

# Financial Analysis of Gentrification in China Artists' District

Y C Guo<sup>1,\*</sup>, Y D Xiao<sup>2</sup> and W H Qi<sup>3</sup>

<sup>1</sup>Tongji University, Siping RD 1239, Yangpu District, Shanghai, China

<sup>2</sup>Tongji University, Siping RD 1239, Yangpu District, Shanghai, China

<sup>3</sup>Shenyang Ligong University, Nanping RD 6, New Hunnan District, Shenyang, China

Corresponding Author and Email: Y C Guo,16061@tongji.edu.cn

**Abstract.** Gentrification has played an important role in the neighborhood regeneration. This paper mainly studies on gentrification process in Chinese megacities and financial analysis of gentrification in China artists' district.

## 1. Introduction

In China, one of the fastest growing countries in the world, in the process of social and economic transformation in Chinese cities, the phenomenon of the western middle class has begun to appear in large numbers. [1] After more than 20 years of reform and opening up, with the transformation of social economy and economic globalization, Chinese cities have undergone a dramatic transformation. Gentrification has progressed at a tremendous pace since the 1990s under the background of urbanization. The gentrification process is emerging as a new model of neighborhood regeneration.

Art village or artist zone, which has played an indispensable role in initiating and facilitating gentrification, is a new spatial outcome in China's economic and urban transformation. The rise of self-employment and easier migration has further allowed artists to practice in their preferred cities. As such, China's Artists zones started to take shape in the 1990s. Some well-known artists zones, such as Songzhuang in Beijing, Tianzifang in Shanghai, Xiaoguwei in Guangzhou, Landing (The Blue House) in Chengdu, have become artistic and cultural symbols in these cities (Yang & Wei, 2008).

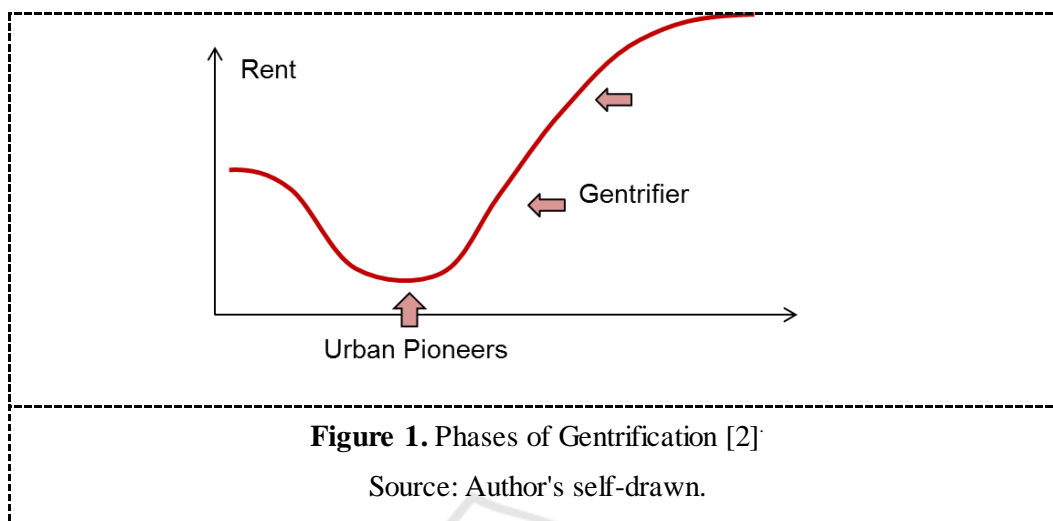
In this process, artists, residents, merchants and government have interacted with each other and influenced by different effects. Through the comparison of two cases, this paper mainly study the gentrification process in suburban areas and historic neighborhoods.

## 2. Gentrification situation

### 2.1. Gentrification in the world

Gentrification was first mentioned in a case study of London (Glass 1964: 18). In this study it figured out "Larger Victorian houses, down-graded in an earlier or recent period - which were used as lodging houses or were otherwise in multiple occupation - have been upgraded once again. Once this process of "Gentrification" starts in a district it goes on rapidly, until all or most of the original

working-class occupiers are displaced and the whole social character of the district is changed.” ( Figure 1 )



Today, more than 1,000 studies on gentrification are counted, mainly undertaken in geography and sociology. Since the 80s, there is no conceptual consensus on what gentrification could be, “chaos of gentrification“(Beauregard).

There are many different definitions of gentrification, such as “the rehabilitation of working-class and derelict housing and the consequent transformation of an area into a middle-class neighborhood” (Smith and Williams, 1986) [3]. “Exchange of one status lower group by one status higher in one housing area.” (Friedrichs, 1996)[4] A report Kennedy&Leonard wrote in 2001 was written: “Gentrification is a process, in which households with a higher income pressure out households with a lower income and by which the principal character and the flair of this neighborhood is changed.”

It seems that though many research they come to the conclusion that the impact of gentrification process is negative. “Because the language of gentrification tells us the truth about the class conflict implied by ,regeneration', it has become a dirty word for developers, politicians and financial industries” (Smith, 2002) [5]. “Gentrification has been a largely negative process driven by capital accumulation and resulting in the breaking-up and displacement of poorer communities.”(Rowland Atkinson, 2004)[6]. However, whether all gentrification process do harm still need to be proved.

### 2.2. Gentrification in artist zone in China

Art Village or Artists Zone is a new spatial outcome in China’s economic and urban transformation. In the immense and rapid urbanization of China, there are many artist zones appears in megacity. Tianzifang became well known as a creative park in the late 90s when internationally renowned artist Chen Yifei moved into the area and rented one of the factories as his art studio. Following him, there was a surge of Shanghai based artists wanting to rent studio spaces in the area. [7, 8]Most of them are undergoing the process of gentrification. Gentrification is emerging as a new model of neighborhood regeneration in China which based on the adaptive reuse of historic dwellings for upscale shopping, dining and culture. (Stephen Wei-Hsin Wang, 2011)[9].

China, Art villages are also found in outer suburbs, urban fringes and remote areas. Farm houses and abandoned rural factories close to urban services are especially sought after by artists. This is significantly different from the location of art villages observed in New York, London, Sydney and other world cities where artists once clustered in the inner city. (Xin Liu, 2013). There is a notable

tendency for artists to seek rural locations for cultivating cultural capital and seeking affordable spaces of artistic production. Artists have passion on the landscape appeal in rural settlements, and the slow-pace lifestyle. The cheap housing and spaces for artistic production and easy access to urban centers are also important for the migration of artists. ( Junxi Qian,2013)

Although there are some differences in the location, the process and outcomes are similar. In some cases, conscious of the synergistic value of restored urban heritage with conspicuous consumption, tourism and even the creative industries, local officials have utilized their urban planning authority to open up urban heritage to a host of gentrifiers. In terms of social outcomes, some local residents have capitalized on inflated property values and gained the opportunity to move out of poverty. Nevertheless, socially exclusive outcomes have also been evident, as commercialization eroded the living environment of rural migrants and other poor residents. (Stephen Wei- Hsin Wang, 2011) [9].

### 3. Financial Analysis of gentrification affection in artists zone

#### 3.1. Changes of rents in Songzhuang and Beijing

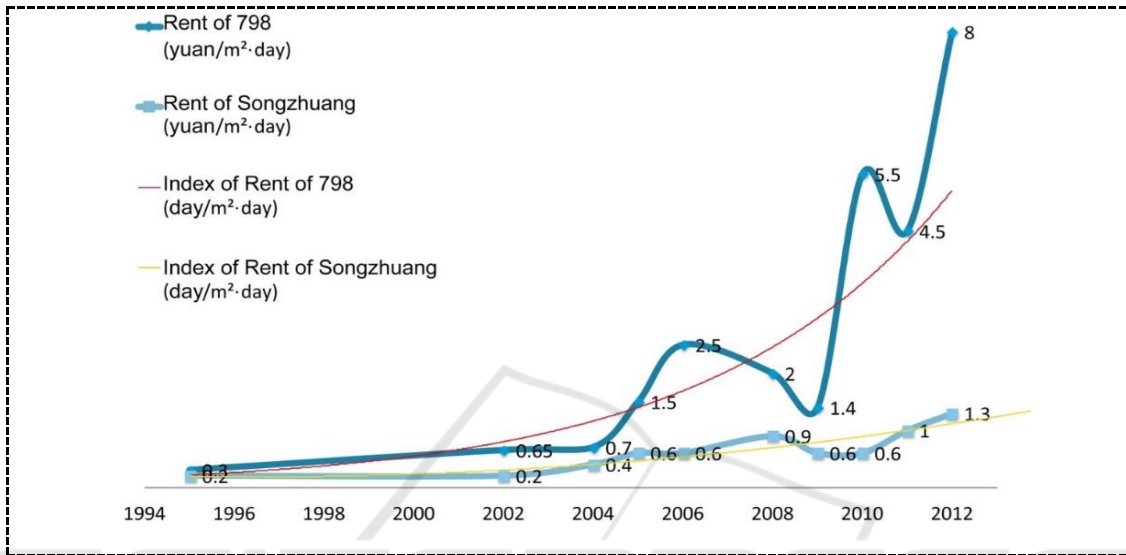
In 1995, due to policy reasons, Yuanmingyuan artist village is forced to disband. Comparing the average daily rent, one of the more obvious advantages of Songzhuang is its low rents. This is consistent with the affordable range of free artist.



**Figure 2.** Comparison of rents in Beijing.

Source: Author's self-drawn, map from [www.google.map](http://www.google.map).

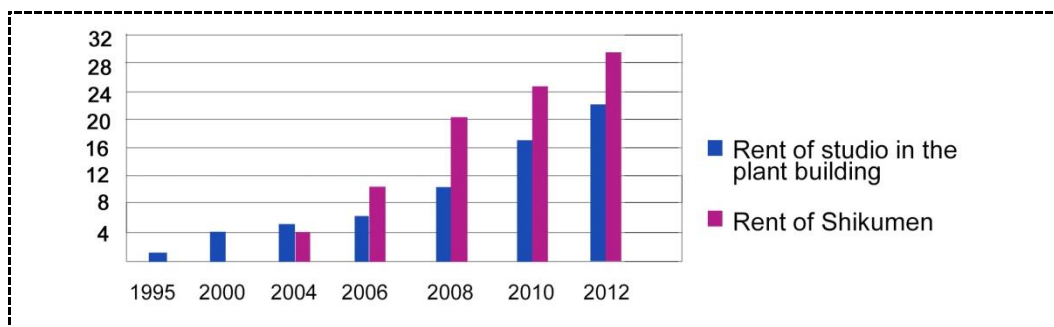
Due to the village committee in coordination with the higher levels of government played an active role in making Songzhuang develop freely. Self-built rental housing by the villagers, the village committee will be transformed vacant scrap factories into lease studio or rent land for the artists build house by themselves. This approach retains the original living creation structure of artists and maintains rural pastoral style. Compared to 798, the cost of living in Songzhuang is relatively stable in a long-term [10] ( Figure 2,3 )



**Figure 3.** Comparison of rents between 798 Art Village and Songzhuang Art Village  
 Source: Author's self-drawn, statistic source from authors' research.

### 3.2. Changes of rents in Tianzifang

Statistics shows that the fastest rising period of rents is from 2006 to 2008 with the broadcast by news media. Because of the cultural and art environment created by artists, the rents continue to rise since 2008 when the commercial areas adjacent to Tianzifang were developed. The rent of Shikumen has reached 29.2Yuan/ (m<sup>2</sup> day) in 2014, which has increased by seven times. In the investigation, 83% of the respondents think the rents are too high. ( Figure 4 )

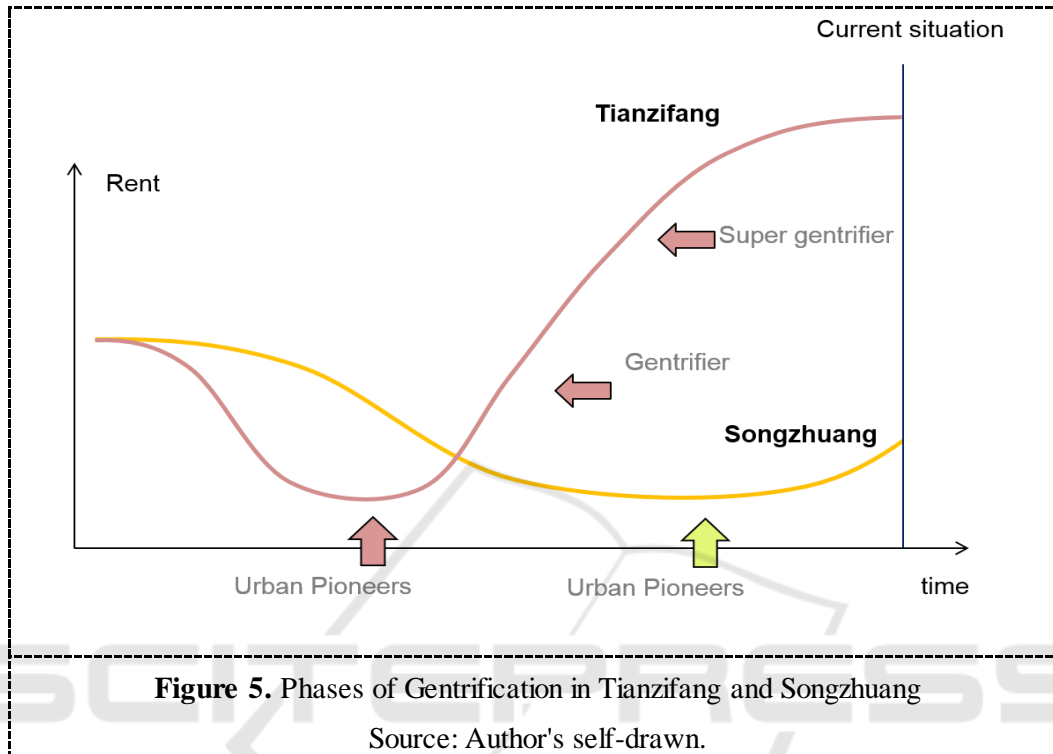


**Figure 4.** Rents of the plant building and first floor of residential house (Shikumen)/ (Yuan/ m<sup>2</sup> day).

Source: Author's self-drawn, statistic source from authors' investigation.

### 3.3. Comparison

Statistics shows that rent trends in Songzhuang are changed tardily while Tianzifang is changed drastically.



From the analyses above we can see that Songzhuang located in suburbs while Tianzifang in Downtown, the difference of location lead to the rent trends go tardily in Songzhuang and drastically in Tianzifang; also the distinguish of “agriculture to culture and arts industry” policy guidance of Songzhuang and the “industrial to cultural and creative industries” policy guidance of Tianzifang is caused by the same reason. (Figure 5)

## 4. Conclusions

Renewal and protection of artist zone in China Megacity should be seriously considered in urban and rural development process. "Artists Village" or "Artists Zone" is a form artists gathering to live. It appears in the late twentieth century China and has its particularity. Through empirical research on "Songzhuang Artists Village" in suburb Beijing and "Tianzifang artist Zone" in central Shanghai, the paper attempts to explore gentrification issues in the metropolis artist village space developing along with urban evolution.

Once the process of gentrification starts, it is irreversible. Through the various aspects of Beijing Songzhuang and Shanghai Tianzifang analysis, we found that not all of the gentrification process has a negative effect. If well controlled economic factors by policy, gentrification will bring a positive impact on individuals and urban development.

## Acknowledgement

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