The chain effects of property-led redevelopment in Shenzhen: Price-shadowing and indirect displacement

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\begin{abstract}
Many Chinese cities are undergoing large-scale property-led redevelopment, which can result in both direct and indirect residential displacement. Although a number of studies on direct displacement have been carried out, insights into the mechanisms underlying indirect displacement are lacking. The present research investigated property-led redevelopment in Shenzhen and the induced chain effects of price-shadowing and indirect residential displacement. It was found that property-led urban redevelopment exhibits strong effects of price-shadowing on adjacent housing prices by creating property hot spots and bringing about changes in the housing market. A multilevel hedonic model quantitatively confirmed the price-shadowing effect of urban redevelopment, by showing that perceived or actual redevelopment increases housing prices in the vicinity. Interviews with residents of neighbourhoods adjacent to three typical redevelopment projects revealed that redevelopment-induced indirect displacement is closely related to rising property values and that residents suffer from both exclusionary displacement and displacement pressure. Residential displacement in China has gone beyond forced eviction and has taken on more indirect and latent forms. Property-led urban redevelopment is a key catalyst for this.
\end{abstract}

1. Introduction

For decades, urban redevelopment policies have been implemented in many countries because the continuous processes of industrialization, urbanization and deindustrialization have left a legacy of unused and/or underused sites in urban areas (de Sousa, 2008; Liu, van Oort, Geertman, & Lin, 2014). Both the USA and western European countries have introduced regulations governing the redevelopement of brownfield sites and deprived neighbourhoods (Atkinson, 2008; Li, 2011a). In China, urban redevelopment has also received increasing attention (Leaf, 1995). In 2013, the Chinese central government issued the Special Plan for the Revitalization of Old Industrial-Base Cities (2013−2022). One of the central focuses of this plan is the transformation of ‘problematic’ brownfield sites. More recently (February 2016), the Chinese government released the “Opinions of the Central Committee of the Communist Party of China and the State Council on Further Strengthening the Administration of Urban Planning and Development", in which it is stated that ‘by 2020, the transformation and renovation of existing shantytowns, villages in the city [urban villages] and dilapidated houses in cities will be complete.’ It is foreseeable that booming urban redevelopment will have enormous social impacts on urban areas in various forms of direct or indirect residential displacement. If direct displacement research places more emphasis on ‘the spatial fact’ of displacement, indirect displacement research is more concerned with the ‘loss of sense of place’ (Davidson & Lees, 2010, p. 403). Although indirect displacement is less noticeable than direct displacement, it has just as many negative impacts on residents and thus urgently needs the attention of scholars and policymakers. However, China’s urban restructuring processes are characterized by property-led redevelop-ment and strong coalitions between local governments and developers to capture economic benefits (He & Wu, 2005). The main focus has been on the economic outcomes of urban redevelopment projects, whereas the induced residential displacement, especially indirect displacement, has received scant attention.

Similarly, in the academic literature, indirect displacement remains under-researched (Davidson, 2008). Studies on gentrification often fail to recognize indirect displacement as a serious consequence, and thus legitimize the implementation of pro-gentrification policies (Slater, 2006, 2009). Gentrification processes are, in many cases driven by urban redevelopment activities (Atkinson, 2004; Newman & Wyly, 2006). Urban redevelopment, and especially property-led redevelopment, can have price-shadowing effect on the value of adjacent...
properties, which further causes indirect residential displacement. Nevertheless, little knowledge is available on either the causes or the consequences of indirect displacement (Slater, 2006; 2009). It has been noted by many scholars (e.g. Slater, 2009) that as a result of the under-theorisation of indirect displacement, the price-shadowing of redevelopment activities is very often celebrated as an economic benefit, rather than seen as one of the main driving forces behind social dispossession. Moreover, this spill-over effect of urban redevelopment on housing prices/rents is very often taken for granted in the displacement literature and is rarely quantitatively investigated (Atkinson, 2002). This is especially the case with respect to China, where indirect displacement caused by large-scale property-centred redevelopment is largely absent from both academic and public discourses.

To bridge these gaps, the present research explored the chain effects of property-led redevelopment. The remainder of this article is structured as follows. In Section 2, we review the existing literature on indirect displacement and property-led redevelopment in China. In Section 3, we briefly introduce the study area, research methods and data. After that, in Section 4, we turn to the empirical study in Shenzhen and provide the background to and general characteristics of property-led redevelopment. Then, in Section 5, we discuss the chain effects of property-led redevelopment on the basis of both quantitative and qualitative methods. We present our main findings and policy implications in Section 6.

2. Literature review

2.1. Gentrification and indirect displacement

Residential displacement has been widely discussed in the gentrification literature. Grier and Grier (1978, p. 8) conceptualize displacement as:

Displacement occurs when any household is forced to move from its residence by conditions that affect the dwelling or its immediate surroundings, and that: 1) are beyond the household’s reasonable ability to control or prevent; 2) occur despite the household’s having met all previously imposed conditions of occupancy; and 3) make continued occupancy by that household impossible, hazardous, or unaffordable.

Residential displacement can be caused either directly or indirectly. Building upon the Griers’ widely accepted conceptualization of direct displacement, Marcuse (1985) proposed two types of indirect displacement, namely displacement pressure and exclusionary displacement. Displacement pressure refers to households’ subjective fear of the possibility of displacement (Doucet, 2009). It emphasizes the psychological and emotional dimensions of displacement, which is experienced by residents although they are physically inhabiting the neighbourhood (Mazer & Rankin, 2011):

When a family sees the neighbourhood around it changing dramatically, when their friends are leaving the neighbourhood, when the stores they patronize are liquidating and new stores for other clientele are taking their places, and when changes in public facilities, in transportation patterns, and in support services all clearly are making the area less and less livable, then the pressure of displacement already is severe. Its actuality is only a matter of time. Families living under these circumstances may move as soon as they can, rather than wait for the inevitable; nonetheless they are displaced (Marcuse, 1985, p. 207).

Exclusionary displacement is closely related with the dynamics in housing markets (Millard-Ball, 2002; Twigge-Molecey, 2014). It occurs when households cannot access dwellings because they have been gentrified.

When one household vacates a housing unit voluntarily and that unit is then gentrified or abandoned so that another similar household is prevented from moving in, the number of units available to the second household in that housing market is reduced. The second household, therefore, is excluded from living where it would otherwise have lived (Marcuse, 1985, p. 206).

As noted by Bernt and Holm (2009), exclusionary displacement and displacement pressure focus more on changes at the neighbourhood level.

Unlike direct displacement, indirect displacement does not involve households being forcefully evicted from their current dwellings and is thus less visible in affected areas. In gentrification literature, there are ongoing debates on to what extent gentrification harms the poor, since direct displacement is proved to be limited or even absent in many cases (Hamnett and Whitelegg, 2007). For instance, in the UK, urban redevelopment often takes place on brownfield sites or on vacant or abandoned land, and this form of new-build gentrification does not lead to the direct displacement of residents (Davidson & Lees, 2010). In a longitudinal study in London, Hamnett (2003) argued that the slow reduction of the lower-income class in many inner-city neighbourhoods is a result of the shrinking working class population. In other words, what has often been interpreted as displacement is arguably a replacement process. Similarly, Freeman (2005) doubted the immediate link between gentrification and displacement, and stated that there is possibly gentrification without widespread displacement.

Hamnett and Freeman represent a body of knowledge (see others for instance: Vigdor, Massey, & Rivlin, 2002; Butler, 2007; Butler, Hamnett, & Ramsden, 2008) that, in Slater’s (2009) words, “celebrate gentrification and/or deny displacement” (p. 294). Nevertheless, Slater (2009) pointed out that absence of direct displacement does not necessarily imply absence of displacement in general. For instance, low mobility among poor residents in gentrifying neighbourhoods, which is viewed as solid evidence of ‘absence of displacement’ in many studies, is actually a form of exclusionary displacement as conceptualized by Marcuse. Slater (2009) therefore strongly highlighted the importance of turning to Marcuse’s conceptualization of indirect displacement. Indirect displacement provides new insights into the overall consequences of gentrification, aside from widely researched direct forms of displacement. As warned by Millard-Ball (2002), the impacts of gentrification can be significantly underestimated if indirect or ‘invisible’ forms of displacement are left out from the radar of researchers.

Davidson and Lees’s (2005) research on new-build gentrification and displacement on the banks of the Thames in London is one of the few studies on indirect displacement. The authors presented qualitative evidence that long-term residents felt a growing sense of disconnection and displacement from their neighbourhood, with reduced accessibility to basic facilities. From the perspective of everyday life experience, Mazer and Rankin’s (2011) research in Toronto’s gentrifying neighbourhoods revealed substantial displacement pressure among local residents, caused by rising rents, the disintegration of community networks, a reduction in affordable services, and increasing hostility from the authorities and middle-class incomers. Similarly, linking to Marcuse’s (1985) concept of displacement pressure, Stabrowski (2014) conceptualized ‘everyday displacement’, whereby worsening living conditions, a loss of sense of security and restricted access to local resources exert pressure on residents. Sakizlioğlu (2014) had spent five years observing a neighbourhood in Istanbul to investigate the residents’ experiences of displacement threat before actual physical displacement. Residents experienced increasing pressure of displacement since housing prices in the area have been going up ever since the announcement of the renewal project. Reduced community livability pushed remaining residents to move out even before the implementation of actual demolition and eviction. More recently, Shaw and Hageman’s (2015) observations in a gentrifying neighbourhood in Shenzhen and provide the background to and general characteristics of property-led redevelopment. Then, in Section 5, we discuss the chain effects of property-led redevelopment on the basis of both quantitative and qualitative methods. We present our main findings and policy implications in Section 6.

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