SOUTH. **MORE MARKETS.**

One of the big advantages of economic regions is that they offer businesses **access to larger and more diversified markets**. New markets open up new opportunities through new customer segments and new sales areas that drive innovation and enable further growth.

With **AREA SOUTH** our country's **second largest economic region** is emerging in the south of Austria. It is rightly considered as a one-in-a-century opportunity, because it gives businesses in Styria and Carinthia a powerful boost for the decades to come.

## AREA SOUTH. MORE TOGETHERNESS.

What belongs together grows together. From Vienna to Graz or Klagenfurt in a **fraction of the time it took previously** – this connects us in a totally new way. Cities, business centres and **enterprises move closer together, routes become shorter**, more practical and more economical.

The new axis in the southeast of Austria paves the way for more contacts, more exchange and more business. It is a fresh lifeline that makes **AREA SOUTH** a “**super region**” in the heart of Europe.

## AREA SOUTH. MORE INVESTMENTS.

Economy needs change – and investments. The future **AREA SOUTH** is distinguished by a large number of **technology and industry sites** which, as a whole, are unique in Central Europe.

Linking them together opens up an attractive environment for the location of further companies, bringing additional investments to the region. The combined strengths of several sub-regions thus lead to a diverse offering with new opportunities, locations and possibilities.

## AREA SOUTH. MORE KNOWLEDGE.

If the past few years have shown one thing, it's this: In the long term, the positive economic development is determined not only by courageous entrepreneurs but also, and above all, by the availability of a qualified workforce.

This is where **AREA SOUTH** can score points: the region is home to a large number of **education and research institutions**, among them 13 universities and universities of applied sciences. And what's more: once students have got to know the region, they want to stay here too.

## AREA SOUTH. MORE LIFE.

Hard facts are of course important for people and the economy. What matters even more though, are factors that are not always easily put in words: security, wellbeing, peace and quiet – everything we perceive as high quality of life. In terms of its countryside, **AREA SOUTH** belongs to the **most attractive living environments in Europe**, nestled between the Adriatic Sea and the Alps – with the major cities Vienna, Munich and Milan within easy reach.

**AREA SOUTH** is a region you not only like working in, more importantly it is a place where you also like living.

## AREA SOUTH. MAKING MORE OF IT.

The emerging **economic region AREA SOUTH** is a once-in-a-generation opportunity that Carinthia and Styria must seize. For two economically strong federal provinces, whose enterprises are already outstandingly successful, also globally, to grow closer together it takes courage to make the necessary infrastructure investment decisions – on both sides of the Kor Alps.

As Economic Chamber we provide the strong voice for an **active regional economic policy**, because we want to make more of it.



## What are the historical roots of AREA SOUTH?

### Cooperating and growing together: an economic area is emerging

“Southern Austria” is neither politically nor economically a category with **historical roots**. From a geographical point of view, the ancient duchies of Styria and Carinthia barely opened up to each other; most passes could only be crossed with great difficulty. Apart from natural neighbourly relations and the associated intersections, many years went by without any particular collaboration patterns between Styria and Carinthia. It was not until the introduction of the NUTS-1 statistics nomenclature and the intensified discussions about the European transport corridors that the term “Southern Austria” shifted slightly more into focus. **However most of the more serious strategic efforts never got off the ground.**

### Learning together from the past

More recent historical and economic developments suggest that there is another **clear parallel between Styria and Carinthia**: the heavy impact of the structural crisis following the recession and the so-called “saw-tooth economy cycles” in the 1980s with direct consequences that stretched far into the 1990s. One key reason for this was that the industry was concentrated in similar **structurally problematic areas**. There was a predominance of nationalised companies. **For a long time, investing in so-called “extended workbenches” in structurally weak areas was the regional policy tool of choice.**

The investor’s advantage of having relatively cheap and (because of their rural background) hard-working and loyal semiskilled workers producing simple products diminished as wage levels rose. **Yet this position could not be maintained in the long run** and became largely obsolete after the fall of the Iron Curtain. It was clear that a direction towards an economic positioning based on efficiency and knowledge had to be taken.

With a consistent shift in economic approach, a **particular dynamic in knowledge-based services** became noticeable, especially in larger cities.

## Identifying challenges and finding solutions

Nevertheless, it must be clearly stated that the south, especially in terms of demographics and its general economic performance, has remained within the last third of Austria's provinces despite all efforts. **The obvious approach would therefore be to make a larger effort to improve the still effective structural handicaps.**

Possible approaches would be to **utilise synergy potential, pursue cooperation models** and **expand functional spaces** by investing in infrastructure.



## Opportunity AREA SOUTH: business location

### ECONOMY

- Southern Austria already belongs to the highly industrialised regions in Europe (HIRE).
- Southern Austria has a large number of economic strengths. In the industry-trade sector these range from mobility (automotive, rail and aviation) to mechanical engineering and metalworking to micro-electronics. They are complemented by the fast growing modern service areas (IT, logistics, etc.) as well as first-rate tourism offerings.
- From a structural point of view, Southern Austria is a region characterised equally by large-scale companies, SMEs and family businesses, as well as by a high number of global market leaders in a variety of product areas.

### RESEARCH AND DEVELOPMENT (R&D)

- With an R&D rate of 4.8%, Styria has positioned itself at the forefront of all provinces (Austria 3.1%).
- Carinthia has recently been able to significantly increase its R&D ratio and now ranks in the upper mid-range.

### INNOVATION AND ECONOMIC GROWTH

- Southern Austria has a disproportionately high share of sectors based on technology and knowledge.
- The innovative capacity of these industries drives sustainable economic growth.

### EXPORTS

- The export ratio of the Styrian economy is 50 % with a regional GDP of 51 billion euros.

## Styria

Population: 1.265 million  
Companies: 101,000  
Employees: 547,000  
Gross regional product: 51.596 million  
R&D rate: 5.14%

## Carinthia

Population: 0.569 million  
Companies: 45,000  
Employees: 219,000  
Gross regional product: 22.692 million  
R&D rate: 3.23%

### Styria

Agriculture and forestry: 2.2%  
Manufacturing sector: 34.1%  
Service sector: 63.7%



### Graz

13,000 employers  
250,000 employees  
480,000 inhabitants

### Carinthia

Agriculture and forestry: 1.6%  
Manufacturing sector: 35.7%  
Service sector: 62.7%



### Klagenfurt-Villach

10,000 employers  
125,000 employees  
295,000 inhabitants

### Lower Carinthia-Lavanttal

4,000 employers  
50,000 employees  
140,000 inhabitants

### Southwest Styria

5,000 employers  
55,000 employees  
190,000 inhabitants



## Opportunity AREA SOUTH: living location

### DEMOGRAPHIC CHALLENGES

- Southern Austria has been facing a brain drain of well-educated young people for many years. After completing their studies, many academics choose not to return to their home regions. The absence of these people is increasingly felt in the labor market of Southern Austria.
- If the current trend continues, the labour potential will decrease drastically in the coming decades.
- By 2040, the number of 20–64-year-olds is forecast to decline by 10.1% in Carinthia and by 9.5% in Styria.

### OPPORTUNITY KORALM RAILWAY

- For the Southern Austria Economic Area, the construction of the Koralm Railway is a necessary measure to reduce infrastructure disadvantages in Southern Austria and to reverse negative demographic trends.

## What framework conditions does a strong AREA SOUTH economy area require

Highly qualified people are essential for technology and knowledge based industries. To exploit the strengths of AREA SOUTH in industry, R&D, innovation and exports, the following framework conditions have to be established:

- Focus on technology and natural science methods as well as on entrepreneurship education.
- Common strategic orientation and marketing of the Southern Austria R&D location.
- Strengthening of urban centres (taking full advantage of synergies, economies of scale and knowledge benefits)
  - particularly Klagenfurt/Villach and Graz and surrounding areas
- Besides strengthening urban areas, it is vital to promote rural/regional strengths to optimise overall economic growth.
  - for example, industrialised regions and top tourism regions
  - crucial is a focus on quality, performance capacity and future viability.
  - increasing reach by efficient transport infrastructure, which equally strengthens peripheral and central areas
  - creating regional sub-centres with the appropriate infrastructure
- A north-south rail link (expansion of the Pyhrn-Schober axis with a new Bosruck railway tunnel) is of crucial importance for the future viability of a logistics and infrastructure location.
  - integration with the German economic area and the southern ports of the Adriatic Sea.
  - securing of export capacity



## Regional effects of the Koralm Railway: commuting times

The extended agglomeration Graz-Klagenfurt will cover a total of around 1.1 million inhabitants and half a million employed persons, more than 130,000 of which are working in the manufacturing sector. With the construction of the Koralm Railway, it will be possible in the future to cover distances that thousands of people in eastern Austria, in the catchment area of Vienna, travel every day.

An inhabitant of Graz working in Klagenfurt, for example, would require the same commuting time as a person travelling from Wiener Neustadt to Karlsplatz/Kaisermühlen. This means that the opening of the Koralm Railway will achieve a significant improvement in accessibility in the “new” urban agglomeration Klagenfurt/Villach-Graz.

- With regard to commuting time, the connection Graz – Groß Sankt Florian is comparable to an underground journey from Ottakring to Simmering.
- The commuting time of the route Groß Sankt Florian – Klagenfurt corresponds to the journey time required for the connection Seestadt – Karlsplatz.



## Regional effects of the Koralm Railway

### Model commuter flow calculations show that ...

- ... with the construction of the Koralm Railway, it will be possible to cover distances that tens of thousands of commuters in eastern Austria travel every day.
- ... commuter streams between each of the regions along the Koralm Railway will rise significantly, the highest effects being achieved with journey times up to 40–50 minutes.
- ... apart from Graz and Klagenfurt, the districts of Wolfsberg and Deutschlandsberg located along the Koralm Railway with a high concentration of trade and industry will see particularly high benefits from improved accessibility.
- ... on average, the presence of a railway station correlates with a population growth rate increased by 3 percentage points.
- ... employees have an increased job search radius and can accept new and better jobs in regions currently not within the daily commuter distance. The chances of taking on adequate employment grow significantly.
- ... businesses (particularly in Deutschlandsberg and Wolfsberg) are provided with an extended catchment area of potential staff, which increases their chances of finding specific employees or key workers.
- ... the additional dynamics will lead to greater competition.
  - Needed are a proper definition of the framework conditions and a pro-active approach to deriving synergy effects.

# AREA SÜD

**Economic Region  
Southern Austria**

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**More connections.  
More opportunities.  
More life.**

## **Bottom line – AREA SOUTH**

- The new urban agglomeration Graz – Klagenfurt is emerging.
- With the industry and trade districts Deutschlandberg and Wolfsberg, the peripheries move closer to the centre.
- The differences between urban centres and peripheries diminish.
- The labour market becomes more dynamic.
- The demographic trend of population decline is broken: infrastructure against out-migration
- An internationally visible region: the second-largest agglomeration in Austria
- However: infrastructure measures mean a lot of hard work – if the course is not properly set in regional policy, the positive economic and demographic effect will weaken successively.

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## Action agenda – AREA SOUTH

In addition to the construction of the Koralm Railway, it is necessary to take accompanying infrastructure measures, which firstly ensure that the railway is used optimally, both where goods and passengers are concerned, and secondly make regions beyond the core area of the Koralm Railway more attractive, so that all regions in Southern Austria can benefit equally from the newly emerging **AREA SOUTH** economic area.

The task now is to extend this infrastructure package by adding a more detailed regional and local policy agenda that covers Southern Austria not only as a business and living location but also as an education and innovation hub.

### Expanding infrastructure in the AREA SOUTH region

- Upper Styria – Central Carinthia / Area St. Veit /Friesach – Murtal valley
- Completing the B317 – S37
- Expanding Interregio link Klagenfurt – Graz (IR Koralm)
  - with stops at Lake Klopeinsee and Airport Graz (via Southern Line)
- Interregio link between Klagenfurt – Judenburg/ Knittelfeld (IR Aichfeld)
- Upper Carinthia:
  - upgrading PT – bus and rapid transit system
  - electrifying the Gail Valley Railway, upgrading for freight transport
- Southern and Eastern Styria:
  - Radkersburg Railway: modernising, increasing frequency and gap closure to Slovenia
  - “Spa Railway”: new line Gleisdorf – Fürstenfeld and modernisation of the Hartberg – Fürstenfeld – Fehring link
- Maintaining and expanding regional loop lines for passenger and goods transport:
  - modernising the Zeltweg – Dravograd line (Lavant Valley Railway)
  - reconstructing the Mur Valley Railway incl. electrification
  - upgrading the Görtschitz Valley Railway for goods transport

### Expanding principal, secondary and feeder infrastructure for the Koralm Railway

- Rail infrastructure:
  - expanding the Phyrn-Schober link:
    - Reconstructing the Bosruck tunnel and widening the Graz-Bruck/Mur link to four tracks (overlaps Baltic-Adriatic corridor)
  - widening the Southern Line Werndorf – Spielberg to continuously two tracks (Baltic-Adriatic corridor)
  - electrifying Styrian part of the Eastern Line and integrating Styrian Eastern Line with the Koralm Railway.
  - KlagenfurtVillach: constructing a goods line
  - Tauern line: modernising and improving existing lines (for example, around Salzburg-Bischofshofen or Gasteinertal valley)
- Kühnsdorf station: maintaining and modernising the freight loading station
- concepts to integrate the airports Graz and Klagenfurt with public transport and/or Koralm Railway.
- Public transport services: optimising the feeder infrastructure in both federal provinces and ensuring regional bus lines and rapid transit railway lines by 2025

### Making the area an attractive business and living location

- Expanding broadband infrastructure in **AREA SOUTH**: focus on central towns and business locations in the region
- Keeping energy prices and energy infrastructure up to date
  - ensuring fast expansion of energy grids with focus on energy transition
  - adjusting electricity grid tariffs in Southern Austria to Austrian average
- Specific strengthening of central towns based on regional planning in Styria and Carinthia
- Strengthening town and village centres: regional planning and financial incentives for repair and overhaul
  - reating write-off modalities for repair and overhaul
  - alternative approaches: investment/ repair and overhaul bonus

- **Strengthening municipal financing:**
  - restructuring fiscal equalisation
  - financial funds for childcare and school locations
  - public transport in the regions (micro and general PT)
  - establishing intermodal infrastructure nodes (park & ride areas, etc.)
- **Tourism:**
  - coordinating with tourist attractions and joint marketing
  - joint Süd-Card and “KlimaTicket” (Climate Ticket) for tourists

## Increase the attractiveness of the education and innovation location

- **Education location Southern Austria:**
  - ensuring vocational school locations and expansion of the higher technical school (HTL) sector in Southern Austria
  - implementing area-wide child-care services
  - promoting language-specific early-childhood education for children with migration background
  - promoting digitalisation in education
  - serving internationality of the business location by providing English-speaking education facilities
  - creating modern and need-based education options
- **Innovation and R&D location Southern Austria:**
  - supra-regional clusters
  - securing R&D funds in the K and Kplus centres
  - supra-regional, cooperative R&D calls for tenders
  - use of Just Transition Fund: common education programme for green jobs

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